



COVENANT VILLAGE

Where Life Is Filled With Promise

Disclosure Statement

Covenant Village, Inc.

Provider: Covenant Village

Date of Disclosure Statement: 09/30/2025

Last Date for Delivery: 03/09/2027

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

Financial Snapshot: Key Ratios for Covenant Village, Inc.

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

Fiscal Year Ended September 30, 2025 (FY), with comparative historical and prospective periods

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	173	229	233	329	307	287	—	—	—
CUSH	29.42x	7.34x	9.05x	17.10x	9.23x	7.11x	—	—	—
OR	97.5%	112.5%	103.8%	104.8%	104.2%	104.0%	—	—	—
NOM	-19.8%	-49.4%	-32.4%	-6.31%	-0.52%	-0.70%	—	—	—
NOM-A	10.45%	-1.16%	3.96%	13.6%	13.8%	14.2%	—	—	—
DSCR	7.06X	2.45x	3.92x	3.79x	2.06x	1.76x	—	—	—
CD	6.64x	3.13x	0.50x	0.54x	0.54x	0.51x	—	—	—
CED	1.31x	2.46x	9.22x	7.14x	0.88x	0.83x	—	—	—

Liquidity Ratios:

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

Profitability Ratios:

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

Capital Structure Ratios:

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

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

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

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1. Provider Identification

Legal Responsibility for Continuing Care

Covenant Village, Inc. is the entity that enters into continuing care contracts, also known as Life Care Agreements, with residents and is legally responsible for providing continuing care and performing all obligations under those contracts. No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

Doing Business As (DBA)

Covenant Village, Inc. conducts business under the name “Covenant Village.” The name “Covenant Village” is a trade name only and does not represent a separate legal entity. Covenant Village, Inc. remains legally responsible for providing continuing care and performing all obligations under continuing care contracts and continuing care at home contracts.

Item	Information
Legal Provider Name:	Covenant Village, Inc.
Doing Business As (DBA):	Covenant Village
Business Address:	1351 Robinwood Road Gastonia, NC 28054
Telephone Number:	(704) 867-2319
Legal Entity Type:	Nonprofit corporation organized under the laws of North Carolina
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	Covenant Village, Inc. is a stand-alone entity operating as a North Carolina nonprofit corporation.

2. Organizational Structure

2.1 Single-Entity Organization Status

Covenant Village, Inc. is a single-entity organization with no parent company and operates as a North Carolina nonprofit corporation.

2.2 Controlling Person

Item	Information
Name:	Covenant Village, Inc.
Business Address:	1351 Robinwood Road Gastonia, NC 28054
Telephone Number:	(704) 867-2319

3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

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

3.1 Senior Managers of Covenant Village, Inc.

Name / Role	Education	Experience	Length of Service
Jenn Barker – Senior Director of Human Resources	B.A. in Psychology Appalachian State University, Boone, NC; holds two national Human Resource Professional certifications; 2023	30 + years in senior-living operations serving as Assistant Director of Activities, Director of Activities	32 years 8 months (since 06/28/1993)

Name / Role	Education	Experience	Length of Service
	Fellow of the LeadingAge National Leadership Academy	and Senior Director of Human Resources	
Matt Gibbons – Chief Operating Officer	B.S. in Sports Medicine/Athletic Training Appalachian State University, Boone, NC; 2021 Fellow of the LeadingAge NC Leadership Academy; Licensed Nursing Home Administrator since 2023	20 years in outpatient physical therapy; 12+ years in senior living as Director of Wellness’ Director of Resident Care and Services, and Chief Operating Officer	12 years 5 months (since 09/13/2013)
Kim Kling – Senior Director of Finance and Marketing	B.A. Business Administration Lenoir Rhyne College, Hickory NC; MBA in Business Administration and Graduate Certificate in Finance University of Indianapolis; 2024 Fellow of the LeadingAge National Leadership Academy; CPA North Carolina	30+ years of various financial positions in manufacturing, banking and service industries	4 years 11 months (since 03/29/2021)
Dale Melton – Chief Executive Officer	B.A. in Sociology & Religion Wake Forest University; MDiv in Systematic Theology from Southeastern Baptist Theological Seminary; Licensed & Ordained Baptist Minister	30+ years in non-profit leadership roles, including 14 in senior living; leadership roles in strategic visioning & master planning, as well as fundraising	7 years 5 months (since 10/01/2018)
Kevin Stewart – Health Services Administrator	AAS in Nursing Gaston College; Licensed RN and LNMA	18 years in Nursing including floor nurse, Assistant Director of Nursing, Director of Nursing and currently Administrator of Record	18 years 4 months (since 11/06/2007)

Business Address: 1351 Robinwood Road Gastonia, NC 28054

Disclosure: No senior management has reported any Outside Interests or Adverse Disclosures.

3.2 Board of Directors — Covenant Village, Inc.

Name / Role	Education	Experience	Length of Service
Dr, William Current, Jr. - Chairman	University of North Carolina at Chapel Hill, BS & DMD	Dentist	10 years (since 2016)
Adrian Miller – Vice Chair & Treasurer	Wake Forest University, BA; James Madison University, MPA	Assistant City Manager, Gastonia	4 years (since 2022)
Carol Carstarphen - Secretary		Artist and Community volunteer	11 years (since 2015)
Rick Craig	Erskine Collage, BA; University of Georgia, MBA	Retired Corporate CEO	5 years (since 2021)
Frances Crockett – Resident Member	Queens University, BA; Winthrop University, MEd	Retired Educator	2 years (since 2024)
H. Timothy Efird	University of North Carolina at Chapel Hill, BA; Queens College, MBA	Beverage Distributor	16 years (since 2010)
Greg Sellers	University of North Carolina at Chapel Hill, BS	VFO/COO & Partner for Tandem Senior Living Advisors	In 1 st year
Julie Shovelin	Wake Forest University, BA & JD	Retired Attorney	2 years (since 2024)
Wes Styers	North Carolina State University, BS	Owner, Gastonia Plumbing and Heating	5 years (since 2021)
Rev. Lauren Vanacore	Greensboro College; Princeton Theological Seminary	Community Engagement Officer,	4 years (since 2022)

Name / Role	Education	Experience	Length of Service
		Gaston Community Foundation	
Nancy Paschall, Director Emeritus	Wake Forest University, BA & JD	Attorney at Law, Mullen Holland & Cooper	

Business Address: 1351 Robinwood Road, Gastonia, NC 28054

Disclosure: None of the directors of Covenant Village, Inc. have reported any Outside Interests or Adverse Disclosures with the exception of H. Timothy Efird, President of Standard Distributors, Inc. 1801 Spencer Mountain Road, Gastonia, NC 28054 whom has a vendor relationship Covenant Village, Inc. The relationship has been disclosed and reviewed by the Board of Directors in accordance with the Corporations’ conflict of interest policy and the board member does not participate in discussions or decisions regarding the services provided.

3.3 10% + Ownership Interests

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

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

4. Governing Body and Oversight

4.1 Provider Governing Body

Covenant Village, Inc. is governed by a Board of Directors of no less than seven (7) nor more than twenty-one (21) members. The Board is responsible for the overall strategic direction and oversight of Covenant Village Inc.’s operations, financial condition, and resident welfare. Its duties include:

- Setting the strategic vision and master planning for the organization.
- 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 Covenant Village, Inc.’s solvency and operations.

4.1.1 Selection of Members

Directors are appointed by Covenant Village, Inc.'s current Board membership and are selected to represent the community at large and the skills necessary to lead a Life Plan Community. One resident of Covenant Village serves as an at large member of the Board. Directors serve three-year staggered terms and ordinarily may be reappointed for up to two consecutive terms. 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 Covenant Village, Inc. to the Chief Executive Officer and senior management employed by Covenant Village, Inc. The Board maintains oversight through:

- Regular review of financial and operating reports.
- Approval of major contracts, capital projects, and debt issuances.
- Quarterly board meetings and periodic committee reports.
- Evaluation of management performance and compliance with the management agreement.

4.1.3 Committees

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

- **Executive/Finance:** strategic visioning & master planning; budget review, financial performance monitoring, board recruitment.

5. Related Parties

Covenant Village has no relationships with related parties under common control with its controlling person Covenant Village, Inc.

6. Relationships with Religious, Charitable, or Other Organizations

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

Covenant Village, Inc. was founded as a faith-based community by the following religious denominations:

First ARP Church, Gastonia NC

First Baptist Church, Gastonia, NC

First Presbyterian Church, Belmont, NC

First Presbyterian Church, Gastonia, NC

First Presbyterian Church, Kings Mountain, NC

First Presbyterian Church, Mount Holly, NC

First United Methodist Church, Gastonia, NC

Holy Trinity Lutheran Church, Gastonia, NC

St. Mark's Episcopal Church Gastonia, NC

Although board members may also be members of one of the founding churches, these churches are not responsible for the financial and contractual obligations of Covenant Village, Inc.

Memberships in industry organizations, such as LeadingAge North Carolina, are limited to networking and professional development and carry no governance authority or financial support.

7. Other Persons Responsible for Obligations

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

8. Obligated Groups

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

9. Debt Covenants and Compliance

Covenant Village, Inc. is subject to covenants contained in bank financing debt agreements, including requirements for minimum debt service coverage, liquidity, and restrictions on additional borrowing.

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

10. Third-Party Management Arrangements

Covenant Village, Inc. does not employ an unrelated third-party manager to operate Covenant Village. Day-to-day operations are carried out by the Chief Executive Officer and senior management employed by Covenant Village, Inc.

11. Real Property Leases

Covenant Village Inc. leases space within the community to a therapy services provider that offers rehabilitation services to residents. The therapy provider operates under a lease agreement with the Corporation and is responsible for its own operations, staffing and billing to residents.

12. Endowment Funds

Covenant Village, Inc. maintains a Benevolent Assistance Endowment Fund. The Benevolent Assistance Endowment Fund is comprised of donations from private third parties to assist residents in need of financial assistance. Distributions from these funds are applied directly to the residents' accounts. The funds are Board designated and may not be used for general operating purposes. Availability of distributions is not guaranteed and remains subject to the discretion of the Board of Directors.

Covenant Village also maintains two employee scholarship and professional development funds and an employee loan fund that are donor restricted. Distributions from these funds are based on policies approved by the Board of Directors.

13. Description and Location of the Community

Covenant Village, Inc. operates Covenant Village, located at 1351 Robinwood Road, Gastonia, North Carolina 28054.

Covenant Village was founded in 1977 out of a Christian concern for meeting a well-defined need in the community.

Covenant Village is a full-service Life Plan Community located on a 54-acre site in Gastonia, North Carolina located at 1351 Robinwood Road, Gastonia, NC 28054. The main buildings consist of 137 single room studio, one-bedroom and two-bedroom apartments, a 72-bed ARISE Health Center consisting of assisted living, memory care, and skilled nursing care beds, and numerous public and service areas. The main building also includes a 9,700 square foot ARISE Wellness Center to serve the residents. The ARISE Wellness Center includes state-of-the-art cardio and strength equipment, and an indoor swimming pool and spa. Covenant Village also has 42 duplex, two-bedroom cottages located on the western side of the property.

14. Living Units by Level of Care

As of September 30, 2025, Covenant Village included:

- 177 independent living units (135 apartments and 42 cottages)
- 34 assisted living beds

- 38 skilled nursing beds

15. Continuing Care at Home Program

Covenant Village does not offer a Continuing Care at Home (CCaH) Program.

16. Resident Population Served

As of September 30, 2025, the resident population served by Covenant Village under continuing care contracts was as follows:

- 215 residents in independent living
- 34 residents in assisted living
- 28 residents in skilled nursing

As of September 30, 2025, the community maintains a waitlist of 954 prospective applicants for independent living. Waitlist status does not constitute residency; individuals are considered residents only upon the execution of a continuing care contract, also known as the Life Care Agreement, and the commencement of residency.

To secure a position on the waitlist, applicants must submit a non-refundable \$1,000 deposit. This fee is not an entrance fee; however, should the applicant subsequently execute a continuing care contract, the deposit will be applied toward the entrance fee due at that time.

Placement on the waitlist does not guarantee admission or priority for a specific unit, nor does it establish any contractual rights except those expressly defined within a formal continuing care contract. Placement on the waitlist does not guarantee admission to the community or priority for a specific unit and does not create contractual rights unless expressly provided in a continuing care contract.

17. Occupancy Rates

The 12-month daily average occupancy rates for Covenant 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 (%)
09/30/2025	97.4%	96.3%	89.3%
09/30/2024	93.6%	97.3%	89.1%
09/30/2023	92.6%	94.1%	75.2%
09/30/2022	93.4%	71.9%	80.7%
09/30/2021	91.3%	71.2%	80.1%

18. Semiannual Resident Meetings

Covenant Village, Inc. holds meetings with residents at least twice each year, as required by law. Currently, the practice is to hold quarterly meetings.

Fiscal Year 2025 Meeting Dates

- July 22, 2025
- April 22, 2025
- January 21, 2023
- October 24, 2024

As required by law, an independent member of the provider’s Board of Directors was present at each of the meetings (Nancy Paschall on October 24, 2024; Tim Efird on January 21, 2025; Will Current on April 22, 2025; and Carol Carstarphen on July 22, 2025).

19. Resident Property Rights

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

20. Services Provided Under the Contract

Covenant Village, Inc. offers services under continuing care contracts, also known as Life Care Agreements. The following disclosures describe the services included in each contract type, as well as those available for additional charge.

20.1 Health Care Services

Residents of Covenant Village’s ARISE Health Center have access to assisted living, skilled nursing, and memory support care on campus. Health services include 24-hour nursing, medication management, meals, assistance with activities of daily living, and coordination with residents’ attending physicians.

Independent living residents of Covenant Village have access to an emergency call bell system, emergency nursing services, and temporary nursing care in a semi-private room in the ARISE Health Center.

20.2 Continuing Care Retirement Community (CCRC) Contracts

Residents living on the Covenant 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 for Independent Living Apartments

- A monthly meal allowance to cover three daily meals.
- Basic Cable TV, Phone and Wireless Internet
- Basic utilities, including electricity, water, heating, air conditioning
- Groundskeeping
- Basic maintenance and repairs
- Parking
- Security
- Trash Removal
- Housekeeping Services
- Launder and change of bed and bath linens weekly
- Scheduled local transportation for shopping and medical appointments
- Use of community amenities (ARISE wellness center, library, Assembly Room, Hall Lounges)
- Social, cultural, and recreational programming
- Care coordination for transitions between levels of care

20.2.2 Services Included in Monthly Fees for Independent Living Cottages

- A monthly meal allowance to cover at least one daily meal.
- Basic Cable TV, Phone and Wireless Internet
- Water and Sewer (Residents will be billed electric and gas usage on their monthly statement)
- Groundskeeping
- Basic maintenance and repairs
- Parking

- Security
- Trash Removal
- Housekeeping Services
- Launder and change of bed and bath linens weekly
- Scheduled local transportation for shopping and medical appointments
- Use of community amenities (ARISE wellness center, library, Assembly Room, Hall Lounges)
- Social, cultural, and recreational programming
- Care coordination for transitions between levels of care

20.2.3 Services Included in Monthly Fees for Independent Living Villas

- A monthly meal allowance to cover at least one daily meal.
- Basic Cable TV, Phone and Wireless Internet
- Basic utilities, including electricity, water, heating, air conditioning
- Groundskeeping
- Basic maintenance and repairs
- Parking
- Security
- Trash Removal
- Housekeeping Services
- Launder and change of bed and bath linens weekly
- Scheduled local transportation for shopping and medical appointments
- Use of community amenities (ARISE wellness center, library, Assembly Room, Hall Lounges)
- Social, cultural, and recreational programming
- Care coordination for transitions between levels of care

20.2.4 Services Available at Additional Charge

- Guest meals
- Personal Laundry Service and Ironing in the ARISE Health Center
- Medical supplies in the ARISE Health Center
- Additional housekeeping or laundry services beyond standard schedule

- Expanded television, internet, and telephone packages
- Salon and barber services
- Special transportation outside scheduled routes

20.3 Delivery of Services

Core residential, assisted living, and skilled nursing services are provided directly by Covenant Village, Inc. Certain therapies (physical, occupational, and speech) and home care services are furnished under contract with independent third parties between the third-party and the resident.

21. Resident Fees

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

21.1 CCRC Contracts (Life Care Agreements & Direct Admit Agreements)

CCRC contracts represent the Life Care Agreement for residents who live at Covenant Village and Direct Admits Agreements for Covenant Village, Inc. also offers direct admission to our ARISE Health Center, if availability exists.

Table 0.1a: Current Monthly and Daily Fees (CCRC Contracts – Life Care Agreements and Direct Admit Agreements)

Unit Type	Single Occupant	Second Occupant
IL – Birch Studio Apartment	\$3,865	\$2,954
IL – Cedar 1-Bedroom Apartment	\$4,443	\$3,311
IL – Maple 2-Bedroom Apartment	\$5,081	\$3,570
IL Enhanced Living – The Lawson Studio Apartment	\$4,501	\$3,590
IL Enhanced Living – The Kimbrell 1-Bedroom Apartment	\$5,079	\$3,947

Unit Type	Single Occupant	Second Occupant
IL – Cottage	\$4,691	\$1,693
IL – Laurel Villa 1BR ,1 ½ BA, Den	\$3,927	\$1,603
IL – Dogwood Villa 2 BR, 2 BA	\$4,274	\$1,603
IL – Azalea Villa 2BR, 2BA, Den	\$4,680	\$1,603
IL – Rhododendron Villa 2BR, 2 ½ BA, Den	\$5,316	\$1,603
IL – Trillium Villa 2 BR, 2 ½ BA, Den (4 th Floor)	\$5,823	\$1,603
Unit Type	Life Care Agreement	Direct Admit
Private Health Center Room	\$186 per day	\$372 per day
Life Care Residents – Temporary Use of a Semi-Private Room	\$165 per day	NA

Monthly and daily fees may be adjusted from time to time 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. Covenant Village will provide the residents with not less than 30 days’ written notice of the effective date of any changes. Although Monthly and Daily Fees may be adjusted at any time, such adjustments have been historically made with an effective date of October 1.

Table 21.2: Historical Increases in Monthly Fees (Life Care Agreements and Direct Admit Agreements)

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	4.85%	\$163	Annual
12/31/2024	5.00%	\$147	Annual
12/31/2023	8.00%	\$226	Annual
12/31/2022	5.00%	\$109	Annual

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2021	5.00%	\$68	Annual

Table 21.3: Current Entrance Fees (Life Care Agreements and Direct Admit Agreements)

Unit Type	Entrance Fee (Single)	Entrance Fee (Double)
Independent Living – Birch Studio Apartment	\$65,625 - \$71,250	NA
Independent Living – Cedar 1-Bedroom Apartment	\$178,500 - \$187,500	\$238,500 - \$247,500
Independent Living – Maple 2-Bedroom Apartment	\$287,250 - \$301,750	\$347,250 - \$361,750
IL Enhanced Living – The Lawson Studio Apartment	\$65,625	NA
IL Enhanced Living – The Kimbrell 1-Bedroom Apartment	\$178,500	\$238,500
Independent Living – Cottage	\$359,000 - \$520,500	\$419,000 - \$580,500
Stonecrest Villa – Laurel 1BR ,1 ½ BA, Den	\$325,000 - \$350,000	\$385,000 - \$410,000
Stonecrest Villa – Dogwood 2 BR, 2 BA	\$377,000 - \$405,000	\$437,000 - \$465,000
Stonecrest Villa – Azalea 2BR, 2BA, Den	\$425,000 - \$457,500	\$485,000 - \$517,500
Stonecrest Villa – Rhododendron 2BR, 2 ½ BA, Den	\$486,000 - \$522,500	\$546,000 - \$582,500
Stonecrest Villa – Trillium 2 BR, 2 ½ BA, Den (4 th Floor)	\$560,000 - \$602,000	\$620,000 - \$662,000
ARISE Health Center Direct Admit – Private Room	\$50,000	NA

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

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

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	4.00%	\$6,500	Annual
12/31/2024	6.25%	\$7,800	Annual
12/31/2023	6.25%	\$7,000	Annual
12/31/2022	4.00%	\$6,200	Annual
12/31/2021	4.00%	\$5,000	Annual

21.2 Household Composition Changes

If a resident marries or otherwise increases the number of persons residing in a living unit, the new spouse/person does not have rights under the resident's agreement. For the new spouse/person to be admitted to Covenant Village, the new spouse/person would need to be approved by the regular Admissions process for all prospects. The new spouse would be required to pay the second-person entrance fee based on the applicable fee schedule at the time of entry. The resident and the new spouse/person would pay the two-person monthly service fee, if they occupy the same living unit. If the new spouse/person does not meet the requirements for entry, he or she will not be admitted to an apartment, cottage, or villa but may be admitted to Covenant Village's ARISE Health Center on an available space basis.

Should two residents marry and decide to live in one unit, they would pay the two-person fee for the unit. An additional entrance fee may or may not be required. This will be determined based on the size of the unit they are moving into and the size of the units they are vacating. A revised contract will be signed by the couple.

21.3 Transfer Fees and Resale Fees

Covenant Village, Inc. will evaluate and consider a resident's request to move from one living unit to another within Independent Living. The determination to allow a resident to move is at the discretion of Covenant Village. While no resale or transfer fees are charged because residents do not hold ownership rights in their living units, an additional amount may be owed for entrance fees when moving to larger units.

22. Refundable Entrance Fee Obligations

22.1 Conditions for Refunds

Covenant Village, Inc. offers declining-balance contracts under which the refundable portion of the entrance fee decreases on a monthly basis and amortizes to 0% after a twenty-five-month period. Once the amortization period has elapsed, no refund is payable upon termination of the contract, the death of the resident or a transfer to the ARISE Health Center. These contracts therefore do not create refundable entrance fee obligations beyond the initial amortization period.

For cancellations during the thirty (30) rescission period, the resident shall receive full refund of the Total Entrance Fee paid without any amortization, less a \$1,000 administrative fee and less any Monthly Service Fees for the time period the unit was occupied by the resident. Any such refund shall be paid by Covenant Village within Sixty (60) Days following receipt of written notification of such termination.

Refunds after the rescission period but before occupancy will be reduced by the \$1,000 administrative fee and an amount equal to 10% of the Total Entrance Fee paid. Any such refund shall be paid by Covenant Village within Sixty (60) Days following receipt of written notification of such termination.

After taking occupancy and becoming a Resident of Covenant Village, should residency for any reason cease, whether voluntarily or involuntarily, Covenant Village shall be under no obligation to make a refund to Resident provided, however, that if such cessation of residency occurs within the first (25) months of residency, Covenant Village will refund the Entrance Fee, less four percent (4%) thereof for each calendar month, or portion thereof of residency, and less a \$1,000 non-refundable administrative fee. Payment of any refund due Resident under this paragraph may not be made until Covenant Village receives full payment of the Total Entrance Fee from a qualified, subsequent Resident to the Living Unit.

22.2 Refund Obligations as of September 30, 2025

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
Resident now in non-independent living unit – unit not resold	0	\$0

Category	Number of Contracts	Aggregate Amount
Resident now in non-independent living unit – unit resold	0	\$0

As of September 30, 2025, Covenant Village, Inc. had \$6,210,000 in total contractual refund obligations on non-refundable contracts in the event of move-out, death, or termination.

23. Financial Hardship Policies

23.1 Policies for Residents Unable to Pay

It is the policy of Covenant Village, Inc. to permit residents to remain in the community, if they become unable to pay monthly fees through no fault of their own, provided they have first fully applied their available assets and income. Residents are not discharged or relocated solely due to financial hardship once admitted under a continuing care contract. Prior to providing benevolent assistance, the resident may be required to downgrade to a smaller unit, when available. The community will handle the actual move for the resident, and they will not be eligible for an entrance fee refund. Two people occupying a unit together will not be required to move to a unit smaller than a one-bedroom living unit. Residents are not discharged solely due to financial hardship once admitted under a Life Care Agreement and are permitted to remain in the community indefinitely, as long as providing financial assistance does not impair Covenant Village’s ability to operate on a sound financial basis.

23.2 Sources of Financial Support

Gifts to the Covenant Village Benevolent Assistance Endowment Fund provide funds to improve life at Covenant Village. For residents who have exhausted their financial means, Covenant Village offers benevolent support to help cover the cost of care. The Chief Executive Officer reviews and approves benevolence requests. Information about the Benevolent Assistance Endowment Fund can be found at Section 12 – Endowment Funds.

23.3 Conditions or Limitations

- Eligibility for benevolent care is determined through a confidential financial review conducted by the Chief Executive Officer of Covenant Village, Inc.
- Assistance is subject to the availability of funds and is not guaranteed.

23.4 Narrative

In 2025, Covenant Village, Inc. distributed \$348,000 in benevolent care support to Covenant Village residents. As of September 30, 2025, Covenant Village, Inc. maintained net assets of \$2.4 million designated for benevolent care, subject to donor restrictions and the discretion of the Board of Directors of Covenant Village, Inc.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Covenant Village, Inc. may terminate a continuing care/Life Plan Agreement:

- 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:**

A resident may cancel at any time. The entrance fee and any prepaid monthly fees are refunded, less a non-refundable \$1,000 administrative fee retained by Covenant Village to cover administrative costs.

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

A resident may voluntarily cancel by providing 60 days' written notice. Refundable entrance fees, if any, are returned in accordance with Section 22 once all contractual conditions are satisfied, including resale and re-occupancy of the living unit when applicable.

24.3 Refunds Upon Cancellation

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fee Obligations.
- Nonrefundable portions of entrance fees are retained by Covenant Village, Inc.
- Prepaid monthly fees are prorated to the date the living unit is vacated or services cease, and any remaining balance is refunded.

24.4 Refunds Upon Death

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

If a resident dies before moving into the community, the entrance fee is refunded in full, less the nonrefundable \$1,000 administrative fee.

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

Refunds are made according to the standard refundable entrance fee provisions described in Section 22, including resale and replacement entrance fee conditions. Prepaid monthly fees are prorated to the date of death and refunded.

25. Re-occupancy of Units

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

25.1 Resident-Initiated Vacating

- **Voluntary termination:** When a resident cancels their Life Care Agreement and permanently vacates the living unit.
- **Transfer to a higher level of care:** When a resident permanently moves from independent living to assisted living or skilled nursing.

25.2 Provider-Initiated Vacating

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

25.3 Temporary Absences

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

25.4 Refunds

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

26. Resident Relocation

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

26.1 Resident Needs

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

26.2 Provider Needs

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

26.3 Process

- Relocation decisions are made in consultation with the resident, the resident’s family (if applicable), and appropriate health professionals.
- 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. Admission and Continuation Standards

27.1 Admission Requirements

Admission to Covenant Village is subject to both health and financial screening at the time of application.

27.1.1 CCRC Contracts (Campus-Based)

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

27.2 Continuation Requirements

- **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 – Financial Hardship Policies. Residents may be required to relocate to a higher level of care (see Section 26 – Resident Relocation), if their health needs can no longer be met safely in their current living unit. If the resident relocates to a higher level of care within the community, the resident shall continue to be responsible for the then-current monthly fees and all applicable non-ancillary fees associated with the residency.

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, if available. If no suitable accommodation is available or if the applicant no longer meets entry requirements, the contract may be canceled, and entrance fees refunded in accordance with Section 24 – Contract Cancellation and Refund Policies. If a material change in financial condition occurs before occupancy (such as loss of income or assets needed to pay monthly or daily fees), the provider will re-evaluate

eligibility. If standards are no longer met, the contract may be canceled and entrance fees refunded.

28. Age and Insurance Requirements

28.1 Age Requirements

- The minimum age for admission to Covenant Village under a continuing care contract is 65 years except in the case of a married couple in which one spouse may be as young as 62 years of age, as long as the other spouse meets the minimum age requirement of 65 years.
- There is no maximum age limit for admission, provided the applicant meets the health and financial eligibility standards described in Section 27 - Admission and Continuation Standards.

28.2 Insurance Requirements

Applicants for both Life Care and Direct Admit Agreements must:

- Be enrolled in Medicare Parts A and B at the time of admission; and
- Maintain a Medicare supplement (Medigap) policy or equivalent health insurance to cover services not provided by 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.
- Waivers of the insurance requirement may be granted only if the applicant demonstrates alternative coverage or financial capacity sufficient to meet anticipated health care expenses.
- A designated staff member conducts sex-offender screening for each applicant utilizing a national sex-offender registry. Registered sex offenders will be excluded from admission to Covenant Village.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of September 30, 2025, Covenant Village, Inc. held \$10,497,180 in unrestricted cash and investments.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 233 days, representing approximately seven months of projected operating expenses without new revenues.

29.2 Investment Management and Oversight

- **Oversight Body:** Executive/Finance Committee of the Board of Directors.
- **Day-to-Day Management:** Chief Executive Officer (CEO) and Senior Director of Finance and Marketing.
- **Experience:** The CEO and Senior Director of Finance and Marketing have over 50 combined years of financial oversight and investment policy.
- **Policy and Controls:** Investments are managed under a Board-approved policy emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds, and broadly diversified public funds/ETFs. The Senior Director of Finance and Marketing executes within these limits, reports quarterly to the Executive-Finance Committee, and maintains controls over custody, counterparty limits, and rebalancing.

29.3 Statutory Operating Reserve Requirement

As of September 30, 2025, Covenant Village Inc.'s 12-month rolling average independent living unit occupancy was 97.4%. Based on this level of occupancy and debt service coverage ratio of less than 2% as of the most recent fiscal year, the required statutory operating reserve was 12.5% of projected operating costs for the next 12 months.

Table 29.1: Statutory Operating Reserve Calculation (as of September 30, 2025)

Component	Amount
Total projected operating expenses	\$19,614,000
Add: Debt service (principal and interest)	\$8,005,000
Less: Principal and interest (covered by Debt Service Reserve Fund)	(\$8,005,000)
Less: Depreciation and amortization	(\$2,344,000)
Net projected operating costs	\$17,270,000
Applicable reserve percentage based on occupancy	12.5%
Required operating reserve	\$2,159,000
Unrestricted cash & investments on hand	\$17,270,000

Component	Amount
Excess above required reserve	\$15,111,000

Summary: The required statutory operating reserve was \$2.2 million. Covenant Village, Inc. held \$17.3 million in unrestricted cash and investments, providing an excess cushion of \$15.1 million above the statutory minimum.

29.4 Refund Security (Entrance Fee Refunds)

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

- \$15,111,000 of unrestricted liquidity above the statutory operating reserve.

In connection with Covenant Village, Inc.'s expansion of new residential units as detailed in Section 30 – Expansion and Renovation Plans, deposits and entrance fees received from prospective residents are held in escrow by an independent escrow agent in accordance with applicable state law and the terms of the residency agreement. Funds remain in escrow until the conditions for release specified in the residency agreement have been satisfied. Upon satisfaction of these conditions, escrowed funds may be applied toward the costs of project development and construction. In the event the conditions for release are not met, escrowed funds are refundable to the prospective resident in accordance with the residency agreement, thereby providing security for potential refunds.

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

Table 29.2: Unrestricted Cash and Investment Summary as of September 30, 2025

Category	Amount	Notes
Total unrestricted cash & investments	\$17,270,000	All liquid balances (cash and investments)
Less: Required operating reserve	(\$2,159,000)	Must be maintained; release requires regulatory approval
Less: Board-designated for refunds	\$0	Internal designation; unrestricted under GAAP
Excess unrestricted cash and investments above operating reserve and board designated refund reserve	\$15,111,000	Available for operations and refund needs (outside of designated reserves)

30. Expansion and Renovation Plans

Covenant Village, Inc., in late 2020, began a Strategic Visioning and Master Planning process to consider potential operational improvements; campus repositioning; amenity renovations; and campus expansion. The goal was to provide additional benefits to current and future Residents.

As with all organizations and companies, COVID-19 and the related Pandemic placed several conditions and obstacles in the way of our process. After managing the early stages of the Pandemic, the preliminary planning was completed in late 2021. All along the process, the Board of Directors and Management oversaw the planning work (Master Planning Task Force of Board and Leadership Team members), as well as providing opportunities for Residents, current and future, to review updates and developments.

With the approval of the Board of Directors and bank financing in place, we have now entered Phase II of the Project.

Project Description

Phase I began in 2022 and included developing 8 Enhanced Living units for independent living and making exterior updates to existing cottages. The 8 Enhanced Living units were completed in November of 2022. Cottage exterior updates began in 2022 as well. Replacement windows, exterior siding, soffit, gutter, and downspout updates were completed in 2023.

Phase II includes the development of 21 independent living Villa Homes and a community room (called the Stonecrest Villa project), renovated Dining and Main Street amenities, construction of a new outdoor pavilion, as well as front entrance retention wall updates and new campus directional signage, new campus parking, parking lot enhancements, and loading dock updates. The Dining and Main Street renovations began in August 2024 and were completed in May 2025. Pavilion Park was completed December 2025. The Stonecrest Villa project began in September of 2024 and is expected to be completed in May 2026.

Phase III is anticipated to begin the 2nd quarter of 2026 and will include 10 single family dwellings known as Knollwood Cottages. They are scheduled to be completed in early 2027.

A portion of the costs of Phase 1 was reimbursed to Covenant Village as part of the financing request. Phase II is being funded with bank loan proceeds. Funding for Phase III, Knollwood Cottages, will be part of a future financing request.

The project is contingent upon obtaining zoning, permits, and securing financing on acceptable terms. If financing cannot be obtained on acceptable terms, the project may be deferred or canceled.

This expansion 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 consolidated financial statements of Covenant Village, Inc. for the fiscal year ended September 30, 2025, were audited by CliftonLarsonAllen LLP (Charlotte, NC).

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

32. Audited Financial Statements

The audited consolidated financial statements of Covenant Village, Inc. for the fiscal year ended September 30, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Covenant Village, Inc. for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by CliftonLarsonAllen LLP and include a summary of significant assumptions and accounting policies.

34. Variances from Prospective Financial Statements

For the fiscal year ended September 30, 2025, management reviewed the results of operations for Covenant 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 09/30/2025

Category	Projected Amount	Actual Amount	Variance	Explanation
Independent Living Occupancy	92.0%	97.4%	+5.4%	More efficient refurbishing and turnover of units keeping occupancy higher.
Entrance Fee Receipts	\$3.9 million	\$4.5 million	+\$0.6 million	While actual turnovers were lower by one than projected, higher receipts were based on a higher-than-projected average unit price
Property and Equipment, net	\$43.8 million	\$41.8 million	-\$2.0 million	<p>Property and Equipment purchases exceeded forecast purchases due to the completion of projects that were included in Construction in Progress being transferred to Property and Equipment balances and not reflected in the forecast.</p> <p>Actual Construction in Progress is lower than forecast primarily due to timing differences in project execution and the completion of capital projects during the reporting period. Upon completion of capital projects, accumulated project costs are transferred to Fixed Assets and placed into service. The lower CIP balance reflects the completion of an employee parking lot that was included in the CIP balance and not transferred to Fixed Assets in the forecast.</p>
Investments	\$8.2 million	\$6.3 million	-\$1.9 million	The forecast assumed higher cash inflows from operations, entrance fees, and financing would be available for

Category	Projected Amount	Actual Amount	Variance	Explanation
				investment during the period. However, actual cash generated was utilized for operating expenses, capital expenditures, and interest payments on debt service rather than being invested.
Accounts Payable	\$4.0 million	\$3.4 million	-\$0.6 million	Accounts payable were higher than forecast due to large payment applications from the contractor related to the expansion construction project that was not in the forecast.
Long-Term Debt, net of current maturities	\$29.6 million	\$21.5 million	\$8.1 million	Long-term debt was lower than forecast due to the strategic management of debt draws during the year. While the forecast assumed additional borrowing to fund capital expenditures and other planned uses, management funded a portion of these costs using available cash reserves rather than drawing on debt as originally projected. This approach was utilized to limited interest expense.
Net Assets Without Donor Restrictions and Change in Net Assets Without Donor Restrictions	\$6.1 million	\$7.3 million	+\$1.2 million	Net assets without donor restrictions exceeded the forecast primarily due to unrealized gains on investments which are not forecast by management due to the unpredictability of the markets. In addition, assets released from donor restrictions were not included as part of the forecast. These releases, which occur

Category	Projected Amount	Actual Amount	Variance	Explanation
				when donor-imposed restrictions are satisfied (such as through the passage of time or completion of designated purposes), were not included in the original forecast and therefore contributed to the favorable variance in net assets without donor restrictions

35. Key Financial Metrics

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

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

Full statutory text of definitions is provided in Appendix F.

35.1 Liquidity Ratios

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

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

Table 35.1: Liquidity Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	173	229	233	329	307	287
CUSH	29.42x	7.34x	9.05x	17.10x	9.23x	7.11x

Narrative – Provider Only:

Liquidity peaks in FY 2026 (FY+1) and begins declining in FY2027 (FY+2) reflecting the beginning of principal and interest payments on debt service.

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 – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	97.5%	112.5%	103.8%	104.8%	104.2%	104.0%
NOM	-19.8%	-49.4%	-32.4%	-6.31%	-0.52%	-0.70%
NOM-A	10.45%	-1.16%	3.96%	13.6%	13.8%	14.2%

Narrative – Provider Only:

Operating Margins have been negatively impacted by intentional management decisions to keep resident rate increases below prevailing market rate increases and strengthening staffing and service coverage. Management continues to monitor resident rate adjustments and expense controls to improve operating performance.

Management projects continued modest improvement through FY 2028 (FY+3) as operating efficiencies and entrance-fee inflows support profitability.

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 – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	7.06x	2.45x	3.92x	3.79x	2.06x	1.76x
CD	6.64x	3.13x	0.50x	0.54x	0.54x	0.51x
CED	1.31x	2.46x	9.22x	7.14x	0.88x	0.83x

Narrative – Provider Only:

The Debt Service Coverage Ratio (DSCR) and Unrestricted Cash & Investments to Long-Term Debt (CD) ratios have trended downward due primarily to the provider undertaking a construction project that required the issuance of long-term debt where previously there was very little long-term debt. This change reflects the organization’s strategic investment in capital improvements and expansion rather than a deterioration in operating performance. As the project is completed and the related assets become fully operational, the resulting revenues and operating cash flow are expected to help support debt service and stabilize the ratio over time. The DSCR ratio exceeds the loan covenant of 1.2x.

The higher Capital Expenditures to Depreciation (CED) ratio for FY 2025 (FY) and FY 2026 (FY+1) reflect the significant renovations and construction resulting in less need in subsequent years.

35.4 Overall Summary

The provider, Covenant Village, Inc., demonstrates sound liquidity, improving profitability, and conservative leverage. Provider-level liquidity dipped during recent reinvestment cycles but remains comfortably above the required statutory operating reserve level. Projected performance indicates stable or modestly improving results through FY 2028, 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 as Appendix C. The actuarial report evaluates Covenant Village, Inc.’s projected financial position and assesses whether Covenant Village, Inc. is in satisfactory actuarial balance. The most recent actuarial report is dated March 1, 2023, and is based on a comprehensive study as of September 30, 2022. The data and assumptions used for population and financial projections provide a reasonable basis for the projections. The methods used to develop the projections are consistent with sound actuarial principles and practices as prescribed by the Society of Actuaries and the American Academy of Actuaries. Key assumptions include projected occupancy, unit turnover, resident life expectancy, future entrance fee collections, and the timing of revenue recognition from entrance fee amortization. These

assumptions are based on historical experience, current operating data, and industry standards, and reflect the actuary's best estimates as of the date of the report. Actual results may differ materially from these assumptions due to changes in resident behavior, market conditions, or other factors. Based on this analysis, Covenant Village, Inc. was found to be in satisfactory actuarial balance as defined by Actuarial Standard of Practice No. 3, with a qualification in regard to surplus and contingency margins.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of Covenant 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 Covenant 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. Contract Forms and Attachments

Covenant Village, Inc. offers one continuing care contract, known as a Life Care Agreement and one Direct Admit Agreement for residents who enter directly to ARISE Health Care. Representative forms of each are attached hereto as Appendix D.

Appendix Index

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

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Appendix A — Audited Financial Statements

COVENANT VILLAGE, INC.
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024



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**COVENANT VILLAGE, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Covenant Village, Inc.
Gastonia, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Covenant Village, Inc. (a nonprofit organization) (Covenant), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Covenant as of September 30, 2025 and 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibility 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 Covenant's ability to continue as a going concern within one year after the date the financial statements were available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 Covenant'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 Covenant's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Charlotte, North Carolina
February 16, 2026

COVENANT VILLAGE, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 545,171	\$ 903,002
Accounts Receivable	154,236	29,442
Contribution Receivable, Current Portion	250,000	250,000
Other Receivables	388,442	66,670
Prepaid Expenses	181,690	115,712
Total Current Assets	1,519,539	1,364,826
 NONCURRENT ASSETS		
Assets Limited as to Use - Deposits	897,159	889,909
Contribution Receivable, Noncurrent Portion	434,014	641,660
Right-of-Use Asset - Financing, Net	319,240	115,905
Property and Equipment, Net	41,774,099	20,112,274
Investments	6,295,686	4,942,551
Investments Restricted for Statutory Operating Reserve	3,906,000	4,179,000
Intangible Assets	146,377	170,273
Total Noncurrent Assets	53,772,575	31,051,572
Total Assets	\$ 55,292,114	\$ 32,416,398

See accompanying Notes to Financial Statements.

COVENANT VILLAGE, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2025 AND 2024

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Long-Term Debt, Current Portion	\$ 250,000	\$ 250,000
Accounts Payable	4,003,578	1,242,379
Accrued Expenses	745,254	650,773
Right-of-Use, Lease Liability - Financing, Current Portion	75,889	58,593
Health Center Room Deposits	6,591	6,591
Total Current Liabilities	5,081,312	2,208,336
LONG-TERM LIABILITIES		
Right-of-Use, Lease Liability - Financing, Net of Current	250,242	61,992
Unit Deposits	1,113,900	1,114,862
Deferred Revenue from Entrance Fees	19,650,205	17,799,273
Other Liabilities	29,500	-
Long-Term Debt, Net of Current	20,860,633	3,156,617
Total Long-Term Liabilities	41,904,480	22,132,744
Total Liabilities	46,985,792	24,341,080
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,125,981	687,512
Board Designated		
Statutory Operating Reserve	3,906,000	4,179,000
Benevolent Assistance Funds	2,306,652	1,837,773
Total Without Donor Restrictions	7,338,633	6,704,285
With Donor Restrictions	967,689	1,371,033
Total Net Assets	8,306,322	8,075,318
Total Liabilities and Net Assets	\$ 55,292,114	\$ 32,416,398

See accompanying Notes to Financial Statements.

COVENANT VILLAGE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
REVENUES, GAINS AND OTHER SUPPORT		
Resident Service Revenue	\$ 8,736,921	\$ 8,019,546
Amortization of Deferred Entrance Fees	2,585,460	2,123,212
Health Care	5,310,682	5,253,881
Contributions	387,653	128,092
Other Revenues	281,458	272,110
Investment Income	277,197	212,557
Net Assets Released from Restrictions	106,944	37,192
Total Revenues, Gains, and Other Support	17,686,315	16,046,590
EXPENSES		
Nursing Services	5,147,873	5,350,927
Housekeeping	1,033,140	1,056,088
Dining Services	2,824,963	2,611,837
Operating and Maintenance	3,117,264	3,563,743
Security	471,412	416,949
Resident Care and Services	720,945	648,493
Management and General	1,844,121	1,643,581
Human Resources	348,159	324,739
Interest and Fees	159,987	44,985
Depreciation and Amortization	2,283,056	1,965,310
Total Expenses	17,950,920	17,626,652
OPERATING LOSS	(264,605)	(1,580,062)
NONOPERATING INCOME (LOSS)		
Loss on Disposal of Property and Equipment	(1,322)	(3,749)
Unrealized Gains on Investments	386,706	1,033,733
Net Assets Released from Restrictions for Capital	513,569	-
Total Nonoperating Income	898,953	1,029,984
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	634,348	(550,078)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	199,187	1,237,421
Investment Income	4,583	2,136
Unrealized Gains on Investments	13,399	23,982
Net Assets Released from Restrictions	(620,513)	(37,192)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(403,344)	1,226,347
CHANGE IN NET ASSETS	231,004	676,269
Net Assets - Beginning of Year	8,075,318	7,399,049
NET ASSETS - END OF YEAR	\$ 8,306,322	\$ 8,075,318

See accompanying Notes to Financial Statements.

**COVENANT VILLAGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2025**

	Resident Services					Support Services				
	Nursing Services	Housekeeping	Food and Nutrition	Operating and Maintenance		Resident Care and Services	Total Resident Services	Management and Human Resources		Total
				Security	Security			General	Resources	
Salaries and Wages	\$ 4,203,989	\$ 813,284	\$ 1,401,517	\$ 917,159	\$ 394,923	\$ 520,136	\$ 8,251,008	\$ 622,433	\$ 193,970	\$ 9,067,411
Payroll Taxes	320,770	61,809	112,021	71,837	30,258	38,765	635,460	42,485	14,017	691,962
Employee Benefits	448,334	158,047	138,132	166,480	44,968	88,968	1,044,929	86,288	23,795	1,155,012
Automation and Technology	-	-	-	243,799	-	-	243,799	-	-	243,799
Cleaning Supplies	-	-	29,364	-	-	-	29,364	-	-	29,364
Consultants Fees	60,000	-	-	-	-	-	60,000	-	-	60,000
Food	-	-	925,251	-	-	-	925,251	-	-	925,251
Insurance	-	-	-	-	-	-	-	376,170	-	376,170
Interest and Fees	-	-	-	161,517	-	-	161,517	-	-	161,517
Legal and Accounting	-	-	-	-	-	-	-	287,050	-	287,050
Medical Supplies	88,765	-	-	-	-	-	88,765	-	-	88,765
Office Expenses	-	-	-	20,163	-	-	20,163	-	-	20,163
Other	17,731	-	34,453	82,913	-	3,959	139,056	301,249	72,955	513,260
Outside Services	-	-	121,600	427,988	-	33,953	583,541	94,200	17,973	695,714
Paper Supplies	-	-	60,127	-	-	-	60,127	-	-	60,127
Repairs and Maintenance	-	-	-	158,514	-	-	158,514	-	-	158,514
Staff Development	5,234	-	2,498	1,275	-	3,868	12,875	14,658	12,118	39,651
Supplies	3,050	-	-	229,650	1,263	31,296	265,259	19,588	13,331	298,178
Utilities	-	-	-	795,956	-	-	795,956	-	-	795,956
Depreciation	-	-	-	2,178,254	-	-	2,178,254	-	-	2,178,254
Amortization	-	-	-	104,802	-	-	104,802	-	-	104,802
Total Expenses	\$ 5,147,873	\$ 1,033,140	\$ 2,824,963	\$ 5,560,307	\$ 471,412	\$ 720,945	\$ 15,758,640	\$ 1,844,121	\$ 348,159	\$ 17,950,920

See accompanying Notes to Financial Statements.

COVENANT VILLAGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2024

	Resident Services					Support Services				
	Nursing Services	Housekeeping	Food and Nutrition	Operating and Maintenance		Resident Care and Services	Total Resident Services	Management and Human Resources		Total
				Security	Security			General	Resources	
Salaries and Wages	\$ 4,410,077	\$ 818,496	\$ 1,273,130	\$ 1,300,253	\$ 344,918	\$ 464,431	\$ 8,611,305	\$ 632,115	\$ 176,750	\$ 9,420,170
Payroll Taxes	331,130	60,622	97,044	96,166	25,968	34,562	645,492	35,844	12,668	694,004
Employee Benefits	431,865	176,970	154,075	147,129	42,833	81,662	1,034,534	139,034	23,953	1,197,521
Automation and Technology	-	-	-	247,343	-	-	247,343	-	-	247,343
Cleaning Supplies	-	-	181	-	-	-	181	-	-	181
Consultants Fees	60,000	-	-	-	-	-	60,000	-	-	60,000
Food	-	-	990,001	-	-	-	990,001	-	-	990,001
Insurance	-	-	-	-	-	-	-	321,582	-	321,582
Interest and Fees	-	-	-	52,723	-	-	52,723	-	-	52,723
Legal and Accounting	-	-	-	-	-	-	-	240,942	-	240,942
Medical Supplies	98,550	-	-	-	-	-	98,550	-	-	98,550
Office Expenses	-	-	-	33,066	-	-	33,066	-	-	33,066
Other	9,465	-	1,027	75,302	1,771	1,546	89,111	175,366	73,019	337,496
Outside Services	-	-	10,760	502,910	-	30,700	544,370	27,854	33,944	606,168
Paper Supplies	-	-	1,688	-	-	-	1,688	-	-	1,688
Repairs and Maintenance	-	-	-	181,648	-	95	181,743	-	-	181,743
Staff Development	6,130	-	2,640	4,338	1,459	7,005	21,572	45,942	960	68,474
Supplies	3,710	-	81,291	221,624	-	28,492	335,117	24,902	3,445	363,464
Utilities	-	-	-	746,226	-	-	746,226	-	-	746,226
Depreciation	-	-	-	1,888,411	-	-	1,888,411	-	-	1,888,411
Amortization	-	-	-	76,899	-	-	76,899	-	-	76,899
Total Expenses	\$ 5,350,927	\$ 1,056,088	\$ 2,611,837	\$ 5,574,038	\$ 416,949	\$ 648,493	\$ 15,658,332	\$ 1,643,581	\$ 324,739	\$ 17,626,652

See accompanying Notes to Financial Statements.

COVENANT VILLAGE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 231,004	\$ 676,269
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,259,160	1,942,414
Amortization of Intangible Assets	23,896	22,896
Amortization of Deferred Entrance Fees	(2,585,460)	(2,123,212)
Amortization of Deferred Financing Costs	155,012	1,810
Proceeds from Entrance Fees	4,514,221	5,336,521
Unrealized and Realized Gains on Investments	(401,520)	(1,065,088)
Loss on Disposal of Property and Equipment	1,322	3,749
Net Change in Assets and Liabilities:		
Increase in Accounts Receivable	(124,794)	(8,269)
Increase in Grant and Other Receivables	(114,126)	(903,384)
Increase in Prepaid Expenses	(65,978)	(64,423)
Increase (Decrease) in Accounts Payable	(998,426)	491,816
Increase in Accrued Expenses	94,481	55,689
Increase (Decrease) in Unit Deposits	(962)	981,908
Increase in Deferred Revenue	29,500	-
Net Cash Provided by Operating Activities	3,017,330	5,348,696
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchases of Investments	(678,615)	(930,781)
Purchases of Property and Equipment	(20,077,914)	(4,646,693)
Proceeds from Sale of Property and Equipment	-	19,299
Purchases of Intangible Assets	-	(15,000)
Net Cash Used by Investing Activities	(20,756,529)	(5,573,175)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(250,000)	(1,300,000)
Principal Payments on ROU Leases - Financing	(82,557)	(59,434)
Entrance Fees Refunded	(77,829)	(350,859)
Payment of Deferred Financing Costs	(4,713)	(775,021)
Proceeds from Issuance of Long Term Debt	17,803,717	4,179,828
Net Cash Provided by Financing Activities	17,388,618	1,694,514
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(350,581)	1,470,035
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,792,911	322,876
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 1,442,330	\$ 1,792,911
Cash and Cash Equivalents	\$ 545,171	\$ 903,002
Cash and Cash Equivalents in Assets Limited as to Use	897,159	889,909
Total Cash, Cash Equivalents, and Restricted Cash	\$ 1,442,330	\$ 1,792,911
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest, Net of Amounts Capitalized	\$ 48,366	\$ 20,689
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Acquisition of Property and Equipment through incurrence of Accounts Payable	\$ 3,759,625	\$ 197,433

See accompanying Notes to Financial Statements.

COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Covenant Village, Inc. (Covenant) is a continuing care lifecare retirement community located in Gastonia, North Carolina. Covenant was organized as a nonprofit corporation in 1977. Covenant consists of 140 apartments, 21 duplex cottages consisting of 42 two-bedroom units, and 72-bed health center consisting of nursing care and assisted living beds. Covenant is a nonstock, nonprofit corporation organized under the laws of the state of North Carolina. Covenant is governed by a dedicated Board of Directors comprised of community leaders.

Basis of Presentation

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

In accordance with GAAP, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Covenant and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Covenant. Covenant’s board may designate assets without restrictions for specific operational purposes from time-to-time. Designated net assets without donor restrictions consist of amounts to be used for the program activities and capital improvements.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Covenant or by the passage of time. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified into net assets without donor restrictions. Net assets with donor restrictions whose restrictions are satisfied in the same reporting period in which the contribution was received are reported as unrestricted support.

Use of Estimates

The preparation of financial statements in conformity 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, and excludes money market funds held as part of investment strategies.

COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

Assets Limited as to Use

Assets limited as to use include investments whose use is limited to maintain an operating reserve as required by North Carolina General Statutes and resident deposits.

Investments

Covenant carries investments in equity securities with readily determinable fair values and investments in debt securities that are measured at their fair values. Beneficial interests in assets held by others are valued at fair value as reported by the holder of the assets. Unrealized gains on investments without restrictions are included within nonoperating income (loss) in the statements of activities and changes in net assets. Investment income is reported as increases or decreases in net assets with or without donor restrictions, depending on if there are any returns on the investment income.

Accounts Receivable

Accounts receivable consists of resident monthly service fees. Residents are not required to provide collateral for services rendered. Management has evaluated and determined all accounts receivable are collectible and no allowance for credit losses is required. If amounts become uncollectible, they are written off upon such determination.

Property and Equipment

Covenant capitalizes property and equipment over \$1,000. Purchased property and equipment are recorded at cost and include additions and improvements that extend the useful lives of the assets. Expenditures for maintenance, repairs, and minor renovations are charged to expense as incurred. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings and Improvements	15 to 40 Years
Land Improvements	7 to 40 Years
Equipment and Furnishings	5 to 10 Years
Vehicles	5 Years
Collectibles and Software	5 to 10 Years

Intangible Assets

Long-lived intangible assets include costs associated with rebranding costs incurred by Covenant. The assets are considered to have finite lives and are being amortized to expense over the respective lives.

Unit Deposits

Unit deposits consist of payments for cottage and apartment accommodations in advance of those units becoming available.

COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

Deferred Entrance Fees

Fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue and amortized into revenue using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. Fees received from residents whose residency may cease, whether voluntarily or involuntarily, within the first 25 months of residency for apartments and cottages, are partially refundable. When a resident terminates occupancy, any unamortized entrance fees, net of refundable amounts noted above, are recognized as revenue.

Leases

Covenant determines if an arrangement is a lease at inception. Leases are included in right-of-use (ROU) assets and ROU lease liabilities in the statement of financial position.

ROU assets represent Covenant's right to use an underlying asset for the lease term and lease liabilities represent Covenant's obligation to make lease payments arising from the lease. ROU asset and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Covenant will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Covenant has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Covenant has elected to use its incremental borrowing rate that represents an estimate of the interest rate Covenant would have to pay on borrowed funds.

Contributions Revenue and Contributions Receivable

Contributions received are recorded as without donor restrictions or with donor restrictions revenue, depending on the existence and/or nature of any donor restrictions. Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Donations of property and equipment and collectibles are recorded as support at their estimated fair value at the date of donation. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Covenant reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Covenant reclassifies net assets with donor restrictions to net assets without donor restriction at that time.

COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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

Contributions Revenue and Contributions Receivable (Continued)

Unconditional promises to give are recognized at the net present value, net of an allowance for credit loss amounts, and are classified as with or without donor restrictions based on the donors' intentions, as applicable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. At September 30, 2025 and 2024, Covenant had unconditional promises to give of approximately \$684,000 and \$892,000, respectively, designated for certain projects at Covenant. Unconditional promises to give are recorded as a Contribution Receivable in the statements of financial position.

Excess (Deficit) of Revenues Over (Under) Expenses

The statements of activities include excess (deficit) of revenues over (under) expenses. Changes in net assets without donor restrictions which are excluded from excess (deficit) of revenues over (under) expenses, consistent with industry practice, would include contributions of long-lived assets (including assets acquired using contributions by which by donor restriction were to be used for the purpose of acquiring such assets).

Income Taxes

Covenant is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Covenant files as a tax-exempt organization. Management is not aware of any activities that would jeopardize tax-exempt status of Covenant. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for Covenant.

Covenant follows guidance in the income tax standard regarding recognition and measurement of uncertain tax positions. The guidance has had no impact on Covenant's financial statements.

Continuing Care Contracts

Covenant enters into lifecare continuing care contracts with various residents. A lifecare continuing care contract is an agreement between a resident and Covenant specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, Covenant has the ability to increase fees as deemed necessary. For the years ended September 30, 2025 and 2024, Covenant calculated the present value of estimated net costs of future services and the use of facilities to be provided to current residents and compared that amount with the balance of deferred revenue from entrance fees. If the present value of net costs of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services) with a corresponding charge to income. No liability was recorded at September 30, 2025 and 2024, because the present value of the estimated net costs of future services and use of facilities was less than deferred revenue from entrance fees. The obligation was discounted at 5.0% at September 30, 2025 and 2024.

**COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

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

Deferred Costs

Deferred financing costs relating to the permanent financing of the facilities have been deferred and are being amortized over the life of the notes. Amortization expense, which is included with interest expense on the statements of activities and changes in net assets, was approximately \$145,000 and \$2,000 for the years ended September 30, 2025 and 2024, respectively. The annual amortization for these deferred financing costs will be approximately \$145,000 for each of the next four years.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expense by function.

Benevolent Assistance

Covenant provides benevolent assistance to residents who are unable to pay the full cost of care and services. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis.

Subsequent Events

In preparing these financial statements, Covenant has evaluated events and transactions for potential recognition or disclosure through February 16, 2026, the date the financial statements were issued.

Reclassifications

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

NOTE 2 INVESTMENTS

Investments consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Money Market Funds	\$ 3,643,576	\$ 2,860,472
Beneficial Interest in Assets Held by Others	6,558,110	6,261,079
Total	<u>\$ 10,201,686</u>	<u>\$ 9,121,551</u>

COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2 INVESTMENTS (CONTINUED)

Investment income consists of the following for the years ended September 30:

	2025	2024
Interest and Dividend Income	\$ 315,799	\$ 238,178
Investment Expenses	(35,434)	(30,858)
Realized Gains	1,415	7,373
Unrealized Gains	400,105	1,057,715
Total	\$ 681,885	\$ 1,272,408

NOTE 3 FAIR VALUE MEASUREMENTS

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

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

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

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

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

Beneficial Interest in Assets Held by Others: The beneficial interest in assets held by others is valued based on the underlying investments held by the Gaston Community Foundation. It consists of investments valued at quoted market prices, valued based on fund management’s estimates based on certain valuation methods such as cash flow analysis and other valuing methods based on income or other relevant information.

COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Covenant 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 entire amount this investment is available to Covenant upon request by its Board of Directors and approval by the Foundation's Board of Directors.

The following table sets forth by level, within the fair value hierarchy, Covenant's fair value measurements at September 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 3,643,576	\$ -	\$ -	\$ 3,643,576
Beneficial Interest in Assets Held by Others	-	-	6,558,110	6,558,110
Total	<u>\$ 3,643,576</u>	<u>\$ -</u>	<u>\$ 6,558,110</u>	<u>\$ 10,201,686</u>

The following table sets forth by level, within the fair value hierarchy, Covenant's fair value measurements at September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 2,860,472	\$ -	\$ -	\$ 2,860,472
Beneficial Interest in Assets Held by Others	-	-	6,261,079	6,261,079
	<u>\$ 2,860,472</u>	<u>\$ -</u>	<u>\$ 6,261,079</u>	<u>\$ 9,121,551</u>

The following table sets forth a summary of changes in the fair value of Covenant's Level 3 assets for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Opening Balance	\$ 6,261,079	\$ 5,226,154
Transfers	(324,000)	(233,473)
Investment Income and Unrealized Gains	656,466	1,299,256
Less: Investment Fees Paid	(35,435)	(30,858)
Ending Balance	<u>\$ 6,558,110</u>	<u>\$ 6,261,079</u>

NOTE 4 RESIDENT SERVICE REVENUE

Resident service revenue is reported at the amount that reflects the consideration to which Covenant expects to be entitled in exchange for providing resident care. These amounts are due from residents. Monthly 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.

COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 4 RESIDENT SERVICE REVENUE (CONTINUED)

Performance obligations are determined based on the nature of the services provided by Covenant. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Covenant believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents living at Covenant receiving independent living or healthcare services. Covenant considers daily services provided to residents of the health center, and monthly rent charged to residents living in independent living, as a separate performance obligation measured on a monthly basis or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, meals or guest rooms) and Covenant 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, Covenant has elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

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

Covenant has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: service line, method of payment, and timing of when revenue is recognized. All resident service revenue is from private pay individuals.

Contract Costs

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

The opening and closing contract balances related to resident accounts receivable and residence and services agreements were as follows:

	Accounts Receivable	Deferred Revenue
Balance as of October 1, 2023	\$ 21,173	\$ 14,936,823
Balance as of September 30, 2024	29,442	17,799,273
Balance as of September 30, 2025	154,236	19,650,205

COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation are summarized as follows at September 30:

	<u>2025</u>	<u>2024</u>
Land and Land Improvements	\$ 3,719,181	\$ 2,604,232
Buildings and Building Improvements	42,830,234	41,500,451
Furniture and Fixtures	4,759,396	4,697,709
Vehicles	467,968	368,262
Collectibles	25,300	25,300
Software	38,149	38,149
Capitalized Interest	749,601	55,295
Total	<u>52,589,829</u>	<u>49,289,398</u>
Less: Accumulated Depreciation	<u>(34,667,911)</u>	<u>(33,529,001)</u>
Total	17,921,918	15,760,397
Construction in Progress	23,852,181	4,351,877
Total	<u>\$ 41,774,099</u>	<u>\$ 20,112,274</u>

Depreciation expense of approximately \$2,178,000 and \$1,888,000 was recognized for the years ended September 30, 2025 and 2024, respectively.

Construction in progress at September 30, 2025 and 2024 relates primarily to costs incurred for building renovations and costs related to Covenant's Stonecrest Villa Apartment Building project to construct 21 independent living villa units, renovate dining amenities, construct a new pavilion, and make parking improvements.

NOTE 6 INTANGIBLE ASSETS

Covenant's intangible assets are as follows:

	<u>2025</u>	<u>2024</u>
Rebranding	\$ 228,961	\$ 228,961
Less: Accumulated Amortization	<u>(82,584)</u>	<u>(58,688)</u>
Intangibles, Net	<u>\$ 146,377</u>	<u>\$ 170,273</u>

Covenant performed a strategic plan for expansion and has incurred costs for intangible assets related to rebranding. Rebranding was introduced to the community during the year ended September 30, 2023 and Covenant has begun amortizing the costs over a useful life of 10 years. Originally, the strategic master plan was included as an intangible asset, but those costs were reclassified to construction in progress during fiscal year 2023. These costs will be placed in service and depreciated as part of the project when completed.

**COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 7 UNIT DEPOSITS

Unit deposits of approximately \$1,114,000 and \$1,115,000 at September 30, 2025 and 2024, respectively, are reported on the statements of financial position and represent monies received as advanced entrance fees from individuals who wish to occupy the facilities of Covenant in the future. At September 30, 2025 and 2024, the majority of the unit deposits relate to deposits on the expansion units.

NOTE 8 ENTRANCE FEES

Entrance fees are amortized to income based on the estimated life of each resident, using a straight-line method. During the years ended September 30, 2025 and 2024, Covenant recognized approximately \$2,585,000 and \$2,123,000 amortization of the deferred revenue of entrance fees from the sale of units, respectively.

Under the terms of the lifecare agreement with the residents, Covenant is contractually liable for refunds of entrance fees related to its nonrefundable contracts. The refund is applicable to residents whose residency ceases, whether voluntarily or involuntarily, within the first 25 months of residency for apartments or 50 months for cottages. Covenant will refund the payment made by the resident, less \$1,000 for processing and refurbishing charges and 4% and 2% for each calendar month, or portion thereof of residency, for apartment residency and cottage residency, respectively. The contractual amounts subject to refund were approximately \$6,210,000 and \$6,086,000 at September 30, 2025 and 2024, respectively.

NOTE 9 LONG-TERM DEBT

Covenant's long-term debt at September 30, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Construction loan to a bank with interest payable monthly at Prime Rate minus 2.15% with a floor of 4.50% beginning September 1, 2024. Monthly principal and interest payments begin September 1, 2027. The loan matures August 1, 2029.	\$ 13,728,545	\$ -
Construction loan to a bank with interest payable monthly at Prime Rate minus 2.15% with a floor of 4.50% beginning September 1, 2024. Monthly principal and interest payments began September 1, 2025. The loan matures August 1, 2029.	8,005,000	4,179,828
	<u>\$ 21,733,545</u>	<u>\$ 4,179,828</u>

**COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 9 LONG-TERM DEBT (CONTINUED)

On July 8, 2024, Covenant entered into a Construction Loan Agreement (Construction Loan) with a financial institution in which the proceeds are to be used to pay certain costs of construction and renovations related to the expansion project, refinance the unsecured note payable outstanding, and to pay certain closing costs and other expenses associated with closing the loan. The Construction Loan is made up of two loans, Loan A and Loan B. Loan A is a draw down loan with a principal amount of \$30,046,000. Loan B is a draw down loan with a principal amount of \$8,255,000. All draws from Loan A and Loan B shall be made within 24 months of the effective date of the Construction Loan. The amount outstanding as of September 30, 2025 on Loan A was \$13,728,545. The amount outstanding as of September 30, 2025 on Loan B was \$7,755,000. Interest is payable on the amounts drawn at Prime Rate minus 2.15%, with a floor of 4.50%, beginning September 1, 2024. Principal and interest payments began September 1, 2025. At September 30, 2025, the interest rate was 5.10%.

Future annual maturities of long-term debt at September 30, 2025 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2026	\$ 250,000
2027	288,781
2028	717,756
2029	<u>20,477,008</u>
Total	21,733,545
Less: Deferred Financing Costs	(622,912)
Less: Current Portion	<u>(250,000)</u>
Total Long-Term Debt	<u><u>\$ 20,860,633</u></u>

Interest expense related to long-term debt for the years ended September 30, 2025 and 2024 was \$694,805 and \$63,221, respectively. The loan agreements include certain covenants and restrictions. Management is not aware of any noncompliance with the covenants and restrictions.

NOTE 10 RETIREMENT PLAN

Covenant maintains a defined-contribution plan which provides retirement benefits based on the actual value of contributions at the time of retirement. The plan is available to significantly all employees and Covenant matches 50% of the contributions made by eligible employees, up to 3% of the employees' annual salary. Contributions to the plan by Covenant were \$90,085 and \$96,793 for the years ended September 30, 2025 and 2024, respectively.

**COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 11 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Covenant to concentration of credit risk consist principally of cash and investments. Covenant 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. Uninsured balances were approximately \$1,187,000 and \$1,468,000 at September 30, 2025 and 2024, respectively.

NOTE 12 STATUTORY OPERATING RESERVE

Under Section 58-64-33 of the North Carolina General Statutes, which is administered by the North Carolina Department of Insurance, continuing care retirement communities are required to maintain an operating reserve equal to 25% of the total operating costs, as defined, projected for the 12-month period following the period covered by the most recent annual statement filed with the North Carolina Department of Insurance, if occupancy levels are in excess of 90%. If occupancy levels are less than 90%, the operating reserve requirement is 50% of total operating costs, as defined. Covenant has historically maintained an occupancy level in excess of 90%. The statutory operating reserve for September 30, 2025 and 2024 was \$3,906,000 and \$4,179,000, respectively. Use of the operating reserve by Covenant is restricted under Section 58-64-33 of the North Carolina General Statutes. The North Carolina General Statutes do not require Covenant to maintain such operating reserve in a separate escrow account.

NOTE 13 RIGHT-OF-USE LEASES

Covenant leases copiers, iPads and cybersecurity services and equipment expiring at various dates through October 2030.

Covenant classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of September 30, 2025, is as follows:

<u>Year Ending September 30,</u>	<u>Leases</u>
2026	\$ 86,511
2027	76,414
2028	71,386
2029	63,729
2030	53,371
Thereafter	4,026
Total Lease Payment	<u>355,437</u>
Less: Amounts Representing Interest	<u>(29,306)</u>
Total	<u><u>\$ 326,131</u></u>

The lease payable will continue to be impacted by new leases, lease modifications, lease terminations, and reevaluation of any new facts and circumstances. As of September 30, 2025 and 2024, the remaining weighted average lease term is 4.5 years and 2.8 years, respectively.

**COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 13 RIGHT-OF-USE LEASES (CONTINUED)

As the rate implicit in the lease is not readily determinable, the Organization uses an incremental borrowing rate to calculate the lease liability that represents an estimate of the interest rate the Organization would have to borrow on a collateralized basis over the term of the lease. The weighted average discount rate used for the lease was 3.7% and 2.0% at September 30, 2025 and 2024, respectively.

NOTE 14 EMPLOYEE LOAN PROGRAM

Covenant has an employee loan program. Certain requirements must be met before an employee is granted a loan. Principal payments are made through payroll deduction. As of September 30, 2025 and 2024, there was an outstanding balance on these loans of approximately \$8,000 and \$9,000, respectively. This amount has been included in other receivables in the statements of financial position.

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, are as follows:

	2025	2024
Gift Restricted by Donor for Employee Loans	\$ 27,000	\$ 27,000
Gifts Restricted by Donor for Employee Professional Development	222,677	129,804
Gifts Restricted by Donor for Capital Expenditures	718,012	1,172,229
Gifts Restricted by Donor for Other Purposes	-	42,000
Total Net Assets With Donor Restrictions	\$ 967,689	\$ 1,371,033

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors at September 30, are as follows:

	2025	2024
Professional Development	\$ 28,306	\$ 37,192
Other	78,638	-
Capital Expenditures	513,569	-
Total Net Assets Released from Restrictions	\$ 620,513	\$ 37,192

**COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 16 LIQUIDITY AND AVAILABILITY

The following schedule reflects Covenant’s financial assets available to meet cash needs for general expenditures without donor or other restrictions limiting their use, within one year of the statement of financial position sheet date.

	2025	2024
Cash and Cash Equivalents	\$ 545,171	\$ 903,002
Receivables	542,678	96,112
Investments	6,145,044	4,812,746
Operating Reserve	3,906,000	4,179,000
Total	\$ 11,138,893	\$ 9,990,860

Covenant has certain board designated assets limited to use which are available within one year in the normal course of operations. Accordingly, these assets have been included in the information above for general expenditures within one year, along with the statutory operating reserve.

According to its liquidity management, Covenant has a policy to structure its financial assets to be available as its general expense, liabilities, and other obligations come due. In addition, Covenant invests cash in excess of daily operating needs in short-term investments such as money market funds and equity securities with readily determinable fair values.

NOTE 17 BENEVOLENT FUNDS ASSISTANCE

Covenant maintains records to identify and monitor the level of benevolent assistance it provides by measuring the amount of revenue and charges foregone for services and supplies furnished under its benevolent assistance policy. Costs incurred related to benevolent assistance provided was approximately \$348,000 and \$181,000 for the years ending September 30, 2025 and 2024, respectively. Costs were transferred to the operating income from the benevolent fund to support residents in financial need. The estimated costs of providing benevolent assistance are based on management’s calculation assuming a standard profit margin of the foregone resident service fees.

COVENANT VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 18 CONTRIBUTION RECEIVABLE

Contribution receivable are recorded as restricted support in the accompanying statements of financial position. Contribution receivable consisted of the following at September 30:

	<u>2025</u>
Due in Less Than One Year	\$ 250,000
Due in Two to Five Years	500,000
Total	<u>750,000</u>
Less: Discount on Pledges	(65,986)
Contribution Receivable, Net	<u>\$ 684,014</u>

Management determined that the allowance for uncollectible contribution receivable at year-end was not necessary. Accordingly, no allowance has been recorded as of September 30, 2025. The contribution is discounted at a rate of 4.75% as of September 30, 2025.

NOTE 19 CONTINGENCIES

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.



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Appendix B — Five-Year Prospective Financial Statements

COVENANT VILLAGE, INC.
COMPILATION OF A FINANCIAL PROJECTION
FOR THE YEARS ENDING
SEPTEMBER 30, 2026 THROUGH SEPTEMBER 30, 2030



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Covenant Village, Inc.
Gastonia, North Carolina

Management is responsible for the accompanying projected financial statements of Covenant Village, Inc. (the "Corporation"), which comprise the projected statements of financial position as of September 30, 2026, 2027, 2028, 2029 and 2030, and the related projected statements of operations and changes in net assets (deficit), and cash flows for the years then ending, and the related summaries of significant projection assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA"). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projected 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 5 (the "Hypothetical Assumptions"), the projected results may not be achieved as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying 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 64 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
February 3, 2026

COVENANT VILLAGE, INC.
PROJECTED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands)

	2026	2027	2028	2029	2030
REVENUES, GAINS, AND OTHER SUPPORT					
Resident Service Fees	\$ 10,143	\$ 11,466	\$ 11,790	\$ 12,122	\$ 12,464
Amortization of Deferred Entrance Fees	2,240	2,902	2,964	3,029	3,098
Health Care Services	5,119	5,261	5,404	5,552	5,716
Contributions	252	260	267	275	284
Other Revenues	367	378	389	401	413
Net Investment Income	594	491	525	552	576
Total Revenues, Gains, and Other Support	18,715	20,758	21,339	21,931	22,551
OPERATING EXPENSES					
Nursing Services	5,466	5,740	5,912	6,089	6,272
Housekeeping	1,135	1,117	1,151	1,185	1,221
Food and Nutrition	3,129	3,291	3,388	3,486	3,587
Operating and Maintenance	3,320	3,394	3,496	3,601	3,709
Security	563	601	619	638	657
Resident Care and Services	823	824	849	874	901
Management and General	1,827	1,861	1,914	1,971	2,030
Human Resources	352	366	377	389	400
Depreciation	2,297	3,019	3,274	3,537	3,808
Interest Expense	655	1,407	1,395	1,374	1,352
Amortization of Issuance Costs	26	26	26	26	26
Amortization of Intangible Asset	21	21	21	21	21
Total Operating Expenses	19,614	21,667	22,422	23,191	23,984
DEFICIT OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES	(899)	(909)	(1,083)	(1,260)	(1,433)
Contributions Received for Capital Purchases	250	250	218	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(649)	(659)	(865)	(1,260)	(1,433)
NET ASSETS WITH DONOR RESTRICTIONS					
Net Assets Released From Donor Restrictions	(250)	(250)	(218)	-	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	(250)	(250)	(218)	-	-
CHANGE IN NET ASSETS (DEFICIT)	(899)	(909)	(1,083)	(1,260)	(1,433)
Net Assets (Deficit), Beginning of Year	8,306	7,417	6,508	5,425	4,165
NET ASSETS (DEFICIT), END OF YEAR	\$ 7,417	\$ 6,508	\$ 5,425	\$ 4,165	\$ 2,732

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

COVENANT VILLAGE, INC.
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
FOR THE YEARS ENDING SEPTEMBER 30,
(In Thousands)

	2026	2027	2028	2029	2030
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets (Deficit)	\$ (899)	\$ (909)	\$ (1,083)	\$ (1,260)	\$ (1,433)
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Flows Provided					
From Operating Activities:					
Amortization of Entrance Fees	(2,240)	(2,902)	(2,964)	(3,029)	(3,098)
Proceeds from Nonrefundable Entrance Fees	3,725	3,989	4,246	4,454	4,888
Depreciation	2,297	3,019	3,274	3,537	3,808
Amortization of Bond Issuance Costs	26	26	26	26	26
Amortization of Intangible Asset	21	21	21	21	21
(Increase) Decrease in Current Assets:					
Accounts Receivable	65	(13)	(3)	(3)	(3)
Contribution Receivable	250	250	184	-	-
Other Receivables	234	(5)	(4)	(5)	(5)
Inventories	(54)	(2)	(1)	(2)	(2)
Prepays	41	(7)	(4)	(4)	(5)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	548	34	26	26	26
Accrued Payroll and Related Liabilities	(83)	27	21	21	21
Accrued Interest	118	-	(2)	(2)	(2)
Advance Fee Deposits	(897)	-	-	-	-
Net Cash Provided by Operating Activities	3,152	3,528	3,737	3,780	4,242
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Change in Investments	(4,043)	(295)	(104)	(149)	(463)
Net Purchases of Property and Equipment	(16,408)	(2,652)	(2,732)	(2,814)	(2,898)
Net Change in Assets Limited as to Use	485	(341)	(225)	(132)	(137)
Net Cash Used in Investing Activities	(19,966)	(3,288)	(3,061)	(3,095)	(3,498)
CASH FLOWS FROM FINANCING ACTIVITIES					
Initial Entrance Fee Receipts	8,613	-	-	-	-
Refunds of Entrance Fees	(132)	(185)	(222)	(209)	(243)
Proceeds from Issuance of Long-Term Debt	16,377	-	-	-	-
Principal Payments on Long-Term Debt	(8,005)	(35)	(436)	(458)	(482)
Net Cash Provided (Used) in Financing Activities	16,853	(220)	(658)	(667)	(725)
NET CHANGE IN CASH AND CASH EQUIVALENTS	39	20	18	18	19
Cash and Cash Equivalents - Beginning of Year	545	584	604	622	640
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 584	\$ 604	\$ 622	\$ 640	\$ 659
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest, Net of Capitalized	\$ 537	\$ 1,407	\$ 1,397	\$ 1,376	\$ 1,354

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

COVENANT VILLAGE, INC.
PROJECTED STATEMENTS OF FINANCIAL POSITION
ASSUMING THE HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5
AT SEPTEMBER 30,
(In Thousands)

	2026	2027	2028	2029	2030
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 584	\$ 604	\$ 622	\$ 640	\$ 659
Accounts Receivable	89	102	105	108	111
Contribution Receivable, Current Portion	250	184	-	-	-
Other Receivables	154	159	163	168	173
Inventories	54	56	57	59	61
Prepays	141	148	152	156	161
Total Current Assets	1,272	1,253	1,099	1,131	1,165
ASSETS LIMITED AS TO USE					
Statutory Operating Reserve	4,318	4,659	4,884	5,016	5,153
Total Assets Limited as to Use	4,318	4,659	4,884	5,016	5,153
NONCURRENT ASSETS					
Property and Equipment	87,992	90,644	93,376	96,190	99,088
Construction in Progress	1,116	1,116	1,116	1,116	1,116
Less: Accumulated Depreciation	(36,965)	(39,984)	(43,258)	(46,795)	(50,603)
Net Property and Equipment	52,143	51,776	51,234	50,511	49,601
Investments	10,339	10,634	10,738	10,887	11,350
Contribution Receivable, Noncurrent Portion	184	-	-	-	-
Right of Use Asset - Operating, Net	263	235	219	208	203
Intangibles, Net	121	100	79	58	37
Total Noncurrent Assets	63,050	62,745	62,270	61,664	61,191
Total Assets	\$ 68,640	\$ 68,657	\$ 68,253	\$ 67,811	\$ 67,509
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 35	\$ 436	\$ 458	\$ 482	\$ 508
Accounts Payable	809	843	869	895	921
Accrued Expenses	662	689	710	731	752
Right-of-Use Lease Liability - Operating	28	16	11	5	-
Accrued Interest	118	118	116	114	112
Health Center Room Deposits	7	7	7	7	7
Total Current Liabilities	1,659	2,109	2,171	2,234	2,300
LONG-TERM LIABILITIES					
Long-Term Debt, Net of Current Portion					
Long-Term Debt, Net of Current Maturities	30,071	29,635	29,177	28,695	28,187
Unamortized Bond Issuance Costs	(608)	(582)	(556)	(530)	(504)
Net Long-Term Debt	29,463	29,053	28,621	28,165	27,683
Right-of-Use, Lease Liability - Operating, Net of Current	238	222	211	206	206
Refundable Deposits	217	217	217	217	217
Deferred Revenue from Entrance Fees	29,616	30,518	31,578	32,794	34,341
Other Liabilities	30	30	30	30	30
Total Long-Term Liabilities	59,564	60,040	60,657	61,412	62,477
Total Liabilities	61,223	62,149	62,828	63,646	64,777
NET ASSETS (DEFICIT)					
Without Donor Restriction	6,699	6,040	5,175	3,915	2,482
With Donor Restriction	718	468	250	250	250
Total Net Assets (Deficit)	7,417	6,508	5,425	4,165	2,732
Total Liabilities and Net Assets (Deficit)	\$ 68,640	\$ 68,657	\$ 68,253	\$ 67,811	\$ 67,509

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

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

INTRODUCTION AND BACKGROUND INFORMATION

Basis of Presentation

The accompanying financial projection presents, to the best of the knowledge and belief of management ("Management") the expected financial position, results of operations and changes in net assets (deficit) and cash flows of Covenant Village, Inc. (the "Corporation", "Company" or "Covenant Village") as of and for each of the five years ending September 30, 2026, 2027, 2028, 2029 and 2030 (the "Projection Period").

Accordingly, the projection reflects Management's judgment as of February 3, 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. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

A projection is a presentation of prospective financial information that is subject to one or more hypothetical assumptions. A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation. Hypothetical assumptions are not derived from sources, which are based upon supporting documentation such as contracts, agreements, or other empirical data. 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. Management has prepared its financial projection assuming the following hypothetical assumptions (the "Hypothetical Assumptions"):

- Construction, development, marketing, and other related costs for the Stonecrest Project occur on the assumed timeline and at the assumed costs as reflected in the projection;
- The Stonecrest Project Units (defined herein) are successfully marketed and occupied at the assumed occupancy levels, as reflected in the projection;
- The interest rate on the 2024A Bank Loan and 2024B Bank Loan occur as projected; and
- The Corporation collects the capital contribution related to the Stonecrest Project, as projected;

This financial projection is intended solely for the information and use of Management, the Board of Directors, as hereinafter defined, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and included in the Company's disclosure statement filing), and is not intended to be and should not be used by anyone other than these specified parties.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)

Background of the Corporation

The Corporation was founded as a North Carolina nonstock, nonprofit corporation in 1977 under Internal Revenue Code Section 501(c)(3) and is, therefore, exempt from federal and state income taxes. The Corporation owns and operates a continuing care retirement community (“CCRC”) known as Covenant Village (the “Community”) in Gastonia, North Carolina.

The Corporation operates under the supervision of a volunteer board of directors (the “Board of Directors” or the “Board”), whose members are elected by the Board. The Board is responsible for the establishment of operational policy and currently consists of 12 members and one at-large member. Board members are elected for an initial three-year term and are eligible for one additional successive three-year term. After serving six successive years, a Board member must be off the Board for one year before becoming eligible again for an additional two terms.

The Community is located on more than 50 acres in Gastonia, Gaston County, North Carolina at 1351 Robinwood Road. The Community provides a continuum of residential accommodations, which currently includes the following: 169 existing independent living units (the “Existing Independent Living Units”), consisting of 127 independent living apartments (the “Independent Living Apartments”) and 42 independent living cottages (the “Independent Living Cottages”); eight enhanced living units (the “Enhanced Living Units”); the health center (the “Health Center”) currently consists of 72 health center beds (the “Health Center Beds”), which is comprised of 41 assisted living units (“Assisted Living Units”) and 26 skilled nursing beds (“Skilled Nursing Beds”); a 9,700-square-foot wellness center; and numerous public and service areas. The Community is licensed for 42 Assisted Living Units and 38 Skilled Nursing Beds, but is currently operating 41 Assisted Living Units and 26 Skilled Nursing Beds.

The hallway housing the Enhanced Living Units will be generally referred to as “Founders Hall”.

The Stonecrest Project

Management is working on an expansion project at the Community which includes the construction of 21 independent living villa apartments (the “New Independent Living Units”) and new and enhanced dining amenities; construction of a new pavilion; parking updates, including new employee parking; and various campus improvements, including cottage exteriors updates, front entrance signage, other campus signage, retention wall improvements, and widening of the service lane (the “Stonecrest Project” or the “Project”).

Collectively, the New Independent Living Units and the Existing Independent Living Units are referred herein as the “Independent Living Units”.

The following table summarizes the anticipated timeline of the Stonecrest Project:

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)

Table 1
Stonecrest Project Timeline

Description	Timing
Completion of the Stonecrest Project	May 2026
Achieve Stabilized Occupancy	July 2026

Source: Management

Future development and construction of additional expansion projects (“Future Phases”) at the Community are assumed to occur at a date to be determined. The plan of financing, construction, fill-up, and occupancy of Future Phases is not certain. Therefore, the financial impact of Future Phases is not included in Management’s projected financial statements.

The Existing Independent Living Units

The following table summarizes the type, number, approximate square footage, monthly fees (“Monthly Fees”) and entrance fees (“Entrance Fees”) for the Existing Independent Living Units.

Table 2
Existing Independent Living Unit Configuration

Type of Unit	Units	Square Footage	Entrance Fees ⁽¹⁾⁽²⁾⁽³⁾	Monthly Fees ⁽¹⁾
Studios				
Studio with Kitchenette	32	360	\$ 65,625	\$ 3,865
Studio with Kitchenette and Balcony	27	360	\$ 71,150	\$ 3,865
Total / Weighted Average - Studios	59	360	\$ 68,153	\$ 3,865
Apartments				
1 BR - 1 Bath - Type B	54	720	\$ 187,425	\$ 4,443
2 BR - 2 Bath - Type C	14	1,200	\$ 301,750	\$ 5,081
Total / Weighted Average - Apartments	68	819	\$ 210,963	\$ 4,574
Cottages				
2 BR - 2 Bath - I	10	1,560	\$ 358,800	\$ 4,691
2 BR - 2 Bath - I-B (Garage)	9	1,560	\$ 380,800	\$ 4,691
2 BR - 2 Bath - I-C (Garage and Fireplace)	2	1,560	\$ 391,100	\$ 4,691
2 BR - 2 Bath - I-D (Open Concept)	1	1,560	\$ 423,800	\$ 4,691
2 BR - 2 Bath - II-B (Garage)	1	1,635	\$ 391,100	\$ 4,691
2 BR - 2 Bath - III	3	1,710	\$ 399,000	\$ 4,691
2 BR - 2 Bath - III-A (Fireplace)	1	1,710	\$ 414,700	\$ 4,691
2 BR - 2 Bath - III-B (Garage)	7	1,710	\$ 418,600	\$ 4,691
2 BR - 2 Bath - III-C (Garage and Fireplace)	5	1,710	\$ 430,100	\$ 4,691
2 BR - 2 Bath - IV-B (Garage)	1	1,860	\$ 449,800	\$ 4,691
2 BR - 2 Bath - IV-C (Garage and Fireplace)	1	1,860	\$ 462,800	\$ 4,691
2 BR - 2 Bath - V-C (Garage and Fireplace)	1	1,980	\$ 495,600	\$ 4,691
Total / Weighted Average - Cottages	42	1,643	\$ 397,926	\$ 4,691
Existing Independent Living Units Total/Weighted Average	169	864	\$ 207,570	\$ 4,356
Second Person Fees ⁽⁴⁾⁽⁵⁾			\$60,000	\$1,693 - \$3,570

Source: Management

Notes:

- (1) The Entrance Fee and Monthly Fee pricing is effective as of October 1, 2025.
- (2) The Corporation offers a declining refundable Entrance Fee plan (the “Traditional Amortizing Plan”).

See Independent Accountants’ Compilation Report

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)

- (3) The Corporation charges a one-time, non-refundable administrative fee of \$1,000.
- (4) Second person Entrance Fees are as follows: studio apartment (with and without kitchenette) – none; one-bedroom apartment - \$60,000; two-bedroom apartment - \$60,000; cottage - \$60,000.
- (5) Second person Monthly Fees are as follows: studio apartment (with and without kitchenette) - \$2,954; one-bedroom apartment - \$3,311; two-bedroom apartment - \$3,570; cottage - \$1,693.

The following table summarizes the type, number, approximate square footage, Monthly Fees and Entrance Fees for the Enhanced Living Units.

Table 3
Enhanced Living Unit Configuration

Unit Type	Units	Square Footage	Entrance Fees ⁽¹⁾⁽²⁾	Monthly Fees ⁽¹⁾⁽³⁾
Enhanced Living ⁽⁴⁾				
Studio with Kitchenette	4	360	\$ 65,625	\$ 4,501
1BR with Kitchenette	4	720	\$ 165,375	\$ 5,079
Total Enhanced Living Units / Weighted Average	8	540	\$ 115,500	\$ 4,790
Second Person Fees ⁽⁵⁾⁽⁶⁾			\$60,000	\$3,590 - \$3,947

Source: Management

Notes:

- (1) The Entrance Fee and Monthly Fee pricing is effective as of October 1, 2025.
- (2) Entrance Fees reflect the Traditional Amortizing Plan.
- (3) Second person Monthly Fees for the studio Enhanced Living Unit and one-bedroom Enhanced Living Unit, are \$3,590 and \$3,947, respectively.
- (4) The concierge service fee for Enhanced Living services are reflected in the Monthly Fees, as shown above.

The Health Center

The following table summarizes the type, number, approximate square footage, and daily fees (“Daily Fees”) of the Health Center Beds, effective October 1, 2025.

Table 4
Health Center Bed Configuration

Type of Unit ⁽¹⁾	Number of Units	Number of Beds	Approximate Square Footage	Daily Fees ⁽²⁾⁽³⁾⁽⁴⁾
Assisted Living Units				
Arbor	12	15	300	\$173 - \$372
Courtyard	13	13	280	\$173 - \$372
Garden	6	6	250	\$173 - \$372
Woodland	10	12	250	\$173 - \$372
Total Assisted Living Units / Weighted Average	41	46	273	\$173 - \$372
Skilled Living Units				
Arbor	7	7	300	\$173 - \$372
Courtyard	6	6	280	\$173 - \$372
Garden	6	6	250	\$173 - \$372
Woodland	7	7	250	\$173 - \$372
Total Skilled Nursing Beds / Weighted Average	26	26	273	\$173 - \$372
Total Health Center Bed / Weighted Average	67	72	273	\$173 - \$372

Source: Management

Notes:

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)

- (1) The Health Center is comprised of 67 units that are interchangeable between skilled nursing beds and assisted living beds.
- (2) Daily fees of \$173 are only available to certain residents ("Residents") admitted to the Community before October 1, 2021 for either assisted living services or skilled nursing services.
- (3) The Daily Fee for Residents with life care contracts are \$186 and Residents admitted directly into the Health Center is \$372, respectively for either assisted living services or skilled nursing services. The Daily Fee for Residents temporarily residing in the Health Center is \$173.
- (4) There is a non-refundable entrance fee of \$50,000 for Residents admitted directly into the Health Center.

The Stonecrest Project

The following table summarizes the unit types, approximate square footages, Monthly Fees, and Entrance Fees for the planned Stonecrest Project Units:

Table 5
Stonecrest Project Unit Configuration

Unit Type	Units	Square Footage	Entrance Fees ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Monthly Fees ⁽¹⁾⁽⁵⁾
New Independent Living Units				
1 BR - 1.5 Bath, Den	3	1,030	\$325,000 - \$350,000	\$ 3,927
2 BR - 2 Bath	4	1,230	\$377,000 - \$405,000	\$ 4,274
1 BR - 2 Bath, Den	6	1,450	\$425,000 - \$457,500	\$ 4,680
2 BR - 2.5 Bath, Den	6	1,650	\$486,000 - \$522,500	\$ 5,316
1 BR - 2.5 Bath, Den (4th Floor)	2	1,920	\$560,000 - \$602,000	\$ 5,823
Total New Independent Living Units / Weighted Average	21	1,450	\$ 419,711	\$ 4,786

Source: Management

Notes:

- (1) The Entrance Fee and Monthly Fee pricing is effective as of October 1, 2025.
- (2) Entrance Fees reflect the Traditional Amortizing Plan.
- (3) The Corporation charges a one-time, non-refundable administrative fee of \$1,000.
- (4) Second person Entrance Fees for the New Independent Living Units are \$60,000.
- (5) Second person Monthly Fees for the New Independent Living Units are \$1,603.

The following table summarizes the anticipated changes to the Community's unit configuration as a result of the Stonecrest Project.

Table 6
Community Configuration Changes

Level of Care	Before	Change	After
Existing Independent Living Units	169	-	169
Enhanced Living Units	8	-	8
New Independent Living Units	-	21	21
Health Center Beds	72	-	72
Total Units / Beds	249	21	270

Source: Management

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)

Residency Agreement

Services and Amenities

The residency agreement (“Residency Agreement”) is a contract under which the Corporation is obligated, upon payment by the resident (the “Resident” or “Residents”) of an Entrance Fee and ongoing Monthly Fees, to provide certain services to the Resident. While the Resident occupies an Independent Living Unit, services provided include:

- Three daily meals;
- Weekly housekeeping service and annual deep cleaning;
- Laundering of bed and bath linens;
- Heat, air conditioning, water and sewer; trash removal and municipal services;
- Telephone jack, but no personal telephone handset or telephone service;
- Basic cable television and internet service;
- Emergency call devices, nursing assessments, and assistance in emergencies;
- Parking;
- Social, spiritual, educational, and cultural activities;
- Arts and crafts;
- Access to 24-hour nursing and professional staff in the Health Center for consultation, assistance, and emergency needs;
- Maintenance of the Community’s buildings and common grounds;
- Access to the Health Center, when the Resident demonstrates a need for moving to a higher level of care; and
- 24-7 security personnel on the grounds of the Community.

Admittance Standards

To be accepted for residency to a selected Independent Living Unit, the Resident will execute a Residency Agreement. The terms of the Residency Agreement require a prospect Resident (the “Prospective Resident”) to meet the following standards prior to admission to Covenant Village:

- Must be 65 years of age or older, except that in the case of a married couple, in which one spouse is 65 years of age or older, the other spouse may be as young as 62 years of age;
- Shall submit the following for review by Covenant Village Admissions Committee (the “Admissions Committee”): an application for admission, including a personal health history, confidential financial statement, and all forms furnished by Covenant Village at the time of application;
- Shall have an interview with a representative from Covenant Village prior to acceptance of residency at Covenant Village. Additional personal interviews may be required;
- Shall submit physical examination report made by a physician selected by the Prospective Resident within thirty days of the projected occupancy date. Such report shall include a statement by such physician that the Prospective Resident is in good health, is ambulatory or can move about independently, and is able to take care of themselves in normal living activities. Covenant Village may require the Prospective Resident to have another physical examination by the Covenant Village Medical Director or by another physician approved by Covenant Village; and,
- For residents with life care contracts, understands and agrees that the first ninety days of occupancy will be known as a probationary period during which the Resident will be required to live

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

INTRODUCTION AND BACKGROUND INFORMATION (CONTINUED)

independently in the Independent Living Unit in order to qualify to receive nursing services in the Health Center at the reduced rate (the "Probationary Period"). At the end of the initial Probationary Period, the Admissions Committee may review Resident's ability to maintain an independent lifestyle. Residents who are unable to live in the Independent Living Unit at the time of the 90-day review will be admitted to the Health Center, when space permits, at the full non-resident rate for a skilled nursing unit.

Upon execution of the Residency Agreement, the Resident is to pay ten percent of the Entrance Fee, less \$1,000 which was paid upon the Resident's application to Covenant Village. The Resident is to pay the balance of the Entrance Fee within sixty days from the execution of the Residency Agreement. If the Resident does not pay the balance of the Entrance Fee within sixty days of execution of the Residency Agreement, the Resident forfeits the ten percent deposit of the Entrance Fee.

Additional Services or Care

Pursuant to the Residency Agreement, the Resident may reside in the Independent Living Unit for as long as the Resident is capable of meeting the requirements of within the "Transfers or Changes on Levels of Care" section of the Residency Agreement. If the Resident is no longer able to meet the requirements of residing in the Independent Living Units, the Resident may be transferred temporarily or permanently to the Health Center. In the event the Resident needs care beyond that which can be provided by the Corporation, as determined by the Covenant Village Medical Director and Covenant Village Administrator, the Resident may be transferred to a hospital, center, or institution equipped to give such care. Such transfer will be made only after consultation with Resident (to the extent possible), a representative of Resident's family, or the sponsor of Resident, and Resident's attending physician.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentations

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

In accordance with GAAP, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Corporation and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Corporation. Corporation's board may designate assets without restrictions for specific operational purposes from time-to-time. Designated net assets without donor restrictions consist of amounts to be used for the program activities and capital improvements.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Corporation or by the passage of time. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified into net assets without donor restrictions. Net assets with donor restrictions whose restrictions are satisfied in the same reporting period in which the contribution was received are reported as unrestricted support.

Cash and Cash Equivalents

Cash and cash equivalents, excluding those classified as investments and assets whose use is limited, include cash in banks, cash on hand, and investments in highly liquid debt instruments with an original maturity of three months or less when purchased. 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.

Accounts Receivable

Accounts receivables consist of resident monthly service fees and daily fees. Residents are not required to provide collateral for services rendered. Accounts receivable are reported net of an allowance for credit losses to represent the Corporation's estimate of expected losses at the projected statement of financial position date. The adequacy of the Corporations allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. Management has not projected an allowance for credit losses consistent with historical experience.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Corporation carries investments in equity securities with readily determinable fair values and all investments in debt securities are measured at their fair values in accordance with accounting requirements for certain investments held by nonprofit organizations in the statements of financial position. Beneficial interests in assets held by others are valued at fair value as reported by the holder of the assets. Unrealized gains and losses are included as a component of net investment income (loss) in the statements of activities and changes in net assets (deficits). Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains (losses) are recognized. Management has not projected any unrealized gains or losses during the Projection Period.

Assets Limited as to Use

Assets limited as to use include escrow deposits and investments whose use is limited to maintain an operating reserve as required by North Carolina General Statutes.

Property and Equipment

The Corporation capitalizes property and equipment over \$1,000. Purchased property and equipment are recorded at cost and include additions and improvements that extend the useful lives of the assets. Expenditures for maintenance, repairs, and minor renovations are charged to expense as incurred. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings and Improvements	15 to 40 Years
Land Improvements	7 to 40 Years
Equipment and Furnishings	5 to 10 Years
Vehicles	5 Years
Collectibles and Software	5-10 Years

Intangible Assets

Long-lived intangible assets include costs associated with rebranding costs incurred by the Corporation. The assets are considered to have finite lives and are being amortized to expense over the respective lives.

Unit Deposits

Unit deposits consist of payments for cottage and apartment accommodations in advance of those units becoming available.

Deferred Entrance Fees

Fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue and amortized into revenue using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. Fees received from resident whose residency may cease, whether voluntarily or involuntarily, within the first 25 months of residency for apartments of 50 months for cottages, are partially refundable. When a resident terminates occupancy, any unamortized entrance fee, net of refundable amounts noted above, are recognized as revenue.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Corporation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and ROU lease liabilities in the statement of financial position.

ROU assets represent the Corporation's right to use an underlying asset for the lease term and lease liabilities represent the Corporation's obligation to make lease payments arising from the lease. ROU asset and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Corporation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Corporation has elected to use its incremental borrowing rate that represents an estimate of the interest rate the Corporation would have to pay on borrowed funds.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions revenue, depending on the existence and/or nature of any donor restrictions. Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Donations of property and equipment and collectibles are recorded as support at their estimated fair value at the date of donation. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, The Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies net assets with donor restrictions to net assets without donor restriction at that time.

Unconditional promises to give are recognized at the net present value, net of an allowance for uncollectible amounts, and are classified as with or without donor restrictions based on the donors' intentions, as applicable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. At September 30, 2025, the Corporation had unconditional promises to give of approximately \$684,000, net of discount, designated for certain projects at the Community. Unconditional promises to give are recorded as a contribution receivable on the projected statement of financial position and collection has been projected by Management based upon the terms of the contribution receivable during the Projection Period.

Income Taxes

The Corporation is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the financial statements do not reflect provision or liability for federal and state income taxes. In addition, the state of North Carolina has granted the Corporation tax-exempt status.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Covenant Village files as a tax-exempt organization. Management is not aware of any activities that would jeopardize tax-exempt status of Covenant Village. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for Covenant Village. Covenant Village follows guidance in the income tax standard regarding recognition and measurement of uncertain tax positions. The guidance has had no impact on Covenant Village's financial statements.

Continuing Care Contracts

The Corporation enters into fee-for-service continuing care contracts with various residents. A fee-for-service 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. Under the fee-for-service contracts, the Corporation has the ability to increase fees as deemed necessary. For the year ended September 30, 2025, the Corporation calculated the present value of estimated net costs of future services and the use of facilities to be provided to current residents and compared that amount with the balance of deferred revenue from entrance fees. If the present value of net costs of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services) with a corresponding charge to income. No liability was recorded at September 30, 2025, because the present value of the estimated net costs of future services and use of facilities was less than deferred revenue from entrance fees. The obligation was discounted at 5.0% at September 30, 2025. Management has not projected any future service obligation during the Projection Period.

Benevolent Assistance

The Corporation provides benevolent assistance to residents who are unable to pay the full cost of care and services. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis.

Debt Issuance Costs

Debt issuance costs have been recorded as a deduction against the related debt and are being amortized using the straight-line method over the lives of the various debt instruments, which approximate amortization computed using the effective interest method.

Use of Estimates

The preparation of the projected 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 projected financial statements. Actual results could differ from those estimates.

Resident Service Revenue

Resident service revenue is reported at the amount that reflects the consideration to which Covenant Village expects to be entitled in exchange for providing resident care. These amounts are due from residents. Monthly 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 Covenant Village. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Covenant Village 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

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

relate to residents living at Covenant Village receiving independent living or healthcare services. Covenant Village considers daily services provided to residents of the health center, and monthly rent charged to residents living in independent living, as a separate performance obligation measured on a monthly basis or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, meals or guest rooms) and Covenant Village 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, Covenant Village 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.

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

Covenant Village has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: service line, method of payment, and timing of when revenue is recognized. All resident service revenue is from private pay individuals.

Contract Costs

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

Deficit of Revenues, Gains, and Other Support Over Expenses

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

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF REVENUE ASSUMPTIONS

Resident Service Fees

Resident service fee revenue for Residents living in the Independent Living Units and Enhanced Living Units is based upon the assumed occupancy and Monthly Fees of the respective units. The Independent Living Units' and Enhanced Living Units' Monthly Fees are assumed to increase 3.0 percent on October 1, 2026 and annually thereafter.

The following table summarizes the projected utilization of the Independent Living Units and Enhanced Living Units.

For the Years Ending September 30,	2026	2027	2028	2029	2030
Average Available Units:					
Existing Independent Living Units and Enhanced Living Units	177.0	177.0	177.0	177.0	177.0
New Independent Living Units ⁽¹⁾	21.0	21.0	21.0	21.0	21.0
Total Available Units	198.0	198.0	198.0	198.0	198.0
Average Occupied Units:					
Existing Independent Living Units and Enhanced Living Units	171.0	171.0	171.0	171.0	171.0
New Independent Living Units ⁽¹⁾	18.0	20.0	20.0	20.0	20.0
Total Average Occupied Units	189.0	191.0	191.0	191.0	191.0
Average Occupancy Percentage:					
Existing Independent Living Units and Enhanced Living Units	97%	97%	97%	97%	97%
New Independent Living Units ⁽¹⁾	86%	95%	95%	95%	95%
Total Occupancy Percentage	95%	96%	96%	96%	96%

Source: Management

Note:

- (1) The 21 New Independent Living Units are projected to be available for occupancy in May 2026 and are anticipated to fill over a 2 month period.

Double occupancy percentages in the Existing Independent Living Units are assumed to be 25 percent of the occupied units during the Projection Period. Double occupancy percentages in the New Independent Living Units are assumed to be 67 percent during the year of opening declining to 52 percent by 2030. Management has not projected any double occupancy in the Enhanced Living Units.

The following table summarizes the move-in assumptions for the New Independent Living Units during the Projection Period.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF REVENUE ASSUMPTIONS (CONTINUED)

Table 8
Fill-Up Schedule – New Independent Living Units

Fiscal Year / Month	Net Move-Ins	Cumulative Occupied	Cumulative Occupancy
2026			
May	10	10	47.6%
June	10	20	95.2%
Thereafter	-	20	95.2%

Source: Management

Assumed Independent Living and Enhanced Living Turnover

The assumed turnover for the Independent Living Units and the Enhanced Living Units due to death, withdrawal, or transfer to the Health Center, and double occupancy of the Independent Living Units has been based, in part, on historical experience of the Corporation.

Refunds of Entrance Fees are generated upon termination of the Residency Agreement and withdrawal from the Community, subject to the re-occupancy of the vacated Independent Living Units. Entrance Fees may be generated from Independent Living Unit turning over without a corresponding refund because the Resident has not withdrawn from the Community, but has permanently transferred to assisted living, memory care, or nursing accommodations. The assumed number of refunds on the Independent Living Units and Enhanced Living Units is provided by Management.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF REVENUE ASSUMPTIONS (CONTINUED)

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

Table 9
Entrance Fee Receipts and Total Entrance Fee Refunds
(In Thousands)

	2026	2027	2028	2029	2030
Independent Living and Enhanced Living Units:					
Entrance Fee Receipts from Initial Residents	\$ 8,613	\$ -	\$ -	\$ -	\$ -
Entrance Fee Receipts from Unit Turnover	3,725	3,989	4,246	4,454	4,888
Entrance Fees Refunded from Unit Turnover	(132)	(185)	(222)	(209)	(243)
Entrance Fees Received, Net of Refunds	\$ 12,206	\$ 3,804	\$ 4,024	\$ 4,245	\$ 4,645
Entrants Generating Entrance Fees:					
Number of Independent Living Initial Entrants	20	-	-	-	-
Number of Independent Living and Enhanced Living Turnover Unit Entrants	24	23	21	22	22

Source: Management

Notes:

- (1) The Entrance Fee refunds for the Independent Living Units are based on the experience of Management.
- (2) The Corporation offers the Traditional Amortizing Plan for all Existing Independent Living Units, Enhanced Living Units and New Independent Living Units, and Cottages.

Entrance Fees for the Independent Living Units are assumed to increase 3.0 percent on October 1, 2026 and for each year thereafter.

Health Center

The Community currently has accommodations, equipment, staffing, programs, services, and supervision necessary for the Health Center, including services for assisted living and skilled nursing services, with these accommodations available to Residents on a priority basis. However, the Corporation cannot guarantee access to these areas.

The Daily Fees are generated from the Health Center services provided to Residents transferring from the Independent Living Units, as well as direct admissions from the surrounding area to the Health Center. Residents permanently transferring from the Independent Living Units to the Health Center are assumed to pay a discount on the then-current Daily Fee. Health Center Daily Fees, either for assisted living services or for skilled nursing services, are assumed to increase 3.0 percent on October 1, 2026 and for each year thereafter.

In addition to the Health Center Daily Fee, Residents admitted directly to a Health Center Beds from the surrounding area are to pay a \$50,000 non-refundable Entrance Fee, which are to increase 3.0 percent on October 1, 2026 and for each year thereafter.

The following table summarizes the projected utilization of the Health Center Beds, by contract type.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF REVENUE ASSUMPTIONS (CONTINUED)

Table 10
Utilization of Health Center Beds

For the Years Ending September 30,	Life Care	Direct Admission	Occupied	Available	Occupancy Percentage
2026	49.0	15.0	64.0	72.0	88.9%
2027	49.0	15.0	64.0	72.0	88.9%
2028	49.0	15.0	64.0	72.0	88.9%
2029	49.0	15.0	64.0	72.0	88.9%
2030	49.0	15.0	64.0	72.0	88.9%

Source: Management

The following table summarizes the projected utilization of the Health Center Beds.

Table 11
Utilization of Health Center Beds

For the Years Ending September 30,	2026	2027	2028	2029	2030
Average Available Beds:					
Assisted Living Beds	46.0	46.0	46.0	46.0	46.0
Skilled Nursing Beds	26.0	26.0	26.0	26.0	26.0
Total Available Units	72.0	72.0	72.0	72.0	72.0
Average Occupied Beds:					
Assisted Living Beds	39.0	39.0	39.0	39.0	39.0
Skilled Nursing Beds	25.0	25.0	25.0	25.0	25.0
Total Average Occupied Beds	64.0	64.0	64.0	64.0	64.0
Average Occupancy Percentage:					
Assisted Living Beds	85%	85%	85%	85%	85%
Skilled Nursing Beds	96%	96%	96%	96%	96%
Total Occupancy Percentage	89%	89%	89%	89%	89%

Source: Management

Other Revenue

In addition, resident revenues for the Independent Living Units and Health Center Beds also include revenues from additional resident meals, barber and beauty services, and gift shop sales, which are assumed to increase 3.0 percent beginning October 1, 2026 and annually thereafter.

Interest Income

The average annual rate of return on the Corporation's unrestricted cash, investments, and assets limited to use is assumed to be 0.5 percent, 4.0 percent, and 4.0 percent, respectively.

Contributions

Contributions include unrestricted and donor restricted gifts, which are assumed to increase 3.0 percent beginning October 1, 2026 and annually thereafter.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF EXPENSE ASSUMPTIONS

Operating Expenses

Operating expenses are estimated by Management based on its historical experience and expectations for the Projection Period. Staff salaries and benefits are based on prevailing local salary and wage rates and are assumed to increase 3.0 percent on October 1, 2026 and for each year thereafter throughout the Projection Period. The costs of employee fringe benefits are assumed to approximate 21.7 percent of salaries and wages for the Projection Period.

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 3.0 percent on October 1, 2026 and for each year thereafter throughout the Projection Period

In addition, Management has projected operating expenses associated with the Project. These operating expenses have been projected in Housekeeping, Food and Nutrition, Operating and Maintenance, Security, and Management and General. Management has projected these operating expense based upon historical experience and changes in occupancy. Management has inflated these operating expenses at the same inflationary rates as previously described.

Interest Expense

Interest expense is projected related to the debt service requirements of the Series 2024 Bank Loans, and amortization of debt issuance costs associated with the Series 2024 Bank Loans.

Depreciation Expense

Property and equipment are projected to be depreciated over their estimated useful lives using the straight-line method.

Amortization Expense

Long-lived intangible assets are being amortized over their estimated respective lives using the straight-lining method.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalents balances for the Projection Period are based on the results of the projected statements of cash flows.

Accounts Receivable

Accounts receivable are projected based on historical levels at 2 days of total resident revenue.

Contribution Receivable

Contribution Receivable is projected to be collected based upon the terms of the donor.

Other Receivables

Other receivables are projected based on historical levels at 4 days of total resident revenue.

Inventories

Inventories are projected based on historical levels at 3 days of operating expenses less salaries and benefits, interest expense, amortization, and depreciation.

Prepays

Prepays are projected based on historical levels at 8 days of operating expenses less salaries and benefits, interest expense, amortization, and depreciation.

Accounts Payable

Accounts payable are projected based on historical levels at 45 days of operating expenses, less salaries and benefits, interest expense, amortization, and depreciation.

Accrued Expenses

Accrued expenses are projected based on historical levels at 24 days of salaries and benefits operating expenses.

Accrued Interest Payable

Accrued interest payable has been calculated based on interest expense requirements of outstanding debt.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

Assets Limited as to Use

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

- Escrow Deposits – consist of payments for cottages and apartment accommodations in advance of those units becoming available.
- Statutory Operating Reserve – North Carolina Statutory Operating Reserve – Section 58-64-33 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64-33) 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.

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

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.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

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

Table 12
Projected Statutory Operating Reserve Calculation
Years Ending September 30,
(In Thousands)

	2026	2027	2028	2029	2030
Statutory Operating Reserve Calculation (Expenses in Thousands):					
Total Operating Expenses	\$ 19,614	\$ 21,667	\$ 22,422	\$ 23,191	\$ 23,984
Add: Principal Payment on Long-Term Debt	8,005	35	436	458	482
Less: Depreciation	(2,297)	(3,019)	(3,274)	(3,537)	(3,808)
Less: Amortization on Bond Issuance Costs	(26)	(26)	(26)	(26)	(26)
Less: Amortization of Intangible Assets	(21)	(21)	(21)	(21)	(21)
Less: Principal Payments Funded from Initial Entrance Fees	(8,005)	-	-	-	-
Total Operating Costs	\$ 17,270	\$ 18,636	\$ 19,537	\$ 20,065	\$ 20,611
Required Reserve	25%	25%	25%	25%	25%
Required Operating Reserve	\$ 4,318	\$ 4,659	\$ 4,884	\$ 5,016	\$ 5,153
Available Units for the Year-Ending September 30:					
Existing Independent Living Units and Enhanced Living Units	177	177	177	177	177
New Independent Living Units	21	21	21	21	21
Total Available Units	198	198	198	198	198
Average Occupied Units for the Year Ending September 30:					
Existing Independent Living Units and Enhanced Living Units	171	171	171	171	171
New Independent Living Units	18	20	20	20	20
Total Occupied Units	189	191	191	191	191
Occupancy at September 30	95.5%	96.5%	96.5%	96.5%	96.5%

Source: Management

Property and Equipment

The Company is assumed to incur routine capital additions during the Projection Period that would be capitalized as property and equipment. Property and equipment donated are recorded as unrestricted contributions at fair market value at the date of receipt. Expenditures for maintenance, repairs and minor renovations are charged to expense as incurred. Routine capital additions during the Projection Period are summarized in the table below.

Table 13
Projected Routine Capital Additions
For the Years Ending September 30,
(In Thousands)

	2026	2027	2028	2029	2030
Project Costs	\$ 12,928	\$ -	\$ -	\$ -	\$ -
Capitalized Interest, Net of Interest Earnings, During Project Construction	905	-	-	-	-
Routine Capital Additions	2,575	2,652	2,732	2,814	2,898
Total	\$ 16,408	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898

Source: Management

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

Table 14
Projected Property and Equipment ⁽¹⁾
At September 30,
(In Thousands)

	2026	2027	2028	2029	2030
Land and Land Improvements	\$ 3,719	\$ 3,719	\$ 3,719	\$ 3,719	\$ 3,719
Buildings and Building Improvement	72,266	74,388	76,574	78,825	81,143
Furniture and Fixtures	9,859	10,389	10,935	11,498	12,078
Vehicles	468	468	468	468	468
Collectibles	25	25	25	25	25
Capitalized Interest	1,655	1,655	1,655	1,655	1,655
Total Before Accumulated Depreciation	87,992	90,644	93,376	96,190	99,088
Less Accumulated Depreciation	(36,965)	(39,984)	(43,258)	(46,795)	(50,603)
Construction in Progress	1,116	1,116	1,116	1,116	1,116
Net Property and Equipment	\$ 52,143	\$ 51,776	\$ 51,234	\$ 50,511	\$ 49,601

Source: Management

Note:

(1) Management has projected the Project will be completed and begin to fill in May 2026.

Interest and Long-Term Debt

On July 8, 2024, Covenant Village entered into a Construction Loan Agreement (Construction Loan) with a financial institution in which the proceeds are to be used to pay certain costs of construction and renovations related to the Project, refinance the unsecured note payable outstanding, and to pay certain closing costs and other expenses associated with closing the loan. The Construction Loan is made up of two loans, 2024A Bank Loan and 2024B Bank Loan. The 2024A Bank Loan is a draw down loan with a total available principal amount of \$30,846,000. The 2024B Bank Loan is a draw down loan with a total available principal amount of \$8,255,000. All draws from the 2024A Bank Loan and the 2024B Bank Loan shall be made within 24 months of the effective date of the Construction Loan. As of September 30, 2025, there were \$13,729,000 draw downs on the 2024A Bank Loan and \$8,005,000 of draw downs on the 2024B Bank Loan. Interest is payable on the amounts drawn at Prime Rate minus 2.15%, with a floor of 4.50%, beginning September 1, 2024. Principal and interest payments begin September 1, 2027. At September 30, 2025, the interest rate was 5.10%. Management has projected the interest rate on the debt at an interest rate of 5.10%, the current interest rate as of the date of the Projection. In addition, Management had projected total draws on the 2024A Bank Loan of \$16,377,000 during the Projection Period.

Management has projected total draws on the 2024A Bank Loan of \$30,105,000 and \$8,005,000 on the 2024B Bank Loan.

Projected principal payments on the Corporation's total long-term debt is presented in the following table, which is presented on a September 30, fiscal year basis.

Table 15
Projected Principal Payments
(In Thousands)

Year Ending September 30,	2024A Bank Loan	2024B Bank Loan	Total
2026	\$ -	\$ 8,005	\$ 8,005
2027	35	-	35
2028	436	-	436
2029	458	-	458
2030	482	-	482
Thereafter	28,694	-	28,694
Total	\$ 30,105	\$ 8,005	\$ 30,105

Source: Management



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

Appendix C — Statement of Actuarial Opinion

**ACTUARIAL REPORT
FOR
COVENANT VILLAGE
AS OF SEPTEMBER 30, 2022**

March 1, 2023

1604 Hilltop West Executive Ctr., Suite 311
Virginia Beach, Virginia 23451
404.845.0360
fax 404.845.0366
www.avpowell.com



March 1, 2023

Mr. Dale Melton
CEO
Covenant Village
1351 Robinwood Road
Gastonia, NC 28054

Dear Mr. Melton:

A.V. Powell & Associates LLC has prepared an actuarial report on Covenant Village based on resident data and draft audited financial statements as of September 30, 2022. It is our opinion that the financial condition of Covenant Village is in satisfactory actuarial balance as defined by Actuarial Standards of Practice No. 3 with a qualification in regard to surplus and contingency margins, based on the set of assumptions that are detailed in the actuarial opinion section of this report.

This report has been prepared for the following purposes:

1. To estimate the level of reserves needed to cover the obligations associated with current residents on an actuarial basis
2. To evaluate the current fee structure for new entrants
3. To assess the ability of Covenant Village to meet cash requirements

Your attention is called to the reliance, limitations, and cautionary notes set forth in the report, since they describe the restrictions on the use of the report and the reliance that A.V. Powell & Associates LLC placed on the source and accuracy of data and assumptions. This report is provided for use by the management of Covenant Village and may not be distributed to other parties without the express written consent of A.V. Powell & Associates LLC.

Thank you for allowing us to perform this analysis on your behalf. We are available to answer any questions about our report.

Providing actuarial and financial projections to organizations serving senior populations

1604 Hilltop West Shopping Center, Suite 311 • Virginia Beach, VA 23451-6132

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Mr. Dale Melton

March 1, 2023

Page 2

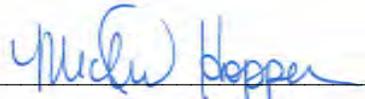
The undersigned credentialed actuary is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

BY: 

COLEMAN M. NAUGHTON, FSA, MAAA

FOR: A.V. POWELL & ASSOCIATES LLC

Attachments



MICHAEL K. HOPPER, CPA

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EXECUTIVE SUMMARY

The actuarial report on Covenant Village is based on resident census and financial statements as of September 30, 2022. The purpose of the actuarial study is to assess the long-term financial condition of Covenant Village. 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. It is our opinion that the financial condition of Covenant Village is in satisfactory actuarial balance as defined by Actuarial Standards of Practice No. 3 with a qualification in regard to surplus and contingency margins, based on the set of assumptions that are detailed in the actuarial opinion section of this report.

The actuarial analysis performed by A.V. Powell & Associates LLC (“AVP”) includes the following:

- A **population projection** of contractholder movements and independent living turnover
- An **actuarial valuation** of reserve adequacy for current residents
- An estimate of the obligation to provide future services
- An actuarial **pricing analysis** of fees charged to new entrants
- A **cash flow projection** of cash sources and uses

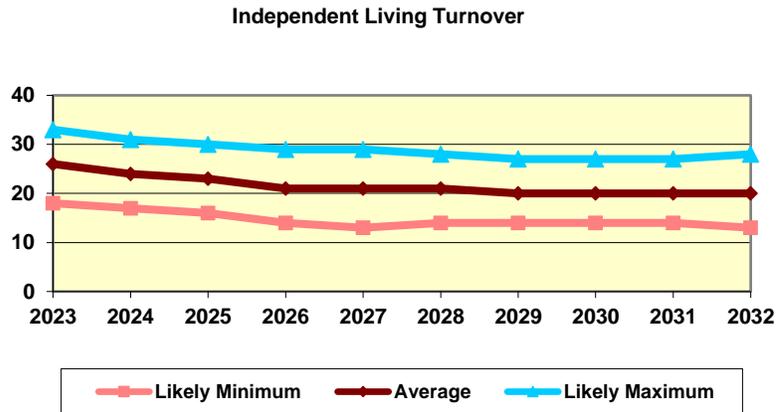
These projections, evaluated together, provide a sound basis for determining whether the CCRC contracts are priced adequately. The actuarial valuation, new entrant pricing analysis, and cash flow projection are the three tests set forth by the American Academy of Actuaries for evaluating the solvency of a CCRC. The actuarial approach is consistent with a management policy to minimize intergenerational subsidies, so that the fee structure will be self-supporting for each generation of residents. The actuarial approach is designed to assess the impact of inflation-constrained monthly fee increases. This means that contracts are initially priced, and evaluated, with a goal of matching the rate of increase in monthly fees to the anticipated rate of increase in the CCRC’s expenses. The determination of the internal inflation rate should reflect costs related to adding programs and services, as well as normal expense inflation. An actuarially priced fee structure will accumulate funds to cover future shortfalls between fees and costs.

This report reflects the addition of 8 “Enhanced Living” independent living apartments with a completion date of November 2023. Management provided the fees, occupancy assumptions, operating expenses, capital costs, and financial information related to the expansion.

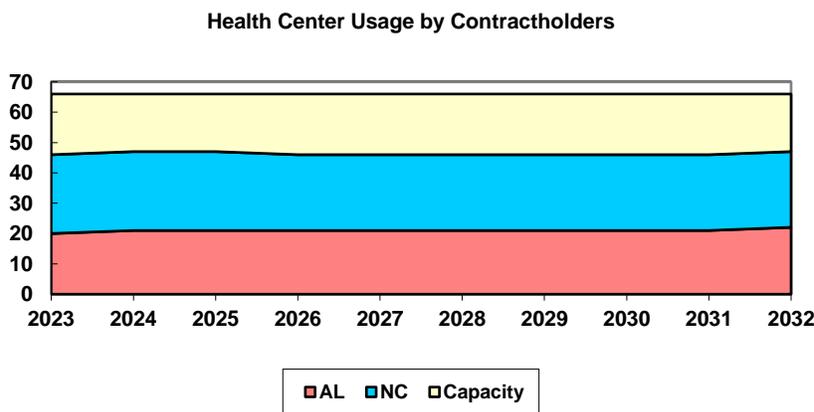
Population Projection (Tables 2.x)

The population projection shows expected independent living turnover and assisted living and nursing care utilization by contractholders for the next 20 years. Contractholders are defined as residents who entered the community in the independent living level of care.

The population projection indicates that independent living turnover is expected to average about 21 units per year. Due to potential random variations in experience, we estimate that the 90th confidence interval for independent living turnover is 14 units per year to 28 units per year.



The population projection indicates that Covenant Village has sufficient health center (assisted living and nursing care) capacity to meet expected contractholder needs.



Assisted living utilization by contractholders is expected to increase to 24 units per year at the end of the 20-year projection period. Nursing care utilization by contractholders is projected to increase to 28 units per year at the end of the 20-year projection period. Total health center capacity of 66 allows space for private pay patients in assisted living and nursing care.

The population projection is based on increasing occupancy from 162 independent living units (91.0% occupancy) as of September 30, 2022, to 171 units (96.1% occupancy) as of September 30, 2023, and level thereafter.

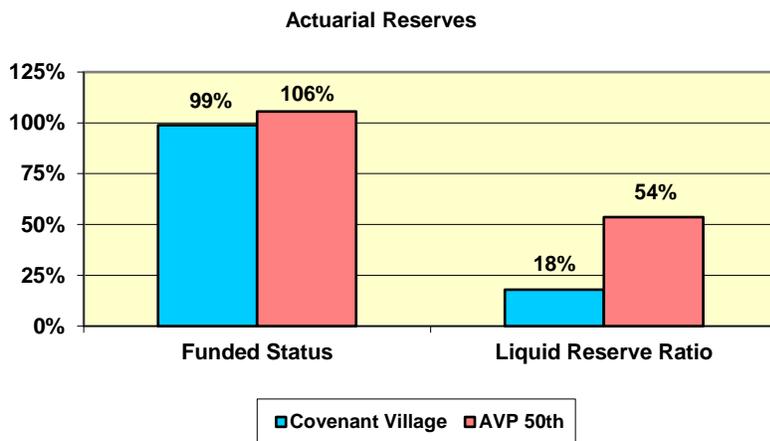
The health center utilization projections are reasonable based upon the historical practices at Covenant Village and other similar CCRCs around the country. Health center utilization can be influenced by several factors:

- contract provisions and initial health screening criteria
- management philosophy regarding aging-in-place
- number and acuity mix of health care beds
- availability of home care services and private duty nurses

Therefore, if transfer policies, health care protocols, or medical treatments change in the future, actual utilization could be different than projected.

Actuarial Valuation (Table 4.1)

Timely actuarial valuations provide an early warning of deficiencies in pricing policies, alerting management to the potential of a financial crisis. The purpose of the actuarial valuation is to determine whether Covenant Village has adequate reserves to meet its contractual obligation to residents as of the study date. Actuarial reserves should be sufficient to offset the difference between future revenues and future expenses. Liquid assets and non-liquid assets, such as the actuarial value of fixed assets, are considered toward the funding of actuarial reserves.



The funded status for Covenant Village is 98.9%. The funded status represents the portion of future expenses covered by future monthly fees and reserves. A funded status of 100% means the community is fully funded. A funded status of at least 105% is desirable to assure an appropriate surplus to protect against

unforeseen fluctuations in any of the underlying assumptions. The median funded status in the FYE 2021 AVP database is 105.6%. The funded status for Covenant Village places it in the second quartile (between the 25th and the 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 greater. The revaluation is discussed in the “Evaluation of ASOP#3 Conditions” section of the executive summary.

Another statistic related to the actuarial valuation is the liquid reserve ratio (LRR). The LRR measures the degree to which actuarial liabilities are covered by liquid assets. It is neither necessary nor desirable that a community show a 100% LRR. Often, the LRR will be lower in the earlier operating years of a community. It is expected to increase over time as the physical plant ages. The median LRR for communities in the FYE 2021 AVP database is 53.7%. The LRR for Covenant Village is 18.0%, which places it in the bottom quartile (below the 25th percentile) of CCRCs in our database.

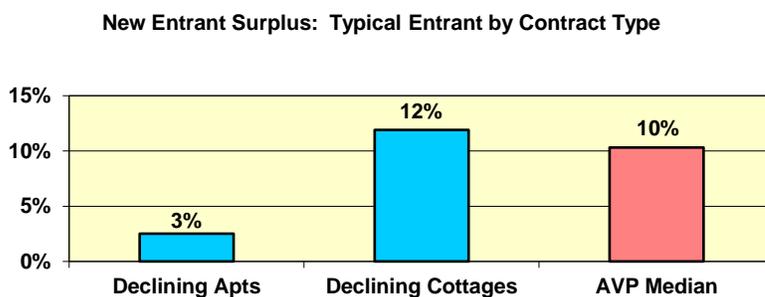
Future Service Calculation (Table 4.2)

The future service calculation measures Covenant Village’s obligation to provide future services (FSO) to current residents as defined in Chapter 14 of the American Institute of Certified Public Accountant’s Health Care Organizations Audit Guide. Our calculation of the future service obligation as of September 30, 2022, is negative \$669,073. Since the liability is negative, it should not be recorded on the balance sheet.

New Entrant Pricing (Table 5.x)

The new entrant pricing analysis indicates whether the entrance fee and monthly fees to be charged to new entrants are expected to cover the cost of care associated with the contractual obligations. The pricing analysis shows surpluses of 2.5% for the declining refund (apartments

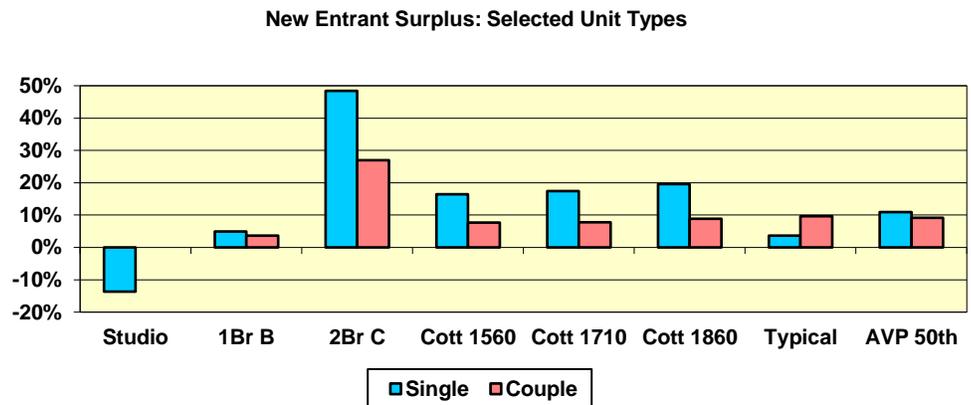
only) contract and 11.9% for the declining refund (cottages only) contract. These surpluses indicate that entrance fees plus monthly fees cover the costs of care. The FYE 2021 AVP database shows a median surplus of 10.3%. Covenant Village’s weighted surplus of 4.7% is in the second quartile (between the 25th and 50th percentiles) of CCRCs in our database.



The two contracts offered by Covenant Village are not actuarially equivalent. The declining refund (apartments only), which includes three meals per day in the monthly fee, generates a lower surplus than the declining refund (cottages only), which includes one meal per day in the monthly fee. Management should determine if the entrance and/or monthly fees associated with the apartments could potential increase more (market permitting) to increase the actuarial surplus higher than its current margin.

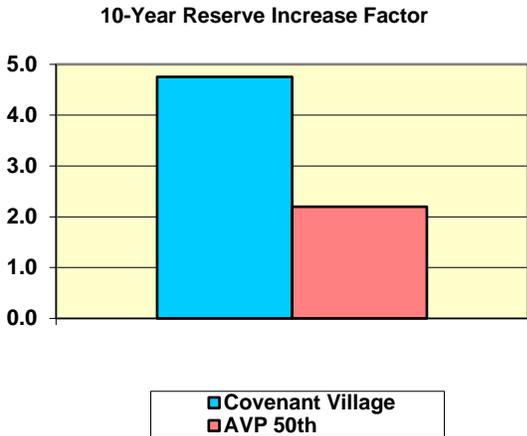
Results of the actuarial pricing analysis by unit type range from a negative 13.7% margin (deficit) to a positive 48.4% margin (surplus). A review of fee adequacy by unit type shows that larger units yield a greater actuarial surplus than smaller units do, which is typical within the continuing care industry. One explanation for this situation is that the portion of expenses related to health care is the same regardless of unit type, which means that a substantial portion of the future liabilities do not change with the size of the independent living unit, even though the pricing varies by unit size.

The new entrant pricing analysis also includes a comparison of results for singles and couples. Couples generate lower surpluses than singles within each unit type, which indicates that second person fees do not cover the additional second person costs in the unit.



Cash Flow Projection (Table 6.1)

The cash flow projection shows future cash sources and uses and provides information for management to determine whether positive cash and investment balances will be maintained and debt service coverage ratios 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 Covenant Village shows increasing cash balances as required by a financially healthy CCRC. The 10-year reserve increase factor represents the projected growth in liquid reserves. The median 10-year reserve increase factor in the FYE 2021 AVP database is 2.20. The cash balances (liquid reserves) for Covenant Village are expected to increase by a factor of 4.75 times over the next 10 years, which places 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 center utilization by contractholders, and the resulting revenues. Offsetting these cash sources are the expenditures associated with providing services to residents.

The cash flow projection is based on the assumption that all entrants in the will select the declining refund contract associated with each unit type (i.e., apartments and cottages)

The cash flow projection is based on the assumption that all residents are able to pay the fees charged without significant subsidies for financial aid.

Comparison to AVP Client CCRCs

AVP has conducted actuarial studies for numerous CCRCs during the past year and we have found it useful and informative to compare certain key statistics. In this section, we show the quartiles of comparable statistics from 147 CCRCs in the FYE 2021 AVP database, along with Covenant Village’s results.

Three demographic statistics are (1) the average age at entry during the past three years, (2) the average attained age of all continuing care contractholders in the community, and (3) the total remaining life expectancy in the community for an age-80 entrant.



Average age at entry – female	78.4	79.5	80.8	82.5
	25th	50th	75th	CVI
Average attained age – female	84.5	85.4	86.1	87.0
	25th	50th	75th	CVI
Age-80 female life expectancy	9.1	9.9	11.0	11.8
	CVI	25th	50th	75th
Age-80 male life expectancy	7.8	8.3	8.6	9.3
	25th	CVI	50th	75th

Another demographic statistic is the health care ratio, which is the number of health center contractholders per 100 independent living residents. The health care ratio will vary with the age of the community and typically is higher for older communities. The comparison in the following chart is based on matured (over 25 years) communities in our database to reflect the age of Covenant Village.

Assisted living ratio	8.06	8.58	10.85	14.66
	CVI	25th	50th	75th
Nursing care ratio	6.72	9.24	11.61	12.16
	25th	50th	CVI	75th

Three actuarially based statistics are (1) the funded status from the actuarial valuation, (2) the new entrant pricing, and (3) the 10-year reserve increase factor. These statistics are significant because they are used to determine whether a community is in satisfactory actuarial condition as defined by the Actuarial Standards of Practice No. 3 for CCRCs (“ASOP #3”).

Funded status	97.7%	97.9%	105.6%	117.4%
	CVI	25th	50th	75th
New entrant pricing: single	3.7%	3.4%	10.9%	19.8%
	CVI	25th	50th	75th
New entrant pricing: couple	2.9%	9.2%	9.7%	17.4%
	25th	50th	CVI	75th
New entrant pricing: combined	3.5%	4.7%	10.3%	17.1%
	25th	CVI	50th	75th
10-year reserve increase factor	1.62	2.20	2.93	4.75
	25th	50th	75th	CVI

Three additional actuarially based statistics are (1) the liquid reserve ratio, (2) the actuarial ratio, and (3) the actuarial return on fixed assets, or “AROFA.” The liquid reserve ratio was previously discussed in the actuarial valuation section. The actuarial ratio is a measure of the risk a community takes when some revenues are collected up front and, therefore, are not subject to future increases. It represents the portion of future expenses covered by revenues that can be adjusted in the future. These revenues may need to be adjusted for experience variations in inflation, longevity, and health care usage. A higher actuarial ratio shows that a community has more flexibility to make adjustments in fees to cover these variations.

The actuarial return on fixed assets is a measure of the internal rate of return that a community is expected to achieve from its new entrant fee structure, based on the assumed long-term interest discount factor. This statistic is calculated by determining the imputed interest rate for capital that yields breakeven new entrant pricing. If the imputed interest rate for capital is greater than the interest discount factor, it means that the community is receiving more benefit from its investment in fixed assets than has been reflected on the actuarial balance sheet. If fixed assets are revalued, the actuarial funded position will improve. If the imputed interest rate for capital is less than the interest discount factor, the community is receiving less benefit from its investment in fixed assets than has been reflected on the actuarial balance sheet. If fixed assets are revalued, the actuarial funded position will decline. For Covenant Village, the AROFA is greater than the interest discount factor. The practical use for the AROFA is to provide an objective means for revaluing fixed assets so that the surplus/(deficit) associated with new entrants’ fees is immediately reflected in the closed-group actuarial valuation. If applied to Covenant Village, the funded status would increase from 98.9 to 103.3%.

Liquid reserve ratio	18.0%	35.8%	53.7%	80.7%
	CVI	25th	50th	75th
Actuarial ratio	66.0%	66.5%	71.3%	78.2%
	25th	CVI	50th	75th
Actuarial return on fixed assets	6.4%	8.5%	8.8%	10.6%
	35.0%	50th	CVI	75th

Two financial statistics are (1) the average occupancy for the past 12 months by level of care and (2) the per capita operating costs by level of care. The per capita operating costs reflect total operating expenses allocated to each level of care. Other revenues are not deducted, so the per capita operating costs reflect gross expenses.

Average occupancy: ILU	85.9%	92.0%	94.5%	95.3%
	25th	50th	75th	CVI
Average occupancy: AL	71.8%	81.2%	84.5%	88.0%
	25th	50th	CVI	75th
Average occupancy: NC	64.3%	74.2%	84.5%	85.5%
	25th	50th	CVI	75th
Per capita expenses per day: ILU	\$86.62	\$101.29	\$105.43	\$117.30
	25th	50th	CVI	75th
Per capita expenses per day: AL	\$189.67	\$220.01	\$268.69	\$278.26
	25th	50th	75th	CVI
Per capita expenses per day: NC	\$276.61	\$342.89	\$401.16	\$483.31
	CVI	25th	50th	75th

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 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 103.3% based on an actuarial appraisal value for fixed assets plus deferred costs of \$28.1 million versus the actuarial book value for fixed assets plus deferred costs of \$20.5 million (the corresponding GAAP book value for fixed assets plus deferred costs is \$15.5 million). This places Covenant Village in the AVP actuarial opinion Category 2. The median unified funded status in the FYE 2021 AVP database is 114.1%. The unified funded status for Covenant Village places it in the bottom quartile (below the 25th percentile) of CCRCs in our database.

Actuarial Opinion

It is our opinion that the financial condition of Covenant Village is in satisfactory actuarial balance as defined by ASOP #3 with a qualification in regard to surplus and contingency margins, 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) the difference between interest earnings/discount rate and revenue/expense inflation (“real rate-of-return”) is 1.5%;
- c) average occupancy reaches assumed levels for all levels of care;
- d) capital expenditures are adequate to maintain the market position of the community; and
- e) 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.

The cash flow projection shows increasing cash balances, as required by a financially healthy CCRC. 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 Covenant Village cash flow shows cash balances increasing at a rate greater than the inflation rate.

AVP believes that the assumptions and projections in this report form a reasonable basis for evaluating the long-term financial condition of Covenant 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 Covenant 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.

BASIS OF EVALUATION

Community Description

Covenant Village provides three levels of care to its residents. There are 178 independent living units, 30 assisted living units, and 36 nursing care beds. Table 0.3.1 shows the community unit mix and square footage.

Contract Definition

Table 0.1.1 shows a distribution of current residents by contract type and permanent living location. Table 0.1.2 shows the age distribution of the census. Current residents hold the following contracts:

- Contract 10 (Apartment Declining Refund prior 10/2021) provides for assisted living and nursing care at a daily rate of \$145 or about 46.3% of the private rate of \$313. The refund for death or withdrawal is reduced 4% per month of occupancy for 25 months with zero refund after 25 months. This contract is no longer offered.
- Contract 20 (Cottage Declining Refund prior 10/2021) has the same health care provisions as Contract 10. The refund for death and withdrawal is reduced 2% per month of occupancy for 50 months with zero refund after 50 months. This contract is no longer offered.
- Contract 110 (Apartment Declining Refund after 10/2021) provides for assisted living and nursing care at a 50% of the current non-life care or direct admit resident daily fee of \$313. The refund provision for death or withdrawal is the same as Contract 10. This contract was only offered from 10/1/2021 through 9/30/2022.
- Contract 120 (Cottage Declining Refund after 10/2021) provides for assisted living and nursing care at a 50% of the current non-life care or direct admit resident daily fee of \$313. The refund provision for death or withdrawal is the same as Contract 20. This contract was only offered from 10/1/2021 through 9/30/2022.
- Contract 115 (Current Apartment Declining Refund after 10/2022) has the same health care and refund provisions as Contract 110. This contract has a higher monthly fee compared to contract 110.

- Contract 125 (Current Cottage Declining Refund after 10/2022) has the same health care and refund provisions as Contract 120. This contract has a higher monthly fee compared to contract 120.

Actuarial and Demographic Assumptions

The underlying assumptions are an important component of any actuarial analysis. AVP used the experience of Covenant Village and the information on Covenant Village’s contracts, along with AVP’s database of continuing care retirement communities, to select mortality, morbidity (i.e., temporary and permanent transfers to health care), move-out, and new entrant assumptions. Covenant Village’s actuarial database was analyzed during the observation period of October 1, 2017, through September 30, 2022. Mortality and morbidity rates are based on a blend of this analysis and experience from AVP’s database on CCRC residents.

New entrant assumptions regarding age and gender distributions, double occupancy probabilities by unit type, and contract selection preferences are shown on Table 1.4 and reflect the experience of Covenant Village during the last three years. The population projection is based on these assumptions and includes a factor to increase average age at entry one year every five projection-years to reflect Covenant Village’s experience with increases in average entry age.

Occupancy Assumptions

The projections in this report are based on occupancy assumptions provided by management and are shown in Tables 0.3.2 and 0.3.3. Variations in occupancy that result in rates lower than assumed may have a material impact on the projections.

Level of Care	Occupancy Percentage	Number of Units
Independent living	96.1%	171
Assisted living	96.7%	29
Nursing care	97.2%	35

Financial Assumptions

Covenant Village provided the financial assumptions about operating and capital expenses. Operating expenses and other revenues, excluding monthly fees, are based on the 2023 budget. Table 3.5.1 shows total operating expenses for the next 10 years. Tables 3.6.x show the operating expenses as allocated by level of care, based on information provided by Covenant Village. Within each level of care, operating expenses were allocated by factors that reflect the unit size, number of residents in the unit, or number of units in that level of care.

Capital expenditures are based on the conversations with management. Historical and future capital expenditures for the next 10 years are shown in Table 3.5.2.1. Capital expenditures were allocated by level of care based on information provided by Covenant Village. Within each level of care, capital expenditures vary by factors that reflect the unit size, number of residents in the unit, or number of units in that level of care. Actuarial depreciation for the next 10 years is shown in Table 3.5.2.2. These amounts are derived from the capital expenditures in Table 3.5.2.1 and the imputed interest rate for capital.

Monthly fees and entrance fees were provided by management and are outlined in Table 0.2. The financial analysis of Covenant Village has been based on the assumption that residents will pay the monthly fees that are scheduled. If residents do not have the resources to pay the assumed level of fees and funds are not available to subsidize the difference, the potential financial aid requirements could have a material impact on the projections.

Economic Assumptions

The projections in this report are based on economic assumptions provided by management as listed in the table below. For 2024 and future years, the expense inflation rate was assumed to be 4.0% and the interest earnings rate (present value discount rate) was assumed to be 5.5%, with a resulting spread of 1.5%. If the inflation and interest spread falls below 1.5% for an extended period, the variance is likely to have a material impact on the projections.

Key Economic Assumptions	Value
<i>Inflation Assumptions</i>	
Operating expenses	4.0%
Other revenues	4.0%
Capital expenditures	4.0%
Entrance fees	4.0%
Monthly fees	4.0%
Per diem rates	4.0%
<i>Interest Rates</i>	
Earnings (represents “all-inclusive” rate for actual earnings, dividends, and appreciation on investments)	5.5%
Imputed interest rate for capital	5.5%

Methodology

The methodology used in preparing this report is consistent with guidelines set forth in Actuarial Standard of Practice No 3. *Practices Relating to Continuing Care Retirement Communities*. Our procedures include:

1. Collect data on current and past resident demographics and utilization of health care facilities.
2. Collect historical data on Covenant Village’s experience relating to occupancy by level of care, earnings on investments and liquid assets, adjustments to operating expenses, and historical capital expenditure patterns.
3. Review selection of baseline assumptions with management by analyzing Covenant Village’s resident, financial, and economic data and comparing with other CCRCs.
4. Identify the current census and apply the actuarial decrement assumptions along with contract provisions to project monthly fees, refunds, unit occupancy by type, independent living turnover, health care usage, and other financial data, using a 20-year open-group resident population projection.
5. Use a closed-group resident projection based on the current census to calculate the actuarial present value of future monthly fees, refunds, and expenses for the actuarial valuation.
6. Use a closed-group resident projection for an entrant cohort (a typical set of single and couple contractholders during a 12-month period) to determine whether the combination of the entry fee and future monthly fees covers the future costs of care for the cohort.

7. Use the open-group resident projection to indicate whether (a) health care capacity is sufficient to meet future contractholder needs and (b) future cash balances will remain positive.
8. Interpret and provide observations and recommendations for pricing and/or policy changes based on the results of projections.

The text and tables in this report summarize the results of this methodology. No other source of information about the actuarial study is available and all models used to prepare information for this report are considered proprietary to AVP.

EXPLANATION OF REPORT TABLES ---

Tables 0.1.x summarize the contractholder census information. **Tables 0.2 and 0.3.x** contain the fee and occupancy assumptions used in this analysis. **Table 0.4** summarizes other financial assumptions used in the analysis. **Table 0.5** contains age- and gender-specific probabilities of actuarial decrement assumptions.

Tables 1.1.x and 1.2.x show historical resident data from October 1, 2000, through September 30, 2022. These tables reflect actual movement and utilization data for Covenant Village's contractholders, based on individual resident movements.

Tables 1.3 and 1.4 contain the actuarial assumptions used in the analysis. **Table 1.3** shows the individual life expectancy and lifetime in health care for new entrants to Covenant Village and last survivor life expectancies. **Table 1.4** shows the demographic assumptions for new entrants to independent living based on the characteristics of actual new entrants during the past three years.

The open-group population projections are presented in **Tables 2.1, 2.2, 2.3, 2.4, 2.5, 2.13, 2.14, 2.15 and 2.16**. **Table 2.1** summarizes the key population flow statistics including independent living turnover and health care usage. **Table 2.2** shows the beginning-of-year demographic statistics for Covenant Village residents. This table indicates the projected number of residents in each level of care. **Table 2.3** shows the projected movements (deaths and permanent transfers) by care level for all residents. **Table 2.4** shows turnover statistics. Not all deaths and permanent transfers will result in a unit turnover because of the double occupancy in some independent living units. **Table 2.5** presents projected resident days by level of care. **Table 2.13** shows projected turnover by unit type. **Table 2.14** contains move-out and refund statistics. **Table 2.15** projects variations in independent living turnover and health care utilization. **Table 2.16** projects variation in refunds and health care utilization per 100 independent living residents.

Table 3.5.1 shows the total operating expenses net of other revenues for the next 10 projection years. **Table 3.5.2.1** shows the investment in fixed assets since inception and for the next 10 years. **Table 3.5.2.2** shows the actuarial depreciation for the next 10 projection years. **Table 3.5.3** shows the complete debt service schedule of principal and interest payments. **Tables 3.6.x** show operating

expenses net of other revenues allocated to each level of care. **Tables 3.7.x** show the resulting daily costs of care per person for each level of care. **Tables 3.8.x** show actuarial depreciation allocated to each level of care. **Tables 3.9.x** show the resulting daily actuarial depreciation per person for each level of care.

Table 4.1 contains the results of the actuarial valuation. The actuarial valuation indicates whether existing reserves are sufficient to cover the obligations associated with current residents. This analysis compares the sum of the current assets and the present value of future monthly fees associated with current residents to the present value of future operating and capital expenses associated with those residents. If the sum of the net assets plus the present value of monthly fees exceeds the present value of expenses, Covenant Village is in an actuarial surplus position and meets Condition 1 for satisfactory actuarial balance. If the sum does not exceed the present value of expenses, the deficit indicates the amount of care for current residents to be funded by new entrants or other sources.

The first component of the actuarial valuation is defined as net assets, which is derived from assets and liabilities that are found in the Covenant Village's balance sheet in accordance with ASOP #3. The values for fixed assets and long-term debt are adjusted to consider present values. A detailed documentation of the net asset values is given in **Table 4.4**.

The second component of the actuarial valuation, actuarial liabilities, is equal to the present value of future net operating expenses plus actuarial depreciation for fixed assets. The present values are discounted for interest and survivorship. This liability represents the expected cost of care for current residents. It is based on the assumption that the community will continue operation and that new entrants will pay at least their actuarially adequate portion of total costs.

Actuarial assets, the third component, equal the present value of future monthly fees for current residents based on the assumed annual rate of increase.

The difference between actuarial liabilities and actuarial assets is given in item four. Item five contains the present value of future refunds for death, move-out, or permanent transfers (if applicable), which is the actuarial refund liability. The expected refund is based on the average refund paid out during the year that death, move-out, or permanent transfer occurs and is discounted for interest.

The actuarial surplus or deficit, item six, equals net assets minus the excess of actuarial liabilities over actuarial assets plus the actuarial refund liabilities. The funded status, item seven, represents the

portion of actuarial liabilities (operating and capital expenses and refunds) that are covered by existing assets and actuarial assets (future fees). The actuarial ratio, item eight, represents the portion of actuarial liabilities covered by assets that can be adjusted for inflation and longevity variations in experience. The liquid reserve ratio, item nine, represents the percentage of liabilities that are funded by liquid assets.

Table 4.2 contains an estimate of the obligation to provide future services to current residents. This calculation is based on a formula that is set forth in Chapter 14 of the American Institute of Certified Public Accountants' (AICPA) Health Care Organizations Audit Guide for financial accounting and reporting by CCRCs. If the future service obligation is positive, it is recorded on the balance sheet as a liability and the fund balance is reduced by an amount equal to the future service obligation. If it is negative, the future service liability is recorded on the balance sheet as zero. This is because GAAP does not allow for the recognition of future "gains" before they materialize. The change in the future service obligation from the previous year's value is recorded as an expense on the statement of revenues and expenses (if the change is negative, it is recorded as a negative expense).

The FSO provides for the exclusion of certain general and administrative and selling (marketing) expenses, which have been reflected in the estimate of the obligation in Table 4.2. **AVP requires that the use of this estimate of future service obligation be discussed with Covenant Village's auditors and our firm before inclusion in a balance sheet.**

The format of the future service obligation table is different from the actuarial valuation table. The first item, present value of cash outflows, equals the present value of operating expenses and interest expenses discounted for interest and longevity. The present value of operating expenses varies from the amounts in the actuarial valuation because certain expenses have been excluded.

The second item, present value of cash inflows, is the present value of future monthly fees.

The third item, unearned entrance fees, contains total deferred entrance fee revenue minus the liability of entrance fee refunds. [the deferred entrance fee revenue is based on the amortization schedule that was provided by Covenant Village. The liability for entrance fee refunds reflects the entrance fee refund discounted for the likelihood of payment, but not for interest.

Allocated depreciation, the fourth item, reflects the future depreciation for existing fixed assets over the remaining life expectancy of current residents. This amount is not discounted for interest.

The future service obligation is equal to the present value of cash outflows plus allocated depreciation minus the present value of cash inflows plus unearned entrance fees.

Table 4.3 contains an actuarial valuation based on the unified funded status technique that presents results for ASOP#3 Conditions 1 and 2 tests in one value. If this value is greater than or equal to 100%, then the CCRC has passed Conditions 1 and 2. This table is the same format as Table 4.1 except sections on net assets and actuarial liabilities are adjusted to reflect the actuarial appraisal value and corresponding actuarial depreciation for fixed assets. The revised value for all fixed assets is accomplished by calculating the actuarial appraisal value such the new entrant cohort pricing generates a 0% margin for the typical entrant.

Table 4.4 contains the documentation for the net asset calculation for the actuarial valuation.

Table 4.5 contains the documentation for the initial cash balance used in the cash flow projections.

Tables 5.x contain the results of the actuarial pricing analysis of the fee structure for new entrants. This analysis compares the present value of future monthly fees (PVMF) plus the entrance fee, net of the present value of expected refund payments (NEF), to the present value of future operating and capital expenses (PVFE). If the actuarial assets (future monthly and entrance fees) exceed the actuarial liabilities (future operating and capital expenses), the fee structure is considered actuarially adequate and meets Condition 2 for satisfactory actuarial balance. If the actuarial assets are less than actuarial liabilities, some costs of the current cohort of new entrants will be passed on to future generations. The new entrant pricing analysis tests adequacy by unit type and for typical single and couple entrants. The typical entrant analysis is based on a weighting by (a) expected unit turnover, (b) projected occupied units, and (c) projected double occupancy. The actuarial liability differences among units are caused by variations in the allocation of operating and capital costs.

Table 6.1 contains cash flow projections for Covenant Village. Monthly fees for independent living, assisted living, and nursing care are based on actual rates paid by contractholders. Private-pay rates for assisted living and nursing care are based on private-pay revenues for direct admissions. Entry fees from unit turnover are based on the annual turnover shown in Table 2.4 and fees shown in Table 0.2. Entry fees from vacant units represent fees associated with units needed to fill up to the desired occupancy level. Interest income is calculated as the interest rate times the beginning-of-year cash balance plus six months' interest on the change in cash balance net of interest income.

Debt service interest and principal payments were based on a schedule provided by Covenant Village. The initial cash balance was developed based on financial statements as of September 30, 2022, and is presented in Table 4.5. The debt service ratio is calculated as cash sources less cash uses, excluding debt service and capital expenditures, divided by debt service. The cash to debt ratio is calculated as end of year cash balance divided by end of year debt principal.

If positive cash balances are projected with respect to current and future residents for a period of least 20 years, then the community meets Condition 3 for satisfactory actuarial balance.

RELIANCE, LIMITATIONS AND CAUTIONARY NOTES —

In developing this report, AVP relied on data and information supplied by the management of Covenant Village. AVP relied on the general accuracy of this information without independent verification. However, AVP did review the data for reasonableness based on our knowledge of the continuing care retirement industry.

Reliance is placed on, but not limited to, the accuracy of the following information:

- Basic records, listings, summaries and reports, particularly those containing resident mortality, morbidity and withdrawal experience and other resident information
- Information concerning the current and projected design and pricing structure of resident agreements, both those available for sale and those currently in force
- Information relating to current and projected levels of occupancy for independent living, assisted living and nursing care
- Information relating to the number and size of independent living, health center and other physical structures
- Information relating to operating expense adjustments due to increasing occupancy
- Information about the definition of excludable operating expenses for estimating the future service obligation
- Information about capital expenditures since opening
- Draft Audited financial statements as of September 30, 2022
- Operating and capital budgets for the year ending September 30, 2023
- Information about long-term debt

AVP relied on Covenant Village for the assumed level of occupancy and fees. We are not experts in the marketing of continuing care contracts. It would be inappropriate for any reader of this report to place reliance on AVP concerning future occupancy levels and the ability of Covenant Village to attract residents who are willing to pay the assumed future fees.

Use of Report

AVP has performed the work assigned and prepared this report in conformity with its intended use by persons technically competent in the areas addressed and for the stated purpose only. Any judgment regarding the data contained in the report should be made only after studying the entire report. Furthermore, members of AVP's staff are available to explain any item presented in this report.

This report is provided for the exclusive use of the management of Covenant Village. This limitation is included for the following reasons:

1. The report was prepared for your internal use and assumes a high level of knowledge relative to the operations of your community, the data used in preparing the report and the external factors affecting your business. We would not expect a third party to have such knowledge.
2. As stated in the report, we relied on you for certain data without independent verification.

Any other distribution or reference to the report is expressly prohibited without the prior written consent of AVP.

Variation between Projections and Actual Results

AVP's estimates and projections in this report were developed in conformity with generally accepted actuarial principles and practices and were based on AVP's understanding of Covenant Village's current operating environment. AVP's calculations are projections, not forecasts of future results. Deviations between projected and actual results are normal and should be expected. Even without any change in perceived environments and in the parameters used to reflect them, actual results will vary from those projected due to normal random fluctuations and those variations may be material.

Actuarial Appraisal Value for Fixed Assets

The value calculated for the unified funded status is based on the assumption that future fees will be acceptable by replacement residents who reoccupy vacated units so that assumed occupancy levels

are maintained. We did not conduct any market analysis to validate this assumption since it is outside our level of expertise. If occupancy levels decrease as a consequence of future fee increases, then the resulting actuarial margins may be reduced with a material impact on the actuarial appraisal value of fixed assets and the corresponding unified funded status. This impact may cause Covenant Village's actuarial position to not be in satisfactory actuarial balance.

Actuarial Assumptions and Need for Monitoring and Updates

New entrant assumptions and actuarial assumptions were selected based on Covenant Village's own experience and data from similar communities in AVP's database. Although AVP believes that these assumptions may reflect the future experience of Covenant Village, its actuarial position should be carefully monitored. Future studies of Covenant Village's experience may indicate a material deviation from the actuarial assumptions used in this study. AVP recommends that updates be conducted at least every two years.

AVP's Model

AVP believes that the most important value of this analysis is that it provides management with a credible tool to continually assess the implications of pricing policies. To that end, AVP is willing to generate additional analyses based on other assumptions that may be selected by management and/or to provide management with direct access to AVP's models. AVP is available to further discuss these options at management's request.

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Dashboard

Covenant Village

Key Actuarial Measure	9.30.2022	AVP Median
Funded Status	98.9%	105.6%
New Entrant Pricing		
Declining Refund Apartments	2.5%	
Declining Refund Cottages	11.9%	
Weighted Average	4.7%	10.3%
10-Year Reserve Increase Factor	4.75	2.20
Unified Funded Status	103.3%	114.1%
Satisfactory Actuarial Balance?	Yes, with Qualification	
AVP Seal?	No	
Health Care Capacity Adequate?	Yes	

Table 0.1.1

Covenant Village
Contractholder Census
as of 09/30/2022

	Number of Residents	Average Monthly Fee	Average Entry Fee
	-----	-----	-----
Independent Living			
First person	162	3,610	126,537
Second person	33	1,533	
	-----	-----	-----
	195	3,258	105,123
	-----	-----	-----
Assisted Living			
First person	17	4,409	79,204
Second person	2	4,409	
	-----	-----	-----
	19	4,409	70,867
	-----	-----	-----
Nursing Care			
First person	19	4,409	77,536
Second person	4	4,409	
	-----	-----	-----
	23	4,409	64,051
	-----	-----	-----
Contract Type			
10 Apt Declining Ref before 10/2021	150	3,643	75,574
20 Cottage Declining Ref before 10/2021	68	3,098	147,312
110 Apt Declining Ref after 10/2021	15	3,556	86,697
115 Apt Declining Ref after 10/2022	0	0	0
120 Cottage Declining Ref after 10/2021	4	2,510	166,225
125 Cottage Declining Ref after 10/2022	0	0	0
	-----	-----	-----
	237	3,462	98,391
	-----	-----	-----

Table 0.1.2

Age Distribution by Functional Status

Covenant Village
Contractholder Census
Census as of 09/30/2022

Age Group	ILU		ALU&MCU		NCU		----- Totals -----			
	Female	Male	Female	Male	Female	Male	Female		Male	
	Count	Perct	Count	Perct						
55 - 59	0	0	0	0	0	0	0	0.0%	0	0.0%
60 - 64	0	0	0	0	0	0	0	0.0%	0	0.0%
65 - 69	0	1	0	0	0	0	0	0.0%	1	1.6
70 - 74	9	3	0	0	0	0	9	5.1%	3	4.9
75 - 79	15	7	0	0	0	1	15	8.5%	8	13.1
80 - 84	36	18	0	0	2	0	38	21.6%	18	29.5
85 - 89	37	15	5	1	5	0	47	26.7%	16	26.2
90 - 94	27	6	7	1	10	1	44	25.0%	8	13.1
95 - 99	12	4	4	1	3	0	19	10.8%	5	8.2
100 - 115	3	2	0	0	1	0	4	2.3%	2	3.3
Totals	139	56	16	3	21	2	176	100.0%	61	100.0%
Avg Age	85.8	84.7	91.9	92.3	91.5	84.5	87.0		85.0	

Table 0.2

Covenant Village
Fee Structure as of October 1, 2022

Contract 10 (Apt Declining Ref before 10/2021)

Unit Type	Monthly Fee		Advance Fee	
	One Person	Second Person	One Person	Second Person
Independent Living:				
Studio A-Unit	\$ 3,039	\$ 2,279	\$ 0	\$ 0
Single w/Kitchenette	3,039	2,279	0	0
Single w/Bal/Kitchenette	3,039	2,279	0	0
1Br B-Unit	3,493	2,554	0	0
2Br C-Unit	6,116	687	0	0
EL Efficiencies Exp	0	0	0	0
EL 1Br, B1 Hallway Exp	0	0	0	0
Cottage 1560sf Std	3,688	1,331	0	0
Cottage 1560sf G	3,688	1,331	0	0
Cottage 1560sf GF	3,688	1,331	0	0
Cottage 1635sf Std	3,688	1,331	0	0
Cottage 1710sf Std	3,688	1,331	0	0
Cottage 1710sf G	3,688	1,331	0	0
Cottage 1710sf GF	3,688	1,331	0	0
Cottage 1710sf F	3,688	1,331	0	0
Cottage 1860sf G	3,688	1,331	0	0
Cottage 1860sf GF	3,688	1,331	0	0
Cottage 1980sf GF	3,688	1,331	0	0
Assisted Living:				
Arbor - ALU	145 per day	145 per day		
Garden - MEM	145	145		
Nursing Care:				
CY-Woodlands-NCU	145 per day	145 per day		

PER DIEM RATES

Assisted Living:		
Arbor - ALU	313 per day	313 per day
Garden - MEM	313	313
Nursing Care:		
CY-Woodlands-NCU	313 per day	313 per day

Table 0.2 (continued)

Covenant Village
Fee Structure as of October 1, 2022

Contract 20 (Cottage Declining Ref before 10/2021)

Unit Type	Monthly Fee		Advance Fee	
	One Person	Second Person	One Person	Second Person
Independent Living:				
Studio A-Unit	\$ 3,039	\$ 2,279	\$ 0	\$ 0
Single w/Kitchenette	3,039	2,279	0	0
Single w/Bal/Kitchenette	3,039	2,279	0	0
1Br B-Unit	3,493	2,554	0	0
2Br C-Unit	6,116	687	0	0
EL Efficiencies Exp	0	0	0	0
EL 1Br, B1 Hallway Exp	0	0	0	0
Cottage 1560sf Std	3,688	1,331	0	0
Cottage 1560sf G	3,688	1,331	0	0
Cottage 1560sf GF	3,688	1,331	0	0
Cottage 1635sf Std	3,688	1,331	0	0
Cottage 1710sf Std	3,688	1,331	0	0
Cottage 1710sf G	3,688	1,331	0	0
Cottage 1710sf GF	3,688	1,331	0	0
Cottage 1710sf F	3,688	1,331	0	0
Cottage 1860sf G	3,688	1,331	0	0
Cottage 1860sf GF	3,688	1,331	0	0
Cottage 1980sf GF	3,688	1,331	0	0
Assisted Living:				
Arbor - ALU	145 per day	145 per day		
Garden - MEM	145	145		
Nursing Care:				
CY-Woodlands-NCU	145 per day	145 per day		

PER DIEM RATES

Assisted Living:		
Arbor - ALU	313 per day	313 per day
Garden - MEM	313	313
Nursing Care:		
CY-Woodlands-NCU	313 per day	313 per day

Table 0.2 (continued)

Covenant Village
Fee Structure as of October 1, 2022

Contract 110 (Apt Declining Ref after 10/2021)

Unit Type	Monthly Fee		Advance Fee	
	One Person	Second Person	One Person	Second Person
Independent Living:				
Studio A-Unit	\$ 3,039	\$ 2,279	\$ 0	\$ 0
Single w/Kitchenette	3,039	2,279	0	0
Single w/Bal/Kitchenette	3,039	2,279	0	0
1Br B-Unit	3,493	2,554	0	0
2Br C-Unit	6,116	687	0	0
EL Efficiencies Exp	3,554	2,794	0	0
EL 1Br, B1 Hallway Exp	4,008	3,069	0	0
Cottage 1560sf Std	3,688	1,331	0	0
Cottage 1560sf G	3,688	1,331	0	0
Cottage 1560sf GF	3,688	1,331	0	0
Cottage 1635sf Std	3,688	1,331	0	0
Cottage 1710sf Std	3,688	1,331	0	0
Cottage 1710sf G	3,688	1,331	0	0
Cottage 1710sf GF	3,688	1,331	0	0
Cottage 1710sf F	3,688	1,331	0	0
Cottage 1860sf G	3,688	1,331	0	0
Cottage 1860sf GF	3,688	1,331	0	0
Cottage 1980sf GF	3,688	1,331	0	0
Assisted Living:				
Arbor - ALU	156 per day	156 per day		
Garden - MEM	156	156		
Nursing Care:				
CY-Woodlands-NCU	156 per day	156 per day		

PER DIEM RATES

Assisted Living:		
Arbor - ALU	313 per day	313 per day
Garden - MEM	313	313
Nursing Care:		
CY-Woodlands-NCU	313 per day	313 per day

Table 0.2 (continued)

Covenant Village
Fee Structure as of October 1, 2022

Contract 115 (Apt Declining Ref after 10/2022)

Unit Type	Monthly Fee		Advance Fee	
	One Person	Second Person	One Person	Second Person
Independent Living:				
Studio A-Unit	\$ 3,130	\$ 2,348	\$ 49,450	\$ 0
Single w/Kitchenette	3,130	2,348	52,650	0
Single w/Bal/Kitchenette	3,130	2,348	55,850	0
1Br B-Unit	3,598	2,630	150,450	40,000
2Br C-Unit	6,299	707	241,950	50,000
EL Efficiencies Exp	3,645	2,863	48,950	0
EL 1Br, B1 Hallway Exp	4,113	3,145	132,950	40,000
Cottage 1560sf Std	3,799	1,371	0	0
Cottage 1560sf G	3,799	1,371	0	0
Cottage 1560sf GF	3,799	1,371	0	0
Cottage 1635sf Std	3,799	1,371	0	0
Cottage 1710sf Std	3,799	1,371	0	0
Cottage 1710sf G	3,799	1,371	0	0
Cottage 1710sf GF	3,799	1,371	0	0
Cottage 1710sf F	3,799	1,371	0	0
Cottage 1860sf G	3,799	1,371	0	0
Cottage 1860sf GF	3,799	1,371	0	0
Cottage 1980sf GF	3,799	1,371	0	0
Assisted Living:				
Arbor - ALU	156 per day	156 per day		
Garden - MEM	156	156		
Nursing Care:				
CY-Woodlands-NCU	156 per day	156 per day		

PER DIEM RATES

Assisted Living:		
Arbor - ALU	313 per day	313 per day
Garden - MEM	313	313
Nursing Care:		
CY-Woodlands-NCU	313 per day	313 per day

Table 0.2 (continued)

Covenant Village
Fee Structure as of October 1, 2022

Contract 120 (Cottage Declining Ref after 10/2021)

Unit Type	Monthly Fee		Advance Fee	
	One Person	Second Person	One Person	Second Person
Independent Living:				
Studio A-Unit	\$ 3,039	\$ 2,279	\$ 0	\$ 0
Single w/Kitchenette	3,039	2,279	0	0
Single w/Bal/Kitchenette	3,039	2,279	0	0
1Br B-Unit	3,493	2,554	0	0
2Br C-Unit	6,116	687	0	0
EL Efficiencies Exp	3,554	2,794	0	0
EL 1Br, B1 Hallway Exp	4,008	3,069	0	0
Cottage 1560sf Std	3,688	1,331	0	0
Cottage 1560sf G	3,688	1,331	0	0
Cottage 1560sf GF	3,688	1,331	0	0
Cottage 1635sf Std	3,688	1,331	0	0
Cottage 1710sf Std	3,688	1,331	0	0
Cottage 1710sf G	3,688	1,331	0	0
Cottage 1710sf GF	3,688	1,331	0	0
Cottage 1710sf F	3,688	1,331	0	0
Cottage 1860sf G	3,688	1,331	0	0
Cottage 1860sf GF	3,688	1,331	0	0
Cottage 1980sf GF	3,688	1,331	0	0
Assisted Living:				
Arbor - ALU	156 per day	156 per day		
Garden - MEM	156	156		
Nursing Care:				
CY-Woodlands-NCU	156 per day	156 per day		

PER DIEM RATES

Assisted Living:		
Arbor - ALU	313 per day	313 per day
Garden - MEM	313	313
Nursing Care:		
CY-Woodlands-NCU	313 per day	313 per day

Table 0.2 (continued)

Covenant Village
Fee Structure as of October 1, 2022

Contract 125 (Cottage Declining Ref after 10/2022)

Unit Type	Monthly Fee		Advance Fee	
	One Person	Second Person	One Person	Second Person
Independent Living:				
Studio A-Unit	\$ 3,130	\$ 2,348	\$ 0	\$ 0
Single w/Kitchenette	3,130	2,348	0	0
Single w/Bal/Kitchenette	3,130	2,348	0	0
1Br B-Unit	3,598	2,630	0	0
2Br C-Unit	6,299	707	0	0
EL Efficiencies Exp	3,645	2,863	0	0
EL 1Br, B1 Hallway Exp	4,113	3,145	0	0
Cottage 1560sf Std	3,799	1,371	302,450	50,000
Cottage 1560sf G	3,799	1,371	321,150	50,000
Cottage 1560sf GF	3,799	1,371	339,117	50,000
Cottage 1635sf Std	3,799	1,371	329,950	50,000
Cottage 1710sf Std	3,799	1,371	336,550	50,000
Cottage 1710sf G	3,799	1,371	353,050	50,000
Cottage 1710sf GF	3,799	1,371	362,950	50,000
Cottage 1710sf F	3,799	1,371	349,750	50,000
Cottage 1860sf G	3,799	1,371	379,450	50,000
Cottage 1860sf GF	3,799	1,371	390,450	50,000
Cottage 1980sf GF	3,799	1,371	417,950	50,000
Assisted Living:				
Arbor - ALU	156 per day	156 per day		
Garden - MEM	156	156		
Nursing Care:				
CY-Woodlands-NCU	156 per day	156 per day		

PER DIEM RATES

Assisted Living:		
Arbor - ALU	313 per day	313 per day
Garden - MEM	313	313
Nursing Care:		
CY-Woodlands-NCU	313 per day	313 per day

Table 0.3.1

Covenant Village
Facility Unit Configuration
Unit Capacity

Unit Type	Square Feet	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+
Independent Living:											
Studio A-Unit	350	2	2	2	2	2	2	2	2	2	2
Single w/Kitchenette . .	350	32	32	32	32	32	32	32	32	32	32
Single w/Ba1/Kitchenette	350	25	25	25	25	25	25	25	25	25	25
1Br B-Unit	700	55	55	55	55	55	55	55	55	55	55
2Br C-Unit	1,080	14	14	14	14	14	14	14	14	14	14
EL Efficiencies Exp . . .	360	4	4	4	4	4	4	4	4	4	4
EL 1Br, B1 Hallway Exp .	750	4	4	4	4	4	4	4	4	4	4
Cottage 1560sf Std . . .	1,560	10	10	10	10	10	10	10	10	10	10
Cottage 1560sf G	1,560	8	8	8	8	8	8	8	8	8	8
Cottage 1560sf GF	1,560	3	3	3	3	3	3	3	3	3	3
Cottage 1635sf Std . . .	1,635	1	1	1	1	1	1	1	1	1	1
Cottage 1710sf Std . . .	1,710	3	3	3	3	3	3	3	3	3	3
Cottage 1710sf G	1,710	7	7	7	7	7	7	7	7	7	7
Cottage 1710sf GF	1,710	5	5	5	5	5	5	5	5	5	5
Cottage 1710sf F	1,710	2	2	2	2	2	2	2	2	2	2
Cottage 1860sf G	1,860	1	1	1	1	1	1	1	1	1	1
Cottage 1860sf GF	1,860	1	1	1	1	1	1	1	1	1	1
Cottage 1980sf GF	1,980	1	1	1	1	1	1	1	1	1	1
		178	178	178	178	178	178	178	178	178	178
Assisted Living:											
Arbor - ALU	275	18	18	18	18	18	18	18	18	18	18
Garden - MEM	275	12	12	12	12	12	12	12	12	12	12
		30	30	30	30	30	30	30	30	30	30
Nursing Care:											
CY-Woodlands-NCU	275	36	36	36	36	36	36	36	36	36	36
		36	36	36	36	36	36	36	36	36	36

Table 0.3.2

Covenant Village
 Facility Unit Configuration
 Beginning of Year Unit Occupancy

Unit Type	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+
-----	----	----	----	----	----	----	----	----	----	----
Independent Living:										
Studio A-Unit	1	1	1	1	1	1	1	1	1	1
Single w/Kitchenette	30	31	31	31	31	31	31	31	31	31
Single w/Ba1/Kitchenette	25	25	25	25	25	25	25	25	25	25
1Br B-Unit	53	53	53	53	53	53	53	53	53	53
2Br C-Unit	14	14	14	14	14	14	14	14	14	14
EL Efficiencies Exp	0	4	4	4	4	4	4	4	4	4
EL 1Br, B1 Hallway Exp	0	4	4	4	4	4	4	4	4	4
Cottage 1560sf Std	8	8	8	8	8	8	8	8	8	8
Cottage 1560sf G	7	7	7	7	7	7	7	7	7	7
Cottage 1560sf GF	3	3	3	3	3	3	3	3	3	3
Cottage 1635sf Std	1	1	1	1	1	1	1	1	1	1
Cottage 1710sf Std	3	3	3	3	3	3	3	3	3	3
Cottage 1710sf G	7	7	7	7	7	7	7	7	7	7
Cottage 1710sf GF	5	5	5	5	5	5	5	5	5	5
Cottage 1710sf F	2	2	2	2	2	2	2	2	2	2
Cottage 1860sf G	1	1	1	1	1	1	1	1	1	1
Cottage 1860sf GF	1	1	1	1	1	1	1	1	1	1
Cottage 1980sf GF	1	1	1	1	1	1	1	1	1	1
	----	----	----	----	----	----	----	----	----	----
	162	171	171	171	171	171	171	171	171	171
	----	----	----	----	----	----	----	----	----	----
Assisted Living:										
Arbor - ALU	17	17	17	17	17	17	17	17	17	17
Garden - MEM	12	12	12	12	12	12	12	12	12	12
	----	----	----	----	----	----	----	----	----	----
	29	29	29	29	29	29	29	29	29	29
	----	----	----	----	----	----	----	----	----	----
Nursing Care:										
CY-Woodlands-NCU	35	35	35	35	35	35	35	35	35	35
	----	----	----	----	----	----	----	----	----	----
	35	35	35	35	35	35	35	35	35	35
	----	----	----	----	----	----	----	----	----	----

Table 0.3.3

Covenant Village
Facility Unit Configuration
Average Number of Unit/Beds Occupied

Unit Type	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+
-----	----	----	----	----	----	----	----	----	----	-----
Independent Living:										
Studio A-Unit	1	1	1	1	1	1	1	1	1	1
Single w/Kitchenette	31	31	31	31	31	31	31	31	31	31
Single w/Bal/Kitchenette	25	25	25	25	25	25	25	25	25	25
1Br B-Unit	53	53	53	53	53	53	53	53	53	53
2Br C-Unit	14	14	14	14	14	14	14	14	14	14
EL Efficiencies Exp	3	4	4	4	4	4	4	4	4	4
EL 1Br, B1 Hallway Exp	3	4	4	4	4	4	4	4	4	4
Cottage 1560sf Std	8	8	8	8	8	8	8	8	8	8
Cottage 1560sf G	7	7	7	7	7	7	7	7	7	7
Cottage 1560sf GF	3	3	3	3	3	3	3	3	3	3
Cottage 1635sf Std	1	1	1	1	1	1	1	1	1	1
Cottage 1710sf Std	3	3	3	3	3	3	3	3	3	3
Cottage 1710sf G	7	7	7	7	7	7	7	7	7	7
Cottage 1710sf GF	5	5	5	5	5	5	5	5	5	5
Cottage 1710sf F	2	2	2	2	2	2	2	2	2	2
Cottage 1860sf G	1	1	1	1	1	1	1	1	1	1
Cottage 1860sf GF	1	1	1	1	1	1	1	1	1	1
Cottage 1980sf GF	1	1	1	1	1	1	1	1	1	1
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	169	171	171	171	171	171	171	171	171	171
	----	----	----	----	----	----	----	----	----	----
Assisted Living:										
Arbor - ALU	17	17	17	17	17	17	17	17	17	17
Garden - MEM	12	12	12	12	12	12	12	12	12	12
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	29	29	29	29	29	29	29	29	29	29
	----	----	----	----	----	----	----	----	----	----
Nursing Care:										
CY-Woodlands-NCU	35	35	35	35	35	35	35	35	35	35
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	35	35	35	35	35	35	35	35	35	35
	----	----	----	----	----	----	----	----	----	----

Table 0.3.4

Covenant Village
 Facility Unit Configuration
 Average Number of Residents

Care Level -----	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+
Independent Living	203	206	206	206	205	204	204	203	202	202
Assisted Living	29	29	29	29	29	29	29	29	29	29
Nursing Care	35	35	35	35	35	35	35	35	35	35

Table 0.4

Covenant Village
Other Financial Assumptions

Monthly Fee Inflation Rate:	4.0
Entry Fee Inflation Rate:	4.0
Other Revenue Inflation Rate:	2.6 to 3.9
Operating Expense Inflation Rate:	4.0
Capital Expenditure Inflation Rate:	0.0 to 4.0
Imputed Interest Rate for Capital:	5.5
Discount Rate for Determining Present Value and Rate of Return on Invested Assets:	5.5

Useful Life of Capital Assets (Years):

- LAND:	Unlimited
- COLLECTIBLES:	1
- LAND IMPRV 40YRS:	40
- LAND IMPRV 15YRS:	15
- LAND IMPRV 7YRS:	7
- RENOVATION 15YRS:	15
- COTTAGE 39YRS:	39
- COTTAGE 35YRS:	35
- COTTAGE 30YRS:	30
- COTTAGE 15YRS:	15
- COTTAGE 7YRS:	7
- BUILDING:	40
- BUILDING HEALTH CENTER:	39
- BUILDING IMPROVEMENTS:	20
- EQUIPMENT 15YRS:	15
- EQUIPMENT 7YRS:	7
- EQUIPMENT 3-5YRS:	5
- EQUIPMENT AL/NC 7YRS:	7
- EQUIPMENT AL/NC 3-5YRS:	5
- F&F 20 YRS:	20
- F&F 15YRS:	15
- F&F 10YRS:	10
- F&F 7YRS:	7
- F&F 5YRS:	5
- F&F NURSING 20YRS:	20
- F&F NURSING 15YRS:	15
- F&F NURSING 7YRS:	7
- MEQP 5-7YRS:	7
- MEQP NUR 5-7YRS:	7
- VEHICLES 5YRS:	5
- CIP:	15
- SW COTTAGE EXP UNITS:	40
- RENOVATION EXP UNITS:	40

Fiscal Year:	October 1 To September 30
Initial Year of Operations:	1979
Current Fiscal Year:	2023
Schedule Monthly Fee Increases:	October 1



TABLE 0.5

Covenant Village
 DECREMENT ASSUMPTIONS FOR 2023 ACTUARIAL STUDY
 (Based on 09/30/2022 New Baseline Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
MORTALITY RATES (PER 100 LIVES) FOR Independent Living RESIDENTS										
60	0.56	0.67	0.67	0.77	1.03	0.93	1.08	1.15	1.15	1.44
65	0.75	0.89	0.89	1.03	1.37	1.23	1.42	1.52	1.52	1.90
70	0.81	0.95	0.95	1.10	1.47	1.34	1.54	1.65	1.65	2.06
75	0.89	1.05	1.05	1.21	1.61	1.48	1.71	1.82	1.82	2.28
80	1.19	1.41	1.41	1.62	2.17	2.02	2.33	2.49	2.49	3.11
85	1.88	2.22	2.22	2.56	3.42	3.25	3.75	4.00	4.00	4.99
90	3.14	3.71	3.71	4.28	5.71	5.50	6.35	6.77	6.77	8.47
95	5.29	6.25	6.25	7.21	9.61	9.13	10.53	11.23	11.23	14.04
100	8.83	10.44	10.44	12.05	16.06	14.46	16.68	17.79	17.79	22.24
105	14.57	17.22	17.22	19.87	26.49	22.32	25.76	27.48	27.48	34.34
110	22.68	26.80	26.80	30.92	41.23	32.10	37.04	39.51	39.51	49.39
115	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
MORTALITY RATES (PER 100 LIVES) FOR Assisted Living RESIDENTS										
60	17.11	17.11	17.11	17.11	17.11	22.11	22.11	22.11	22.11	22.11
65	17.67	17.67	17.67	17.67	17.67	22.66	22.66	22.66	22.66	22.66
70	18.23	18.23	18.23	18.23	18.23	23.21	23.21	23.21	23.21	23.21
75	18.79	18.79	18.79	18.79	18.79	23.76	23.76	23.76	23.76	23.76
80	19.57	19.57	19.57	19.57	19.57	29.05	29.05	29.05	29.05	29.05
85	22.30	22.30	22.30	22.30	22.30	35.30	35.30	35.30	35.30	35.30
90	28.05	28.05	28.05	28.05	28.05	43.03	43.03	43.03	43.03	43.03
95	37.72	37.72	37.72	37.72	37.72	53.31	53.31	53.31	53.31	53.31
100	52.30	52.30	52.30	52.30	52.30	68.12	68.12	68.12	68.12	68.12
105	77.38	77.38	77.38	77.38	77.38	93.07	93.07	93.07	93.07	93.07
110	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
115	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
MORTALITY RATES (PER 100 LIVES) FOR Nursing Care RESIDENTS										
60	25.15	25.15	25.15	25.15	25.15	35.27	35.27	35.27	35.27	35.27
65	25.42	25.42	25.42	25.42	25.42	35.57	35.57	35.57	35.57	35.57
70	25.70	25.70	25.70	25.70	25.70	35.87	35.87	35.87	35.87	35.87
75	25.97	25.97	25.97	25.97	25.97	36.17	36.17	36.17	36.17	36.17
80	28.07	28.07	28.07	28.07	28.07	43.01	43.01	43.01	43.01	43.01
85	31.02	31.02	31.02	31.02	31.02	48.77	48.77	48.77	48.77	48.77
90	35.28	35.28	35.28	35.28	35.28	54.28	54.28	54.28	54.28	54.28
95	40.74	40.74	40.74	40.74	40.74	60.14	60.14	60.14	60.14	60.14
100	47.49	47.49	47.49	47.49	47.49	66.77	66.77	66.77	66.77	66.77
105	56.84	56.84	56.84	56.84	56.84	78.32	78.32	78.32	78.32	78.32
110	67.21	67.21	67.21	67.21	67.21	88.61	88.61	88.61	88.61	88.61
115	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE 0.5 (CONTINUED)

Covenant Village
 DECREMENT ASSUMPTIONS FOR 2023 ACTUARIAL STUDY
 (Based on 09/30/2022 New Baseline Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
MOVE-OUT RATES (PER 100 LIVES) FOR Independent Living RESIDENTS										
60	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
65	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
70	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
75	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
80	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
85	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
90	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
95	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
100	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
105	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
110	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MOVE-OUT RATES (PER 100 LIVES) FOR Assisted Living RESIDENTS										
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MOVE-OUT RATES (PER 100 LIVES) FOR Nursing Care RESIDENTS										
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TABLE 0.5 (CONTINUED)

Covenant Village
 DECREMENT ASSUMPTIONS FOR 2023 ACTUARIAL STUDY
 (Based on 09/30/2022 New Baseline Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
PERMANENT TRANSFER RATES (PER 100 LIVES) FOR Independent Living TO Assisted Living										
60	0.21	0.60	0.60	0.60	0.60	0.19	0.25	0.55	0.55	0.55
65	0.21	0.60	0.60	0.60	0.60	0.19	0.25	0.55	0.55	0.55
70	0.21	0.60	0.60	0.60	0.60	0.19	0.25	0.55	0.55	0.55
75	0.36	1.02	1.02	1.02	1.02	0.29	0.38	0.83	0.83	0.83
80	0.98	2.79	2.79	2.79	2.79	0.62	0.80	1.77	1.77	1.77
85	2.00	5.72	5.72	5.72	5.72	1.30	1.67	3.71	3.71	3.71
90	3.49	9.97	9.97	9.97	9.97	2.51	3.23	7.18	7.18	7.18
95	5.50	15.73	15.73	15.73	15.73	4.55	5.85	13.01	13.01	13.01
100	5.78	16.50	16.50	16.50	16.50	4.81	6.19	13.75	13.75	13.75
105	5.78	16.50	16.50	16.50	16.50	4.81	6.19	13.75	13.75	13.75
110	5.78	16.50	16.50	16.50	16.50	4.81	6.19	13.75	13.75	13.75
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PERMANENT TRANSFER RATES (PER 100 LIVES) FOR Independent Living TO Nursing Care										
60	0.85	0.85	0.85	0.85	0.85	0.80	0.80	0.80	0.80	0.80
65	0.85	0.85	0.85	0.85	0.85	0.80	0.80	0.80	0.80	0.80
70	0.85	0.85	0.85	0.85	0.85	0.80	0.80	0.80	0.80	0.80
75	1.28	1.28	1.28	1.28	1.28	1.19	1.19	1.19	1.19	1.19
80	2.40	2.40	2.40	2.40	2.40	2.32	2.32	2.32	2.32	2.32
85	4.20	4.20	4.20	4.20	4.20	4.48	4.48	4.48	4.48	4.48
90	7.13	7.13	7.13	7.13	7.13	7.88	7.88	7.88	7.88	7.88
95	12.10	12.10	12.10	12.10	12.10	12.57	12.57	12.57	12.57	12.57
100	20.91	20.91	20.91	20.91	20.91	19.09	19.09	19.09	19.09	19.09
105	22.95	22.95	22.95	22.95	22.95	20.00	20.00	20.00	20.00	20.00
110	22.95	22.95	22.95	22.95	22.95	20.00	20.00	20.00	20.00	20.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PERMANENT TRANSFER RATES (PER 100 LIVES) FOR Assisted Living TO Nursing Care										
60	2.10	3.00	3.30	3.90	6.00	2.10	2.70	3.60	3.90	6.00
65	2.10	3.00	3.30	3.90	6.00	2.19	2.82	3.75	4.07	6.26
70	2.10	3.00	3.30	3.90	6.01	2.37	3.04	4.05	4.39	6.76
75	2.28	3.25	3.58	4.23	6.51	2.54	3.27	4.35	4.72	7.26
80	2.45	3.50	3.85	4.55	7.01	2.72	3.49	4.65	5.04	7.76
85	2.53	3.62	3.98	4.71	7.24	2.81	3.61	4.81	5.21	8.02
90	2.72	3.89	4.28	5.06	7.78	2.91	3.74	4.99	5.41	8.32
95	2.98	4.25	4.68	5.53	8.51	3.06	3.93	5.25	5.68	8.74
100	3.30	4.71	5.19	6.13	9.43	3.23	4.15	5.54	6.00	9.23
105	3.64	5.20	5.72	6.76	10.40	3.36	4.32	5.76	6.24	9.60
110	3.64	5.20	5.72	6.76	10.40	3.36	4.32	5.76	6.24	9.60
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TABLE 0.5 (CONTINUED)

Covenant Village
 DECREMENT ASSUMPTIONS FOR 2023 ACTUARIAL STUDY
 (Based on 09/30/2022 New Baseline Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Independent Living TO Assisted Living										
60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
75	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
85	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
90	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
95	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
100	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
105	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
110	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Independent Living TO Nursing Care										
60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
75	0.3	0.6	1.0	1.3	1.3	0.4	0.9	1.3	1.7	1.7
80	0.9	1.7	2.6	3.4	3.4	1.0	1.9	2.9	3.9	3.9
85	1.4	2.8	4.2	5.6	5.6	1.5	3.0	4.5	6.0	6.0
90	1.9	3.9	5.8	7.7	7.7	2.0	4.1	6.1	8.2	8.2
95	2.5	4.9	7.4	9.9	9.9	2.6	5.1	7.7	10.3	10.3
100	3.0	6.0	9.0	12.0	12.0	3.1	6.2	9.3	12.4	12.4
105	3.5	7.1	10.6	14.2	14.2	3.6	7.3	10.9	14.6	14.6
110	4.1	8.2	12.2	16.3	16.3	4.2	8.4	12.5	16.7	16.7
115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Assisted Living TO Nursing Care										
60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
75	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	0.5	1.1	1.6	2.1	2.1	0.9	1.8	2.7	3.6	3.6
85	1.4	2.9	4.3	5.7	5.7	1.8	3.6	5.4	7.1	7.1
90	2.3	4.6	7.0	9.3	9.3	2.7	5.4	8.0	10.7	10.7
95	3.2	6.4	9.6	12.9	12.9	3.6	7.1	10.7	14.3	14.3
100	4.1	8.2	12.3	16.4	16.4	4.5	8.9	13.4	17.9	17.9
105	5.0	10.0	15.0	20.0	20.0	5.4	10.7	16.1	21.4	21.4
110	5.9	11.8	17.7	23.6	23.6	6.2	12.5	18.7	25.0	25.0
115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 1.1.1

Historic Independent Living Turnover
for Covenant Village Contractholders
Observation period is 10/1/2000 to 9/30/2022

Fiscal Year Ending 9/30	Average Age of New Entrants	Number of New Entrants	Number of ILU Move-Ins	Estimated ILU ** Turnover	-----Cause of ILU Turnover-----			
					Death	Move Out	Permanent Transfer	Other Reason
2001	76.9	5	4	0	0	0	0	0
2002	77.2	14	9	1	1	0	0	0
2003	77.5	7	5	0	0	0	0	0
2004	77.2	10	8	0	0	0	0	0
2005	77.0	8	5	0	0	0	0	0
2006	77.7	12	8	0	0	0	0	0
2007	79.5	8	6	1	0	0	1	0
2008	79.1	12	10	1	0	0	1	0
2009	80.1	14	11	0	0	0	0	0
2010	77.8	14	9	0	0	0	0	0
2011	77.5	22	17	1	0	0	1	0
2012	80.2	22	16	1	1	0	0	0
2013	80.0	24	17	0	0	0	0	0
2014	81.9	19	16	0	0	0	0	0
2015	81.2	26	19	3	0	0	3	0
2016	81.9	24	19	5	0	0	5	0
2017	81.3	22	16	14	5	0	9	0
2018	81.4	17	15	26	9	0	17	0
2019	76.9	26	20	28	13	0	15	0
2020	81.0	15	13	24	8	2	14	0
2021	82.8	19	14	25	9	2	14	0
2022	82.3	27	23	17	0	1	16	0
Totals	79.9	367	280	147	46	5	96	0
5yr Avg	80.9	20.8	17.0	24.0	7.8	1.0	15.2	0.0

** The values for estimated turnover are based on resident movements. These numbers may not match actual turnover during the year for several reasons such as: (1) resident movement data may be missing or inaccurate; (2) information about couples may not be properly matched, or (3) internal moves within independent living may be present but are not considered turnover.

Table 1.1.2

Description of Actuarial Database
for Covenant Village Contractholders
Observation period is 10/1/2000 to 9/30/2022

Fiscal Year Ending 9/30	New Entrants			Deaths			Move Outs			Net Change
	ILU	ALU	NCU	ILU	ALU	NCU	ILU	ALU	NCU	
2001	5	0	0	0	0	0	0	0	0	5
2002	14	0	0	1	0	0	0	0	0	13
2003	7	0	0	0	0	0	0	0	0	7
2004	10	0	0	0	0	0	0	0	0	10
2005	8	0	0	0	0	0	0	0	0	8
2006	12	0	0	1	0	0	0	0	0	11
2007	8	0	0	0	0	0	0	0	0	8
2008	12	0	0	1	0	0	0	0	0	11
2009	14	0	0	1	0	0	0	0	0	13
2010	14	0	0	1	0	0	0	0	0	13
2011	22	0	0	1	0	0	0	0	0	21
2012	22	0	0	1	0	0	0	0	0	21
2013	24	0	0	0	0	1	0	0	0	23
2014	19	0	0	1	0	0	0	0	0	18
2015	26	0	0	5	0	1	0	0	0	20
2016	24	0	0	4	0	1	0	0	0	19
2017	22	0	0	11	6	3	0	0	0	2
2018	17	0	0	11	5	6	0	0	0	-5
2019	26	0	0	15	5	3	0	0	0	3
2020	15	0	0	10	8	10	3	0	0	-16
2021	19	0	0	9	7	11	2	0	0	-10
2022	27	0	0	2	6	9	1	0	0	9
Totals	367	0	0	75	37	45	6	0	0	204
5yr Avg	20.8	0.0	0.0	9.4	6.2	7.8	1.2	0.0	0.0	-3.8

Table 1.1.3

Description of Actuarial Data Base
for Covenant Village Contractholders
Observation period is 10/1/2000 to 9/30/2022

Year Ending 9/30	Perm Xfer To ALU Fm ILU	Perm Xfer To NCU Fm ILU	Perm Xfer To NCU Fm ALU	Recovery To ALU	Recovery To ILU
2001 ****	0	0	0	0	0
2002	0	0	0	0	0
2003	0	0	0	0	0
2004	0	0	0	0	0
2005	0	0	0	0	0
2006	0	0	0	0	0
2007	0	1	0	0	0
2008	1	0	0	0	0
2009	0	0	0	0	0
2010	0	0	0	0	0
2011	0	3	0	0	0
2012	0	1	0	0	0
2013	1	0	0	0	0
2014	0	0	0	0	0
2015	1	3	0	0	0
2016	2	3	0	0	0
2017	10	5	0	1	0
2018	11	10	0	0	0
2019	10	9	0	0	0
2020	4	12	2	0	0
2021	8	8	2	0	0
2022	12	10	0	0	1
Totals	60	65	4	1	1
5yr Avg	9.0	9.8	0.8	0.0	0.2

**** This year may not reflect twelve months of operation

Table 1.2.1

Annualized Average Utilization in Number of Residents
for Covenant Village Contractholders
Observation Period is 10/1/2000 to 9/30/2022

FYE 9/30	Indepen- dent Living	Avg IL Unit Occupancy	Assisted Living	Nursing Care	Acute Care *
2001	36.5	29.9	0.0	0.0	0.0
2002	46.5	36.0	0.0	0.0	0.0
2003	55.5	40.6	0.0	0.0	0.0
2004	61.9	43.4	0.0	0.0	0.0
2005	72.2	49.5	0.0	0.0	0.0
2006	81.2	55.6	0.0	0.0	0.0
2007	91.3	62.0	0.0	0.9	0.0
2008	99.4	65.8	0.9	1.0	0.0
2009	109.0	72.5	1.0	1.0	0.0
2010	124.4	80.6	1.0	1.0	0.0
2011	139.8	90.7	1.0	3.2	0.0
2012	158.0	102.6	1.0	4.1	0.0
2013	176.5	115.4	1.3	4.5	0.0
2014	199.3	130.8	2.0	4.0	0.0
2015	214.9	142.7	2.3	4.4	0.0
2016	235.3	156.9	4.2	6.1	0.0
2017	242.4	167.1	7.8	9.3	0.0
2018	226.7	167.2	13.4	10.9	0.0
2019	215.1	167.2	17.9	16.6	0.0
2020	209.8	171.0	17.4	20.6	0.0
2021	195.3	159.0	13.0	21.4	0.0
2022	197.1	162.1	15.9	22.9	0.0
5yr Avg	208.8	165.3	15.5	18.5	0.0

* Acute care usage may be understated since all transfers from Independent Living to acute care may not be recorded in data base.

Table 1.2.2

Average Utilization in Resident Days
for Covenant Village Contractholders
Observation Period is 10/1/2000 to 9/30/2022

FYE 9/30	Permanent Indepen- dent Living P-ILU-LOC1	Permanent Assisted Living P-ALU-ALU2	Temporary Assisted Living T-ALU-ALU2	Permanent Assisted Living P-MEM-MEM	Temporary Assisted Living T-MEM-MEM	Permanent Nursing Care P-SNF-NCU	Temporary Nursing Care T-SNF-NCU	Temporary Acute Care *
2001	13,307	0	0	0	0	0	0	0
2002	16,971	0	0	0	0	0	0	0
2003	20,265	0	0	0	0	0	0	0
2004	22,638	0	0	0	0	0	0	0
2005	26,353	0	0	0	0	0	0	0
2006	29,626	0	0	0	0	0	0	0
2007	33,334	0	0	0	0	346	0	0
2008	36,380	0	0	314	0	366	0	0
2009	39,789	0	0	365	0	365	0	0
2010	45,415	0	0	365	0	365	0	0
2011	51,039	0	0	365	0	1,183	0	0
2012	57,810	0	0	366	0	1,516	0	0
2013	64,426	119	0	365	0	1,634	0	0
2014	72,730	365	0	365	0	1,460	0	0
2015	78,432	477	0	365	0	1,588	0	0
2016	86,105	1,179	0	366	0	2,215	0	0
2017	88,490	2,369	0	466	0	3,377	0	0
2018	82,738	3,308	0	1,572	0	3,976	0	0
2019	78,521	4,369	0	2,176	0	6,054	0	0
2020	76,778	4,298	0	2,063	0	7,529	0	0
2021	71,279	3,446	0	1,301	0	7,823	0	0
2022	71,926	4,639	0	1,160	0	8,353	0	0
Total	1,164,352	24,569	0	11,974	0	48,150	0	0
LYE	3,190	67	0	33	0	132	0	0
5yr Avg	76,248	4,012	0	1,654	0	6,747	0	0

* Acute care usage may be understated since all transfers from Independent Living to acute care may not be recorded in data base.

Table 1.3

Individual Life Expectancies for 2023 Residents in
Independent Living in Covenant Village
(Based on 09/30/2022 New Baseline Decrements)

Current Age -----	Life Expectancy for Residents in Independ- ent Living -----	Portion of Lifetime in Independ- ent Living -----	Portion of Lifetime in Assisted Living -----	Portion of Lifetime in Nursing Care -----
FEMALE				
60	18.6 years	16.8 years	0.9 years	0.9 years
65	16.8	15.0	0.9	0.9
70	14.5	12.5	1.0	1.0
75	11.7	9.6	1.1	1.0
80	9.1	7.0	1.1	1.0
83 *	7.7	5.8	1.0	0.9
85	6.9	5.0	1.0	0.9
90	5.2	3.6	0.8	0.8
95	3.9	2.6	0.5	0.8
100	2.9	1.9	0.3	0.7
MALE				
60	17.8 years	16.7 years	0.5 years	0.6 years
65	16.0	14.9	0.5	0.6
70	13.8	12.7	0.5	0.6
75	11.0	9.9	0.5	0.6
80	8.3	7.2	0.5	0.6
81 *	7.8	6.7	0.5	0.6
85	6.1	5.1	0.4	0.6
90	4.4	3.5	0.4	0.5
95	3.3	2.6	0.2	0.5
100	2.5	2.0	0.1	0.4

* Average age at entry for residents of Independent Living.

Table 1.3

Individual Life Expectancies for 2023 Residents in
Assisted Living in Covenant Village
(Based on 09/30/2022 New Baseline Decrements)

Current Age	Life Expectancy for Residents in Assisted Living	Portion of Lifetime in Independ- ent Living	Portion of Lifetime in Assisted Living	Portion of Lifetime in Nursing Care
FEMALE				
60	5.1 years	0.0 years	4.5 years	0.6 years
65	5.0	0.0	4.4	0.6
70	4.8	0.0	4.2	0.6
75	4.5	0.0	4.0	0.5
80	4.1	0.0	3.6	0.5
85	3.5	0.0	3.1	0.4
90	2.7	0.0	2.4	0.3
92 *	2.4	0.0	2.2	0.2
95	2.0	0.0	1.8	0.2
100	1.3	0.0	1.2	0.1
MALE				
60	3.9 years	0.0 years	3.6 years	0.3 years
65	3.8	0.0	3.5	0.3
70	3.6	0.0	3.3	0.3
75	3.3	0.0	3.0	0.3
80	2.7	0.0	2.5	0.2
85	2.2	0.0	2.1	0.1
90	1.7	0.0	1.6	0.1
92 *	1.6	0.0	1.5	0.1
95	1.3	0.0	1.2	0.1
100	0.9	0.0	0.9	0.0

* Average age for residents of Assisted Living.

Table 1.3

Individual Life Expectancies for 2023 Residents in
Nursing Care in Covenant Village
(Based on 09/30/2022 New Baseline Decrements)

Current Age	Life Expectancy for Residents in Nursing Care	Portion of Lifetime in Independ- ent Living	Portion of Lifetime in Assisted Living	Portion of Lifetime in Nursing Care
FEMALE				
60	3.6 years	0.0 years	0.0 years	3.6 years
65	3.5	0.0	0.0	3.5
70	3.5	0.0	0.0	3.5
75	3.3	0.0	0.0	3.3
80	3.0	0.0	0.0	3.0
85	2.6	0.0	0.0	2.6
90	2.2	0.0	0.0	2.2
92 *	2.1	0.0	0.0	2.1
95	1.9	0.0	0.0	1.9
100	1.5	0.0	0.0	1.5
MALE				
60	2.4 years	0.0 years	0.0 years	2.4 years
65	2.4	0.0	0.0	2.4
70	2.3	0.0	0.0	2.3
75	2.2	0.0	0.0	2.2
80	1.8	0.0	0.0	1.8
85 *	1.5	0.0	0.0	1.5
90	1.3	0.0	0.0	1.3
95	1.1	0.0	0.0	1.1
100	1.0	0.0	0.0	1.0

* Average age for residents of Nursing Care.

TABLE 1.3 Continued

Last Survivor Life Expectancies for 2023 Residents in
Independent Living in Covenant Village
(Based on 09/30/2022 New Baseline Decrements)

	M 60	M 65	M 70	M 75	M 80	M 85	M 90	M 95	M100
F 60	24.2	23.0	21.8	20.7	19.8	19.2	18.9	18.8	18.7
F 62	23.7	22.5	21.2	20.0	19.1	18.6	18.2	18.1	18.0
F 64	23.2	21.9	20.6	19.3	18.4	17.8	17.5	17.4	17.3
F 66	22.6	21.3	19.9	18.6	17.6	17.0	16.7	16.6	16.5
F 68	22.1	20.7	19.2	17.8	16.8	16.2	15.8	15.7	15.6
F 70	21.5	20.1	18.5	17.0	15.9	15.2	14.9	14.7	14.6
F 72	21.0	19.5	17.8	16.1	14.9	14.2	13.8	13.6	13.6
F 74	20.5	18.9	17.1	15.3	14.0	13.2	12.7	12.5	12.4
F 76	20.0	18.4	16.5	14.6	13.1	12.1	11.7	11.4	11.3
F 78	19.6	17.9	16.0	13.9	12.3	11.2	10.7	10.4	10.3
F 80	19.3	17.6	15.6	13.3	11.5	10.4	9.7	9.4	9.3
F 82	19.0	17.3	15.2	12.9	10.9	9.6	8.9	8.6	8.4
F 84	18.7	17.0	14.9	12.5	10.4	9.0	8.2	7.8	7.6
F 86	18.5	16.8	14.7	12.2	10.0	8.4	7.5	7.0	6.8
F 88	18.4	16.6	14.5	11.9	9.6	7.9	6.9	6.4	6.1
F 90	18.2	16.5	14.3	11.7	9.3	7.6	6.5	5.9	5.6
F 92	18.1	16.4	14.2	11.5	9.1	7.2	6.1	5.4	5.1
F 94	18.1	16.3	14.1	11.4	8.9	7.0	5.7	5.0	4.6
F 96	18.0	16.2	14.0	11.3	8.8	6.8	5.5	4.7	4.3
F 98	18.0	16.2	14.0	11.3	8.7	6.7	5.3	4.5	4.0
F100	17.9	16.1	13.9	11.2	8.6	6.6	5.1	4.2	3.7

Table 1.4

New Entrant Assumptions for Covenant Village
 Observation Period Includes Data Through 9/30/2022

Entrants to Independent Living

Entry Age	Female	Male
55- 59	0.0 %	0.0 %
60- 64	0.0	0.0
65- 69	0.0	5.0
70- 74	10.0	0.0
75- 79	20.0	40.0
80- 84	40.0	40.0
85- 89	20.0	10.0
90 and over	10.0	5.0
	100.0 %	100.0 %
Average age at entry	82.5	80.8

Unit	Probability that New Entrants will be a Couple
------	--

Studio A-Unit.....	0.0 %
Single w/Kitchenette.....	0.0
Single w/Bal/Kitchenette.....	10.0
1Br B-Unit.....	30.0
2Br C-Unit.....	55.0
EL Efficiencies Exp.....	0.0
EL 1Br, B1 Hallway Exp.....	20.0
Cottage 1560sf Std.....	50.0
Cottage 1560sf G.....	50.0
Cottage 1560sf GF.....	65.0
Cottage 1635sf Std.....	65.0
Cottage 1710sf Std.....	75.0
Cottage 1710sf G.....	75.0
Cottage 1710sf GF.....	75.0
Cottage 1710sf F.....	75.0
Cottage 1860sf G.....	80.0
Cottage 1860sf GF.....	80.0
Cottage 1980sf GF.....	80.0

Probability that:	Gender Distribution
-------------------	---------------------

Single Entrant is Female.....	85.0 %
Coupled Entrants Same Sex.....	0.0

Contract Selection Distribution	Probability the New Contract will be Selected
---------------------------------	---

Apt Declining Ref before 10/2021.....	0.0 %
Cottage Declining Ref before 10/2021.....	0.0
Apt Declining Ref after 10/2021.....	0.0
Apt Declining Ref after 10/2022.....	100.0
Cottage Declining Ref after 10/2021.....	0.0
Cottage Declining Ref after 10/2022.....	0.0



Table 2.1

Covenant Village
Summary of Population Projection Statistics

Fiscal Year	Total Independent Living Units Filled	Number of New Entrants	Number of Deaths or Move-outs	Average Number Total Residents	- - - Excludes Total Assisted Living *	Direct Total Nursing Care *	Entrants Total Health Care *
2023	35	44	30	246	20	26	46
2024	24	31	30	250	21	26	47
2025	23	29	29	250	21	26	47
2026	21	27	28	249	21	25	46
2027	21	27	28	248	21	25	46
2028	21	27	27	248	21	25	46
2029	20	26	27	247	21	25	46
2030	20	26	26	246	21	25	46
2031	20	26	26	246	21	25	46
2032	20	26	26	245	22	25	47
2033	20	26	26	245	22	25	47
2034	21	27	26	246	22	25	48
2035	21	27	27	246	23	26	48
2036	21	27	27	246	23	26	49
2037	21	27	27	247	23	26	49
2038	21	27	27	247	23	27	50
2039	21	28	27	248	24	27	51
2040	22	28	28	248	24	28	51
2041	22	28	28	249	24	28	52
2042	22	28	28	249	24	28	52

* The values in columns six, seven, and eight reflect the average during the year.

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.

Table 2.2
Covenant Village
Beginning of Fiscal Year Demographic Statistics

Fiscal Year	Units Occupied Independent Living	Number of Permanent Residents				Average Age	Yrs in Commun	Percent Female
		Independ-ent Living	Assisted Living	Nursing Care	Total			
2023 *	162	203	19	23	245	86.3	7.3	73.5 %
2024	171	206	20	24	250	85.9	6.9	72.8
2025	171	206	21	24	250	85.6	6.6	72.3
2026	171	206	21	23	250	85.4	6.4	71.9
2027	171	205	21	23	249	85.3	6.3	71.5
2028	171	205	21	22	248	85.3	6.2	71.1
2029	171	204	21	22	247	85.4	6.2	70.8
2030	171	203	21	22	246	85.5	6.2	70.6
2031	171	202	21	22	246	85.7	6.3	70.4
2032	171	202	22	22	246	85.8	6.3	70.2
2033	171	201	22	22	245	86.0	6.4	70.0
2034	171	201	22	23	246	86.2	6.4	69.8
2035	171	201	22	23	246	86.4	6.4	69.7
2036	171	201	23	23	246	86.6	6.4	69.7
2037	171	200	23	23	247	86.7	6.4	69.6
2038	171	200	23	23	247	86.9	6.4	69.5
2039	171	200	24	24	247	87.1	6.4	69.4
2040	171	200	24	24	248	87.3	6.4	69.4
2041	171	200	24	25	249	87.5	6.4	69.3
2042	171	200	24	25	249	87.7	6.4	69.3

* The values in column three reflect the average during the years with asterisks.

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.

Table 2.3
Covenant Village
Resident Movement Statistics

Fiscal Year	Independ-ent Living	Deaths Assisted Living	Nursing Care	Permanent Transfers		
				Independ-ent Living to Assisted Living	Independ-ent Living to Nursing Care	Assisted Living to Nursing Care
2023	13	7	9	9	9	1
2024	12	7	9	8	8	1
2025	11	7	9	8	8	1
2026	10	7	9	8	8	1
2027	10	7	9	8	7	1
2028	10	6	8	8	7	1
2029	10	6	8	7	7	1
2030	9	6	8	8	7	1
2031	10	6	8	8	7	1
2032	9	7	8	8	7	1
2033	10	6	8	8	7	1
2034	10	6	8	8	7	1
2035	10	6	8	8	7	1
2036	10	7	8	8	7	1
2037	10	7	8	8	7	1
2038	10	7	8	8	7	1
2039	10	7	8	8	8	1
2040	10	7	8	8	8	1
2041	10	7	9	8	8	1
2042	10	7	9	9	8	1

Table 2.4
Covenant Village
Independent Living Turnover Statistics

Fiscal Year	Average Age of New Entrants	Number of New Entrants	Independent Living Units Filled	Cause of Units Vacated			New Sales*
				Move Out	Death	Permanent Transfer	
2023	81.4	44	35	2	10	14	9
2024	81.5	31	24	2	9	13	0
2025	81.4	29	23	2	8	13	0
2026	81.4	27	21	2	8	11	0
2027	81.4	27	21	2	7	12	0
2028	82.5	27	21	2	7	12	0
2029	82.5	26	20	2	7	11	0
2030	82.5	26	20	2	7	11	0
2031	82.4	26	20	2	7	11	0
2032	82.4	26	20	2	7	11	0
2033	83.5	26	20	2	7	11	0
2034	83.4	27	21	2	7	12	0
2035	83.5	27	21	2	8	11	0
2036	83.5	27	21	2	7	12	0
2037	83.5	27	21	2	8	11	0
2038	84.5	27	21	2	7	12	0
2039	84.5	28	21	2	8	11	0
2040	84.4	28	22	2	8	12	0
2041	84.5	28	22	2	8	12	0
2042	84.4	28	22	2	8	12	0

* This column reflects the annual change in the beginning of year occupancy for Independent Living (see Table 2.2, column 2).

Table 2.5
Covenant Village
Projected Resident Days by Level of Care
(All Contractholder Days)

Fiscal Year	Independ- ent Living	Permanent Assisted Living	Temporary Assisted Living	Total Assisted Living	Permanent Nursing Care	Temporary Nursing Care	Total Nursing Care
2023	74,095	7,169	0	7,169	8,557	1,018	9,575
2024	75,168	7,497	0	7,497	8,655	972	9,627
2025	75,158	7,595	0	7,595	8,492	952	9,444
2026	75,054	7,584	0	7,584	8,331	952	9,283
2027	74,873	7,572	0	7,572	8,218	958	9,176
2028	74,633	7,623	0	7,623	8,148	960	9,108
2029	74,348	7,659	0	7,659	8,091	965	9,056
2030	74,049	7,692	0	7,692	8,019	976	8,995
2031	73,783	7,838	0	7,838	8,000	991	8,991
2032	73,581	7,927	0	7,927	8,085	1,005	9,090
2033	73,443	7,962	0	7,962	8,185	1,012	9,197
2034	73,300	8,083	0	8,083	8,275	1,026	9,301
2035	73,208	8,285	0	8,285	8,314	1,040	9,354
2036	73,160	8,431	0	8,431	8,353	1,057	9,410
2037	73,073	8,489	0	8,489	8,482	1,071	9,553
2038	73,032	8,563	0	8,563	8,615	1,084	9,699
2039	73,059	8,594	0	8,594	8,800	1,099	9,899
2040	73,059	8,648	0	8,648	8,952	1,109	10,061
2041	73,070	8,724	0	8,724	9,046	1,125	10,171
2042	73,053	8,832	0	8,832	9,135	1,139	10,274

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.

Table 2.13

Covenant Village
 Projected Independent Living Units Filled by Unit Type

Fiscal Year	Units Filled by Unit Type						Independent Living Units Filled	Independent Living Units Filled Percent
	Group I	Group II	Group III	Group IV	Group V	Group VI		
2023	15	15	2	1	2	0	35	20.5 %
2024	10	9	2	2	1	0	24	14.0
2025	9	9	1	2	2	0	23	13.2
2026	8	8	2	1	2	0	21	12.5
2027	9	8	1	2	1	0	21	12.3
2028	8	7	2	2	2	0	21	12.2
2029	8	7	1	2	2	0	20	11.7
2030	8	7	1	2	2	0	20	11.7
2031	8	7	2	1	2	0	20	11.8
2032	8	7	1	2	2	0	20	11.9
2033	8	7	1	2	2	0	20	12.0
2034	9	7	1	2	2	0	21	12.1
2035	8	7	2	2	2	0	21	12.3
2036	8	7	2	2	2	0	21	12.2
2037	8	7	2	2	2	0	21	12.4
2038	8	7	2	2	2	0	21	12.4
2039	8	7	2	2	2	0	21	12.6
2040	9	7	2	2	2	0	22	12.7
2041	9	7	2	2	2	0	22	12.9
2042	9	7	2	2	2	0	22	12.8

Unit Type Groupings

Group I = Studio A-Unit
 Single w/Kitchenette
 Single w/Bal/Kitchen
 EL Efficiencies Exp

Group II = 1Br B-Unit
 EL 1Br, B1 Hallway E

Group III = 2Br C-Unit

Group IV = Cottage 1560sf Std
 Cottage 1560sf G
 Cottage 1560sf GF

Group V = Cottage 1635sf Std
 Cottage 1710sf Std
 Cottage 1710sf G
 Cottage 1710sf GF
 Cottage 1710sf F

Group VI = None included

Table 2.14

Covenant Village
Move-out and Refund Statistics

Fiscal Year	Direct Entry to ALU	Transfers to ALU	Number of Refunds	Refund Amounts Due to			Total
				Death	Move-out	Permanent Transfer	
2023	0	9	2	\$ 59,653	\$ 38,169	\$ 0	\$ 97,821
2024	0	8	3	72,354	53,094	0	125,448
2025	0	8	2	75,456	51,189	0	126,645
2026	0	8	2	73,405	58,444	0	131,849
2027	0	8	2	75,051	51,369	0	126,420
2028	0	8	2	82,400	65,582	0	147,981
2029	0	7	2	86,959	62,547	0	149,506
2030	0	8	2	91,348	64,036	0	155,384
2031	0	8	2	89,407	66,962	0	156,369
2032	0	8	2	93,578	72,326	0	165,903
2033	0	8	2	97,716	71,289	0	169,006
2034	0	8	2	104,101	84,999	0	189,100
2035	0	8	2	121,538	84,181	0	205,719
2036	0	8	2	132,378	94,920	0	227,298
2037	0	8	2	128,478	79,231	0	207,710
2038	0	8	2	139,641	87,658	0	227,299
2039	0	8	2	141,697	100,128	0	241,825
2040	0	8	2	166,049	103,824	0	269,873
2041	0	8	2	183,808	111,172	0	294,980
2042	0	9	2	167,998	108,196	0	276,194

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.

Table 2.15

Covenant Village
 Projected Variation in Independent Living Turnover* and Health Care Utilization
 (Based on 500 Iterations)

Fiscal Year	- - - Independent Living Turnover* - - -			- - - Health Care Utilization - - -		
	Likely Minimum	Average	Likely Maximum	Likely Minimum	Average	Likely Maximum
2023	18(69%)	26	33(127%)	42(91%)	46	50(109%)
2024	17(71)	24	31(129)	39(83)	47	56(119)
2025	16(70)	23	30(130)	38(81)	47	56(119)
2026	14(67)	21	29(138)	36(78)	46	56(122)
2027	13(62)	21	29(138)	36(78)	46	56(122)
2028	14(67)	21	28(133)	37(80)	46	56(122)
2029	14(70)	20	27(135)	36(78)	46	56(122)
2030	14(70)	20	27(135)	35(76)	46	57(124)
2031	14(70)	20	27(135)	36(78)	46	57(124)
2032	13(65)	20	28(140)	37(79)	47	57(121)
2033	14(70)	20	27(135)	37(79)	47	57(121)
2034	13(62)	21	28(133)	37(77)	48	59(123)
2035	14(67)	21	28(133)	38(79)	48	60(125)
2036	14(67)	21	28(133)	39(80)	49	60(122)
2037	14(67)	21	28(133)	39(80)	49	60(122)
2038	14(67)	21	28(133)	40(80)	50	61(122)
2039	15(71)	21	28(133)	40(78)	51	61(120)
2040	15(68)	22	29(132)	41(80)	51	63(124)
2041	15(68)	22	30(136)	41(79)	52	64(123)
2042	15(68)	22	29(132)	41(79)	52	65(125)

* Apartment turnover does not include sales of units that were not occupied at beginning of year.

Table 2.16

Covenant Village
 Projected Variation in Refunds and Health Care Ratios
 (Based on 500 Iterations)

Fiscal Year	Refunds			Health Care Ratio per 100 ILU Residents		
	Likely Minimum	Average	Likely Maximum	Likely Minimum	Average	Likely Maximum
2023	\$ 0	\$ 97,821	\$ 279,213	20.6	22.6	24.8
2024	0	125,448	379,083	19.3	22.8	26.4
2025	0	126,645	435,028	18.7	22.6	26.3
2026	0	131,849	400,175	18.1	22.5	26.7
2027	0	126,420	396,169	17.8	22.3	26.9
2028	0	147,981	480,681	18.1	22.4	26.8
2029	0	149,506	464,259	18.0	22.5	27.4
2030	0	155,384	518,058	18.1	22.5	27.6
2031	0	156,369	515,924	18.2	22.8	28.1
2032	0	165,903	536,561	18.6	23.1	28.2
2033	0	169,006	527,957	18.4	23.3	28.2
2034	0	189,100	604,683	18.8	23.7	28.6
2035	0	205,719	658,969	19.0	24.1	29.3
2036	0	227,298	740,093	20.2	24.4	29.3
2037	0	207,710	679,157	20.2	24.7	30.1
2038	0	227,299	711,262	20.1	25.0	29.8
2039	0	241,825	733,335	20.7	25.3	30.1
2040	0	269,873	763,959	20.7	25.6	30.9
2041	0	294,980	884,613	20.9	25.8	31.1
2042	0	276,194	847,714	21.3	26.1	31.6

Table 3.5.1

Covenant Village
All operating expenses less all Direct Billing Revenues
Summed for all care levels
Total expenses per year for years 2023 to 2032

Category	2023	2024	2025	2026	2027	2028
NURSING	4,274,000	4,444,960	4,622,758	4,807,669	4,999,975	5,199,975
RESIDENT CARE	119,900	124,696	129,684	134,871	140,266	145,877
SPIRITUAL LIFE	84,000	87,360	90,854	94,489	98,268	102,199
ACTIVITIES	362,000	376,480	391,539	407,201	423,489	440,428
CONCIERGE	226,200	235,248	244,658	254,444	264,622	275,207
WELLNESS	90,100	93,704	97,452	101,350	105,404	109,620
HOUSEKEEPING	1,179,900	1,227,096	1,276,180	1,327,227	1,380,316	1,435,529
FOOD & NUTRITION	2,546,050	2,647,892	2,753,808	2,863,960	2,978,518	3,097,659
MAINT - GAS/ELECTRIC	1,085,700	1,129,128	1,174,293	1,221,265	1,270,115	1,320,920
GAS & ELECTRIC	475,000	494,000	513,760	534,310	555,683	577,910
TECHNOLOGY	787,400	818,896	851,652	885,718	921,147	957,992
SECURITY	433,100	450,424	468,441	487,179	506,666	526,932
MARKETING & SALES	269,100	279,864	291,059	302,701	314,809	327,401
HUMAN RESOURCES	309,200	321,568	334,431	347,808	361,720	376,189
ADMINISTRATION	969,600	1,008,384	1,048,719	1,090,668	1,134,295	1,179,667
RENOVATIONS	1,079,800	1,122,992	1,167,912	1,214,628	1,263,213	1,313,742
HC DIRECT ADMIT FEES	-125,000	-125,000	-125,000	-125,000	-125,000	-125,000
MEDICAL SUPPLIES	-10,000	-10,400	-10,816	-11,249	-11,699	-12,167
BEAUTY & BARBER SHOP	-52,000	-54,080	-56,243	-58,493	-60,833	-63,266
LAUNDRY INCOME	-20,000	-20,800	-21,632	-22,497	-23,397	-24,333
EMPLOYEE MEALS	-20,000	-20,800	-21,632	-22,497	-23,397	-24,333
GUEST MEALS	-6,000	-6,240	-6,490	-6,749	-7,019	-7,300
MISC INCOME	-15,000	-15,600	-16,224	-16,873	-17,548	-18,250
OTHER INCOME	0	0	0	0	0	0
CONTRIBUTIONS	-50,000	-52,000	-54,080	-56,243	-58,493	-60,833
DESIGNATED GIFT FUND	-25,000	-26,000	-27,040	-28,122	-29,246	-30,416
FUNDRAISING	0	0	0	0	0	0
FITNESS INCOME	-30,000	-31,200	-32,448	-33,746	-35,096	-36,500
Total	13,938,050	14,500,572	15,085,595	15,694,019	16,326,779	16,984,851
Percent increase	N.A.	4.0	4.0	4.0	4.0	4.0

Table 3.5.1

Covenant Village
 All operating expenses less all Direct Billing Revenues
 Summed for all care levels
 Total expenses per year for years 2023 to 2032

Category	2029	2030	2031	2032
NURSING	5,407,973	5,624,292	5,849,264	6,083,235
RESIDENT CARE	151,712	157,780	164,091	170,655
SPIRITUAL LIFE	106,287	110,538	114,960	119,558
ACTIVITIES	458,045	476,367	495,422	515,239
CONCIERGE	286,215	297,664	309,570	321,953
WELLNESS	114,005	118,565	123,308	128,240
HOUSEKEEPING	1,492,950	1,552,668	1,614,775	1,679,366
FOOD & NUTRITION	3,221,565	3,350,428	3,484,445	3,623,823
MAINT - GAS/ELECTRIC	1,373,757	1,428,707	1,485,855	1,545,290
GAS & ELECTRIC	601,027	625,068	650,070	676,073
TECHNOLOGY	996,312	1,036,165	1,077,611	1,120,716
SECURITY	548,010	569,930	592,727	616,436
MARKETING & SALES	340,497	354,117	368,282	383,013
HUMAN RESOURCES	391,237	406,886	423,162	440,088
ADMINISTRATION	1,226,853	1,275,927	1,326,965	1,380,043
RENOVATIONS	1,366,291	1,420,943	1,477,781	1,536,892
HC DIRECT ADMIT FEES	-125,000	-125,000	-125,000	-125,000
MEDICAL SUPPLIES	-12,653	-13,159	-13,686	-14,233
BEAUTY & BARBER SHOP	-65,797	-68,428	-71,166	-74,012
LAUNDRY INCOME	-25,306	-26,319	-27,371	-28,466
EMPLOYEE MEALS	-25,306	-26,319	-27,371	-28,466
GUEST MEALS	-7,592	-7,896	-8,211	-8,540
MISC INCOME	-18,980	-19,739	-20,529	-21,350
OTHER INCOME	0	0	0	0
CONTRIBUTIONS	-63,266	-65,797	-68,428	-71,166
DESIGNATED GIFT FUND	-31,633	-32,898	-34,214	-35,583
FUNDRAISING	0	0	0	0
FITNESS INCOME	-37,960	-39,478	-41,057	-42,699
Total	17,669,245	18,381,014	19,121,255	19,891,105
Percent increase	4.0	4.0	4.0	4.0

Table 3.5.2.1

Covenant Village
CAPITAL EXPENDITURES
CASH FLOW METHODOLOGY
SUMMED FOR ALL CARE LEVELS
TOTAL EXPENSES PER YEAR FOR YEARS 1979 TO 2022

Category	1979	1980	1981	1982	1983	1984
LAND	166,919	0	0	271,650	0	0
COLLECTIBLES	0	0	0	0	0	0
LAND IMPRV 40YRS	0	0	0	0	0	0
LAND IMPRV 15YRS	0	0	0	0	0	0
LAND IMPRV 7YRS	0	0	0	0	0	0
RENOVATION 15YRS	0	0	0	0	0	0
COTTAGE 39YRS	0	0	0	0	0	0
COTTAGE 35YRS	0	0	0	3,517,951	3,694,634	234,271
COTTAGE 30YRS	0	0	0	0	0	0
COTTAGE 15YRS	0	0	0	0	0	0
COTTAGE 7YRS	0	0	0	0	0	0
BUILDING	0	0	0	0	0	0
BUILDING HEALTH CENT	0	0	0	622,276	0	0
BUILDING IMPROVEMENT	0	0	0	0	0	0
EQUIPMENT 15YRS	0	0	0	0	0	0
EQUIPMENT 7YRS	0	0	0	0	0	0
EQUIPMENT 3-5YRS	0	0	0	48,042	15,924	0
EQUIPMENT AL/NC 7YRS	0	0	0	0	0	0
EQUIPMENT AL/NC 3-5Y	0	0	0	0	0	0
F&F 20 YRS	0	0	0	0	0	0
F&F 15YRS	0	0	0	0	0	0
F&F 10YRS	0	0	0	0	0	0
F&F 7YRS	0	0	0	0	0	0
F&F 5YRS	0	0	0	0	31,712	7,096
F&F NURSING 20YRS	0	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0	0
F&F NURSING 7YRS	0	0	0	0	0	0
MEQP 5-7YRS	0	0	0	0	8,590	1,794
MEQP NUR 5-7YRS	0	0	0	0	0	0
VEHICLES 5YRS	0	0	0	0	0	0
CIP	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0
Total	166,919	0	0	4,459,919	3,750,860	243,161
Percent increase	N.A.	-100.0	N.A.	2571.9	-15.9	-93.5

Table 3.5.2.1

Covenant Village
CAPITAL EXPENDITURES
CASH FLOW METHODOLOGY
SUMMED FOR ALL CARE LEVELS
TOTAL EXPENSES PER YEAR FOR YEARS 1979 TO 2022

Category	1985	1986	1987	1988	1989	1990
LAND	0	0	0	0	0	0
COLLECTIBLES	0	0	0	0	0	0
LAND IMPRV 40YRS	0	0	0	0	0	0
LAND IMPRV 15YRS	0	0	0	0	0	0
LAND IMPRV 7YRS	0	0	0	0	0	0
RENOVATION 15YRS	0	0	0	0	0	0
COTTAGE 39YRS	0	0	0	0	0	0
COTTAGE 35YRS	0	0	0	214,166	0	1,438,357
COTTAGE 30YRS	0	0	0	0	0	0
COTTAGE 15YRS	0	0	0	0	0	0
COTTAGE 7YRS	0	0	0	3,740	0	0
BUILDING	0	0	0	0	0	0
BUILDING HEALTH CENT	0	0	0	0	0	0
BUILDING IMPROVEMENT	0	0	0	0	0	0
EQUIPMENT 15YRS	0	0	0	0	0	0
EQUIPMENT 7YRS	0	0	0	0	0	0
EQUIPMENT 3-5YRS	0	7,159	43,778	5,903	18,257	0
EQUIPMENT AL/NC 7YRS	0	0	0	0	0	0
EQUIPMENT AL/NC 3-5Y	0	0	0	0	0	0
F&F 20 YRS	0	0	0	0	0	0
F&F 15YRS	0	0	0	0	0	0
F&F 10YRS	0	0	0	0	0	0
F&F 7YRS	0	0	0	0	0	0
F&F 5YRS	1,216	17,003	4,328	0	0	0
F&F NURSING 20YRS	0	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0	0
F&F NURSING 7YRS	0	0	0	0	0	0
MEQP 5-7YRS	0	0	9,889	0	0	0
MEQP NUR 5-7YRS	0	0	0	0	0	0
VEHICLES 5YRS	0	0	0	0	0	0
CIP	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0
Total	1,216	24,162	57,995	223,809	18,257	1,438,357
Percent increase	-99.5	1887.0	140.0	285.9	-91.8	7778.4

Table 3.5.2.1

Covenant Village
 CAPITAL EXPENDITURES
 CASH FLOW METHODOLOGY
 SUMMED FOR ALL CARE LEVELS
 TOTAL EXPENSES PER YEAR FOR YEARS 1979 TO 2022

Category	1991	1992	1993	1994	1995	1996
LAND	0	0	0	0	0	0
COLLECTIBLES	0	0	0	0	0	0
LAND IMPRV 40YRS	0	0	0	0	0	0
LAND IMPRV 15YRS	0	42,013	150,894	3,149	0	0
LAND IMPRV 7YRS	0	0	0	0	0	0
RENOVATION 15YRS	0	0	0	0	0	0
COTTAGE 39YRS	0	0	0	0	0	0
COTTAGE 35YRS	95,257	1,417,269	26,259	0	0	2,552,549
COTTAGE 30YRS	0	0	0	1,814,114	0	0
COTTAGE 15YRS	0	3,945	0	1,627	0	0
COTTAGE 7YRS	0	0	0	0	0	0
BUILDING	0	0	0	0	0	0
BUILDING HEALTH CENT	0	1,729,740	0	0	0	0
BUILDING IMPROVEMENT	0	0	0	0	0	0
EQUIPMENT 15YRS	0	0	0	0	0	0
EQUIPMENT 7YRS	0	1,841	0	0	0	6,482
EQUIPMENT 3-5YRS	0	0	0	0	0	0
EQUIPMENT AL/NC 7YRS	0	0	0	0	0	0
EQUIPMENT AL/NC 3-5Y	0	0	0	0	0	0
F&F 20 YRS	0	0	0	0	0	0
F&F 15YRS	0	0	0	0	0	0
F&F 10YRS	0	0	0	0	0	0
F&F 7YRS	0	0	258	0	0	0
F&F 5YRS	0	0	0	0	0	0
F&F NURSING 20YRS	0	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0	0
F&F NURSING 7YRS	0	0	0	0	0	0
MEQP 5-7YRS	0	0	0	0	0	0
MEQP NUR 5-7YRS	0	0	0	0	0	0
VEHICLES 5YRS	0	0	0	0	0	0
CIP	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0
Total	95,257	3,194,808	177,411	1,818,890	0	2,559,031
Percent increase	-93.4	3253.9	-94.4	925.2	-100.0	40.7

Table 3.5.2.1

Covenant Village
CAPITAL EXPENDITURES
CASH FLOW METHODOLOGY
SUMMED FOR ALL CARE LEVELS
TOTAL EXPENSES PER YEAR FOR YEARS 1979 TO 2022

Category	1997	1998	1999	2000	2001	2002
LAND	3,963	0	0	18,267	57,454	0
COLLECTIBLES	0	0	0	25,300	0	0
LAND IMPRV 40YRS	0	0	10,500	0	0	0
LAND IMPRV 15YRS	0	0	0	0	0	0
LAND IMPRV 7YRS	0	4,910	0	0	0	0
RENOVATION 15YRS	0	0	0	0	0	0
COTTAGE 39YRS	0	15,795	16,313	0	0	0
COTTAGE 35YRS	5,405,393	321,687	17,858	0	0	0
COTTAGE 30YRS	0	0	0	0	0	0
COTTAGE 15YRS	0	0	0	0	0	0
COTTAGE 7YRS	0	0	0	0	0	0
BUILDING	0	0	0	0	0	0
BUILDING HEALTH CENT	0	0	0	0	0	0
BUILDING IMPROVEMENT	0	0	0	0	0	0
EQUIPMENT 15YRS	0	0	0	0	0	0
EQUIPMENT 7YRS	11,454	15,116	19,571	17,141	10,551	11,470
EQUIPMENT 3-5YRS	0	0	0	0	0	0
EQUIPMENT AL/NC 7YRS	0	0	0	0	0	0
EQUIPMENT AL/NC 3-5Y	0	0	0	0	0	0
F&F 20 YRS	0	0	0	0	0	0
F&F 15YRS	0	0	0	0	0	0
F&F 10YRS	0	0	0	0	0	0
F&F 7YRS	15,686	830	0	2,518	0	0
F&F 5YRS	0	0	0	0	0	0
F&F NURSING 20YRS	0	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0	0
F&F NURSING 7YRS	0	0	0	0	0	0
MEQP 5-7YRS	1,352	509	0	0	0	0
MEQP NUR 5-7YRS	0	0	0	0	0	0
VEHICLES 5YRS	0	0	0	0	0	0
CIP	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0
Total	5,437,848	358,847	64,242	63,226	68,005	11,470
Percent increase	112.5	-93.4	-82.1	-1.6	7.6	-83.1

Table 3.5.2.1

Covenant Village
CAPITAL EXPENDITURES
CASH FLOW METHODOLOGY
SUMMED FOR ALL CARE LEVELS
TOTAL EXPENSES PER YEAR FOR YEARS 1979 TO 2022

Category	2003	2004	2005	2006	2007	2008
LAND	0	0	0	0	0	0
COLLECTIBLES	0	0	0	0	0	0
LAND IMPRV 40YRS	0	0	0	0	0	0
LAND IMPRV 15YRS	0	86,364	38,050	0	21,500	0
LAND IMPRV 7YRS	0	0	0	0	0	0
RENOVATION 15YRS	0	0	0	0	0	0
COTTAGE 39YRS	0	0	17,526	0	0	141,073
COTTAGE 35YRS	0	27,280	0	0	216,987	0
COTTAGE 30YRS	0	0	0	0	0	0
COTTAGE 15YRS	0	0	0	0	0	0
COTTAGE 7YRS	0	0	0	0	0	0
BUILDING	0	0	0	0	0	0
BUILDING HEALTH CENT	0	6,724,372	56,677	0	0	0
BUILDING IMPROVEMENT	0	0	0	0	0	0
EQUIPMENT 15YRS	0	0	0	0	0	0
EQUIPMENT 7YRS	8,024	13,424	35,109	9,106	0	60,335
EQUIPMENT 3-5YRS	0	0	0	0	0	9,509
EQUIPMENT AL/NC 7YRS	0	5,686	0	0	0	0
EQUIPMENT AL/NC 3-5Y	0	0	0	0	0	0
F&F 20 YRS	0	0	0	0	0	0
F&F 15YRS	0	0	0	0	0	0
F&F 10YRS	0	0	0	0	0	2,500
F&F 7YRS	0	0	0	6,366	0	156,091
F&F 5YRS	0	0	0	0	0	0
F&F NURSING 20YRS	0	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0	0
F&F NURSING 7YRS	0	139,173	0	0	0	0
MEQP 5-7YRS	0	0	2,517	0	4,789	5,378
MEQP NUR 5-7YRS	0	2,516	0	0	0	0
VEHICLES 5YRS	0	0	0	0	0	0
CIP	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0
Total	8,024	6,998,815	149,879	15,472	243,276	374,886
Percent increase	-30.0	87123.5	-97.9	-89.7	1472.4	54.1

Table 3.5.2.1

Covenant Village
CAPITAL EXPENDITURES
CASH FLOW METHODOLOGY
SUMMED FOR ALL CARE LEVELS
TOTAL EXPENSES PER YEAR FOR YEARS 1979 TO 2022

Category	2009	2010	2011	2012	2013	2014
LAND	0	0	0	0	0	0
COLLECTIBLES	0	0	0	0	0	0
LAND IMPRV 40YRS	0	0	0	0	0	0
LAND IMPRV 15YRS	0	41,198	13,972	9,140	17,675	52,710
LAND IMPRV 7YRS	0	0	0	0	0	0
RENOVATION 15YRS	0	0	32,915	350,949	530,426	95,341
COTTAGE 39YRS	199,243	0	110,000	0	91,628	0
COTTAGE 35YRS	0	0	0	0	0	0
COTTAGE 30YRS	0	0	0	0	0	0
COTTAGE 15YRS	0	0	0	0	0	0
COTTAGE 7YRS	0	0	0	71,068	15,651	43,864
BUILDING	0	0	0	0	0	0
BUILDING HEALTH CENT	0	0	0	0	76,000	0
BUILDING IMPROVEMENT	0	0	0	0	0	0
EQUIPMENT 15YRS	5,100	0	0	0	0	0
EQUIPMENT 7YRS	124,692	14,452	68,498	88,311	40,715	96,898
EQUIPMENT 3-5YRS	0	0	0	0	1,655	3,249
EQUIPMENT AL/NC 7YRS	0	0	0	0	0	4,940
EQUIPMENT AL/NC 3-5Y	0	0	0	0	5,400	0
F&F 20 YRS	0	0	0	0	0	0
F&F 15YRS	0	0	0	0	0	0
F&F 10YRS	0	183,875	316,427	0	0	0
F&F 7YRS	198,827	0	0	0	0	6,881
F&F 5YRS	0	0	0	0	0	0
F&F NURSING 20YRS	0	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0	0
F&F NURSING 7YRS	0	0	0	0	0	3,832
MEQP 5-7YRS	6,141	413	0	0	0	0
MEQP NUR 5-7YRS	0	0	0	0	0	0
VEHICLES 5YRS	80,332	0	0	0	0	0
CIP	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0
Total	614,335	239,938	541,812	519,468	779,150	307,715
Percent increase	63.9	-60.9	125.8	-4.1	50.0	-60.5

Table 3.5.2.1

Covenant Village
CAPITAL EXPENDITURES
CASH FLOW METHODOLOGY
SUMMED FOR ALL CARE LEVELS
TOTAL EXPENSES PER YEAR FOR YEARS 1979 TO 2022

Category	2015	2016	2017	2018	2019	2020
LAND	0	0	0	0	85,326	0
COLLECTIBLES	0	0	0	0	0	0
LAND IMPRV 40YRS	19,610	0	0	0	0	0
LAND IMPRV 15YRS	318,915	17,548	0	126,325	57,256	64,959
LAND IMPRV 7YRS	0	0	0	0	0	0
RENOVATION 15YRS	271,449	509,200	0	250,290	409,781	403,641
COTTAGE 39YRS	0	178,140	0	13,250	31,500	0
COTTAGE 35YRS	0	0	0	0	0	0
COTTAGE 30YRS	0	0	0	0	0	0
COTTAGE 15YRS	0	0	0	3,360	13,427	111,237
COTTAGE 7YRS	133,260	16,098	0	0	330,526	1,148
BUILDING	494,340	0	0	0	0	0
BUILDING HEALTH CENT	0	0	0	0	0	0
BUILDING IMPROVEMENT	0	0	0	0	0	0
EQUIPMENT 15YRS	0	0	0	0	308,421	0
EQUIPMENT 7YRS	255,194	132,513	227,000	138,162	137,806	494,851
EQUIPMENT 3-5YRS	3,788	0	8,571	46,917	36,281	44,945
EQUIPMENT AL/NC 7YRS	18,360	44,719	66,316	13,251	45,531	39,751
EQUIPMENT AL/NC 3-5Y	0	0	1,189	7,500	0	0
F&F 20 YRS	0	0	0	0	0	0
F&F 15YRS	0	0	0	0	0	0
F&F 10YRS	0	0	0	0	0	0
F&F 7YRS	14,525	11,529	581	6,275	10,505	2,760
F&F 5YRS	0	0	0	0	0	0
F&F NURSING 20YRS	0	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0	0
F&F NURSING 7YRS	5,050	2,701	28,094	626	18,935	3,512
MEQP 5-7YRS	0	0	0	0	0	0
MEQP NUR 5-7YRS	0	0	0	0	0	0
VEHICLES 5YRS	0	0	35,877	37,500	110,132	101,761
CIP	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0
Total	1,534,491	912,448	367,628	643,456	1,595,427	1,268,565
Percent increase	398.7	-40.5	-59.7	75.0	147.9	-20.5

Table 3.5.2.1

Covenant Village
 CAPITAL EXPENDITURES
 CASH FLOW METHODOLOGY
 SUMMED FOR ALL CARE LEVELS
 TOTAL EXPENSES PER YEAR FOR YEARS 1979 TO 2022

Category	2021	2022	Total
LAND	712,037	127,880	1,443,496
COLLECTIBLES	0	0	25,300
LAND IMPRV 40YRS	0	4,968	35,078
LAND IMPRV 15YRS	0	41,326	1,102,994
LAND IMPRV 7YRS	0	0	4,910
RENOVATION 15YRS	504,216	822,281	4,180,489
COTTAGE 39YRS	0	13,867	828,335
COTTAGE 35YRS	0	0	19,179,918
COTTAGE 30YRS	0	0	1,814,114
COTTAGE 15YRS	0	0	133,596
COTTAGE 7YRS	317,460	173,555	1,106,370
BUILDING	0	0	494,340
BUILDING HEALTH CENT	0	0	9,209,065
BUILDING IMPROVEMENT	0	0	0
EQUIPMENT 15YRS	0	90,570	404,091
EQUIPMENT 7YRS	326,636	21,394	2,386,746
EQUIPMENT 3-5YRS	99,090	104,711	497,779
EQUIPMENT AL/NC 7YRS	37,884	0	276,438
EQUIPMENT AL/NC 3-5Y	0	0	14,089
F&F 20 YRS	0	12,722	12,722
F&F 15YRS	0	89,934	89,934
F&F 10YRS	0	921	503,723
F&F 7YRS	38,694	35,686	508,012
F&F 5YRS	0	0	61,355
F&F NURSING 20YRS	0	27,200	27,200
F&F NURSING 15YRS	0	26,751	26,751
F&F NURSING 7YRS	530	0	202,453
MEQP 5-7YRS	0	0	41,372
MEQP NUR 5-7YRS	0	9,168	11,684
VEHICLES 5YRS	0	0	365,602
CIP	0	452,843	452,843
SW COTTAGE EXP UNITS	0	0	0
RENOVATION EXP UNITS	0	0	0
Total	2,036,547	2,055,777	45,440,799
Percent increase	60.5	0.9	N.A.

Table 3.5.2.1 Continued

Covenant Village
CAPITAL EXPENDITURES
CASH FLOW METHODOLOGY
SUMMED FOR ALL CARE LEVELS
TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2023	2024	2025	2026	2027	2028
LAND	0	0	0	0	0	0
COLLECTIBLES	0	0	0	0	0	0
LAND IMPRV 40YRS	0	0	0	0	0	0
LAND IMPRV 15YRS	75,000	75,000	75,000	75,000	78,000	81,120
LAND IMPRV 7YRS	75,000	75,000	75,000	75,000	78,000	81,120
RENOVATION 15YRS	0	0	0	0	0	0
COTTAGE 39YRS	0	0	0	0	0	0
COTTAGE 35YRS	0	0	0	0	0	0
COTTAGE 30YRS	0	0	0	0	0	0
COTTAGE 15YRS	21,780	21,780	21,780	21,780	22,651	23,557
COTTAGE 7YRS	250,000	250,000	250,000	250,000	260,000	270,400
BUILDING	0	0	0	0	0	0
BUILDING HEALTH CENT	0	0	0	0	0	0
BUILDING IMPROVEMENT	204,952	204,952	204,952	204,952	213,150	221,676
EQUIPMENT 15YRS	0	0	0	0	0	0
EQUIPMENT 7YRS	0	0	0	0	0	0
EQUIPMENT 3-5YRS	124,850	124,850	124,850	124,850	129,844	135,038
EQUIPMENT AL/NC 7YRS	50,000	50,000	50,000	50,000	52,000	54,080
EQUIPMENT AL/NC 3-5Y	50,000	50,000	50,000	50,000	52,000	54,080
F&F 20 YRS	0	0	0	0	0	0
F&F 15YRS	0	0	0	0	0	0
F&F 10YRS	96,518	96,518	96,518	96,518	100,379	104,394
F&F 7YRS	7,500	7,500	7,500	7,500	7,800	8,112
F&F 5YRS	7,500	7,500	7,500	7,500	7,800	8,112
F&F NURSING 20YRS	0	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0	0
F&F NURSING 7YRS	0	0	0	0	0	0
MEQP 5-7YRS	0	0	0	0	0	0
MEQP NUR 5-7YRS	0	0	0	0	0	0
VEHICLES 5YRS	36,900	36,900	36,900	36,900	38,376	39,911
CIP	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0
Total	1,000,000	1,000,000	1,000,000	1,000,000	1,040,000	1,081,600
Percent increase	N.A.	0.0	0.0	0.0	4.0	4.0

Table 3.5.2.1 Continued

Covenant Village
 CAPITAL EXPENDITURES
 CASH FLOW METHODOLOGY
 SUMMED FOR ALL CARE LEVELS
 TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2029	2030	2031	2032	Total
LAND	0	0	0	0	0
COLLECTIBLES	0	0	0	0	0
LAND IMPRV 40YRS	0	0	0	0	0
LAND IMPRV 15YRS	84,365	87,739	91,249	94,899	817,372
LAND IMPRV 7YRS	84,365	87,739	91,249	94,899	817,372
RENOVATION 15YRS	0	0	0	0	0
COTTAGE 39YRS	0	0	0	0	0
COTTAGE 35YRS	0	0	0	0	0
COTTAGE 30YRS	0	0	0	0	0
COTTAGE 15YRS	24,500	25,480	26,499	27,559	237,365
COTTAGE 7YRS	281,216	292,465	304,163	316,330	2,724,574
BUILDING	0	0	0	0	0
BUILDING HEALTH CENT	0	0	0	0	0
BUILDING IMPROVEMENT	230,543	239,765	249,355	259,330	2,233,627
EQUIPMENT 15YRS	0	0	0	0	0
EQUIPMENT 7YRS	0	0	0	0	0
EQUIPMENT 3-5YRS	140,439	146,057	151,899	157,975	1,360,652
EQUIPMENT AL/NC 7YRS	56,243	58,493	60,833	63,266	544,915
EQUIPMENT AL/NC 3-5Y	56,243	58,493	60,833	63,266	544,915
F&F 20 YRS	0	0	0	0	0
F&F 15YRS	0	0	0	0	0
F&F 10YRS	108,570	112,912	117,429	122,126	1,051,882
F&F 7YRS	8,436	8,774	9,125	9,490	81,737
F&F 5YRS	8,436	8,774	9,125	9,490	81,737
F&F NURSING 20YRS	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0
F&F NURSING 7YRS	0	0	0	0	0
MEQP 5-7YRS	0	0	0	0	0
MEQP NUR 5-7YRS	0	0	0	0	0
VEHICLES 5YRS	41,507	43,168	44,894	46,690	402,147
CIP	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0
Total	1,124,864	1,169,859	1,216,653	1,265,319	10,898,294
Percent increase	4.0	4.0	4.0	4.0	N.A.

Table 3.5.2.2

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
SUMMED FOR ALL CARE LEVELS
TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2023	2024	2025	2026	2027	2028	2029
LAND	79,392	79,392	79,392	79,392	79,392	79,392	79,392
COLLECTIBLES	0	0	0	0	0	0	0
LAND IMPRV 40YRS	2,186	2,186	2,186	2,186	2,186	2,186	2,186
LAND IMPRV 15YRS	79,553	87,025	92,445	97,169	103,639	110,229	114,967
LAND IMPRV 7YRS	6,599	19,796	32,993	46,191	59,652	73,652	88,211
RENOVATION 15YRS	416,484	416,484	416,484	414,844	395,723	351,819	320,648
COTTAGE 39YRS	52,003	52,003	52,003	52,003	52,003	52,003	52,003
COTTAGE 35YRS	755,397	748,439	701,711	651,888	602,749	555,853	555,000
COTTAGE 30YRS	124,821	62,410	0	0	0	0	0
COTTAGE 15YRS	13,839	16,009	18,179	20,349	22,562	24,864	27,258
COTTAGE 7YRS	168,176	210,751	254,742	269,652	285,342	303,976	309,308
BUILDING	30,807	30,807	30,807	30,807	30,807	30,807	30,807
BUILDING HEALTH CENT	539,078	539,078	539,078	539,078	539,078	539,078	539,078
BUILDING IMPROVEMENT	8,575	25,725	42,876	60,026	77,519	95,712	114,633
EQUIPMENT 15YRS	40,258	40,004	39,750	39,750	39,750	39,750	39,750
EQUIPMENT 7YRS	248,480	216,850	184,722	160,442	104,779	32,503	1,882
EQUIPMENT 3-5YRS	86,858	106,354	126,080	138,452	144,411	148,547	151,565
EQUIPMENT AL/NC 7YRS	44,007	43,036	44,834	48,461	49,932	52,434	58,808
EQUIPMENT AL/NC 3-5Y	6,733	17,563	29,272	40,981	52,924	59,490	60,699
F&F 20 YRS	1,065	1,065	1,065	1,065	1,065	1,065	1,065
F&F 15YRS	8,960	8,960	8,960	8,960	8,960	8,960	8,960
F&F 10YRS	6,525	19,329	32,134	44,939	58,000	71,583	85,710
F&F 7YRS	18,303	18,557	19,274	19,117	19,296	17,049	11,961
F&F 5YRS	878	2,634	4,391	6,147	7,939	8,924	9,105
F&F NURSING 20YRS	2,276	2,276	2,276	2,276	2,276	2,276	2,276
F&F NURSING 15YRS	2,665	2,665	2,665	2,665	2,665	2,665	2,665
F&F NURSING 7YRS	9,334	6,625	4,098	2,377	402	47	0
MEQP 5-7YRS	0	0	0	0	0	0	0
MEQP NUR 5-7YRS	1,613	1,613	1,613	1,613	1,613	1,613	807
VEHICLES 5YRS	58,332	49,687	33,518	30,244	39,058	43,904	44,796
CIP	45,115	45,115	45,115	45,115	45,115	45,115	45,115
SW COTTAGE EXP UNITS	0	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0	0
Total	2,858,313	2,872,440	2,842,662	2,856,188	2,828,837	2,755,495	2,758,652
Percent increase	N.A.	0.5	-1.0	0.5	-1.0	-2.6	0.1

Table 3.5.2.2

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
SUMMED FOR ALL CARE LEVELS
TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2030	2031	2032
LAND	79,392	79,392	79,392
COLLECTIBLES	0	0	0
LAND IMPRV 40YRS	2,186	2,186	2,186
LAND IMPRV 15YRS	105,028	97,184	105,582
LAND IMPRV 7YRS	96,755	99,305	102,486
RENOVATION 15YRS	302,377	263,491	238,126
COTTAGE 39YRS	52,003	52,003	52,003
COTTAGE 35YRS	555,000	472,074	213,541
COTTAGE 30YRS	0	0	0
COTTAGE 15YRS	29,747	32,337	35,029
COTTAGE 7YRS	322,516	331,018	341,619
BUILDING	30,807	30,807	30,807
BUILDING HEALTH CENT	539,078	484,781	430,485
BUILDING IMPROVEMENT	134,310	154,775	176,058
EQUIPMENT 15YRS	39,750	39,750	39,750
EQUIPMENT 7YRS	0	0	0
EQUIPMENT 3-5YRS	155,874	161,524	167,985
EQUIPMENT AL/NC 7YRS	64,503	66,204	68,324
EQUIPMENT AL/NC 3-5Y	62,424	64,687	67,275
F&F 20 YRS	1,065	1,065	1,065
F&F 15YRS	8,960	8,960	8,960
F&F 10YRS	100,402	115,681	131,511
F&F 7YRS	9,675	9,931	10,249
F&F 5YRS	9,364	9,703	10,091
F&F NURSING 20YRS	2,276	2,276	2,276
F&F NURSING 15YRS	2,665	2,665	2,665
F&F NURSING 7YRS	0	0	0
MEQP 5-7YRS	0	0	0
MEQP NUR 5-7YRS	0	0	0
VEHICLES 5YRS	46,069	47,739	49,649
CIP	45,115	45,115	45,115
SW COTTAGE EXP UNITS	0	0	0
RENOVATION EXP UNITS	0	0	0
Total	2,797,341	2,674,651	2,412,226
Percent increase	1.4	-4.4	-9.8

TABLE 3.5.3

Interest Expense for
Covenant Village

Fiscal Year	NOTE PAYABLE	Total
2023	41,423	41,423
2024	35,643	35,643
2025	21,193	21,193
Totals	98,259	98,259

TABLE 3.5.3

Principal Payment Expense for
Covenant Village

Fiscal Year	NOTE PAYABLE	Total
2023	200,000	200,000
2024	200,000	200,000
2025	1,100,000	1,100,000
Totals	1,500,000	1,500,000

Table 3.6.1

Covenant Village
All operating expenses less all Direct Billing Revenues
for Independent Living
Total expenses per year for years 2023 to 2032

Category	2023	2024	2025	2026	2027	2028
NURSING	0	0	0	0	0	0
RESIDENT CARE	119,900	124,696	129,684	134,871	140,266	145,877
SPIRITUAL LIFE	63,865	66,652	69,319	72,091	74,888	77,793
ACTIVITIES	275,228	287,240	298,730	310,679	322,733	335,251
CONCIERGE	171,980	179,486	186,665	194,132	201,664	209,486
WELLNESS	76,585	79,648	82,834	86,148	89,594	93,177
HOUSEKEEPING	947,347	985,241	1,024,651	1,065,637	1,108,262	1,152,593
FOOD & NUTRITION	1,864,169	1,950,410	2,028,427	2,109,564	2,193,946	2,281,704
MAINT - GAS/ELECTRIC	967,010	1,005,691	1,045,918	1,087,755	1,131,265	1,176,516
GAS & ELECTRIC	423,073	439,995	457,595	475,899	494,935	514,732
TECHNOLOGY	571,118	595,878	619,713	644,501	670,281	697,092
SECURITY	314,137	327,755	340,866	354,500	368,680	383,427
MARKETING & SALES	269,100	279,864	291,059	302,701	314,809	327,401
HUMAN RESOURCES	224,270	233,992	243,352	253,086	263,209	273,738
ADMINISTRATION	703,272	733,760	763,111	793,635	825,381	858,396
RENOVATIONS	820,972	856,801	891,073	926,716	962,672	1,000,012
HC DIRECT ADMIT FEES	0	0	0	0	0	0
MEDICAL SUPPLIES	0	0	0	0	0	0
BEAUTY & BARBER SHOP	-39,536	-41,261	-42,911	-44,628	-46,359	-48,158
LAUNDRY INCOME	-15,206	-15,870	-16,504	-17,165	-17,831	-18,522
EMPLOYEE MEALS	-14,644	-15,321	-15,934	-16,571	-17,234	-17,923
GUEST MEALS	-6,000	-6,240	-6,490	-6,749	-7,019	-7,300
MISC INCOME	-10,880	-11,351	-11,806	-12,278	-12,769	-13,280
OTHER INCOME	0	0	0	0	0	0
CONTRIBUTIONS	-38,015	-39,674	-41,261	-42,911	-44,576	-46,305
DESIGNATED GIFT FUND	-19,007	-19,837	-20,631	-21,456	-22,288	-23,153
FUNDRAISING	0	0	0	0	0	0
FITNESS INCOME	-30,000	-31,200	-32,448	-33,746	-35,096	-36,500
Total	7,638,739	7,966,357	8,285,011	8,616,411	8,959,413	9,316,056
Percent increase	N.A.	4.3	4.0	4.0	4.0	4.0

Table 3.6.1

Covenant Village
All operating expenses less all Direct Billing Revenues
for Independent Living
Total expenses per year for years 2023 to 2032

Category	2029	2030	2031	2032
NURSING	0	0	0	0
RESIDENT CARE	151,712	157,780	164,091	170,655
SPIRITUAL LIFE	80,905	84,042	87,300	90,792
ACTIVITIES	348,661	362,182	376,223	391,272
CONCIERGE	217,865	226,314	235,087	244,491
WELLNESS	96,904	100,781	104,812	109,004
HOUSEKEEPING	1,198,697	1,246,645	1,296,510	1,348,371
FOOD & NUTRITION	2,372,973	2,467,891	2,566,607	2,669,271
MAINT - GAS/ELECTRIC	1,223,577	1,272,520	1,323,420	1,376,357
GAS & ELECTRIC	535,322	556,735	579,004	602,164
TECHNOLOGY	724,976	753,975	784,134	815,500
SECURITY	398,764	414,715	431,304	448,556
MARKETING & SALES	340,497	354,117	368,282	383,013
HUMAN RESOURCES	284,687	296,075	307,918	320,234
ADMINISTRATION	892,732	928,441	965,578	1,004,202
RENOVATIONS	1,040,013	1,080,343	1,122,225	1,167,114
HC DIRECT ADMIT FEES	0	0	0	0
MEDICAL SUPPLIES	0	0	0	0
BEAUTY & BARBER SHOP	-50,084	-52,026	-54,043	-56,205
LAUNDRY INCOME	-19,263	-20,010	-20,786	-21,617
EMPLOYEE MEALS	-18,640	-19,386	-20,161	-20,968
GUEST MEALS	-7,592	-7,896	-8,211	-8,540
MISC INCOME	-13,811	-14,363	-14,938	-15,535
OTHER INCOME	0	0	0	0
CONTRIBUTIONS	-48,158	-50,025	-51,964	-54,043
DESIGNATED GIFT FUND	-24,079	-25,013	-25,982	-27,022
FUNDRAISING	0	0	0	0
FITNESS INCOME	-37,960	-39,478	-41,057	-42,699
Total	9,688,699	10,074,358	10,475,352	10,894,367
Percent increase	4.0	4.0	4.0	4.0

Table 3.6.2

Covenant Village
All operating expenses less all Direct Billing Revenues
for Assisted Living
Total expenses per year for years 2023 to 2032

Category	2023	2024	2025	2026	2027	2028	2029
NURSING	1,942,727	2,020,436	2,101,254	2,185,304	2,272,716	2,363,625	2,458,170
RESIDENT CARE	0	0	0	0	0	0	0
SPIRITUAL LIFE	9,124	9,383	9,758	10,149	10,594	11,059	11,501
ACTIVITIES	39,318	40,437	42,054	43,736	45,655	47,658	49,565
CONCIERGE	24,569	25,267	26,278	27,329	28,528	29,780	30,971
WELLNESS	9,010	9,370	9,745	10,135	10,540	10,962	11,401
HOUSEKEEPING	105,706	109,934	114,331	118,905	123,661	128,607	133,751
FOOD & NUTRITION	308,977	316,046	328,688	341,836	355,509	369,730	384,519
MAINT - GAS/ELECTRIC	53,950	56,108	58,352	60,686	63,114	65,638	68,264
GAS & ELECTRIC	23,603	24,548	25,529	26,551	27,613	28,717	29,866
TECHNOLOGY	98,003	101,055	105,097	109,301	113,673	118,220	122,949
SECURITY	53,905	55,584	57,808	60,120	62,525	65,026	67,627
MARKETING & SALES	0	0	0	0	0	0	0
HUMAN RESOURCES	38,484	39,683	41,270	42,921	44,638	46,423	48,280
ADMINISTRATION	120,680	124,439	129,416	134,593	139,977	145,576	151,399
RENOVATIONS	117,282	120,618	125,442	130,460	136,183	142,159	147,845
HC DIRECT ADMIT FEES	-56,818	-56,818	-56,818	-56,818	-56,818	-56,818	-56,818
MEDICAL SUPPLIES	-4,545	-4,727	-4,916	-5,113	-5,318	-5,530	-5,751
BEAUTY & BARBER SHOP	-5,648	-5,809	-6,041	-6,283	-6,558	-6,846	-7,120
LAUNDRY INCOME	-2,172	-2,234	-2,323	-2,416	-2,522	-2,633	-2,738
EMPLOYEE MEALS	-2,427	-2,483	-2,582	-2,685	-2,793	-2,904	-3,021
GUEST MEALS	0	0	0	0	0	0	0
MISC INCOME	-1,867	-1,925	-2,002	-2,082	-2,165	-2,252	-2,342
OTHER INCOME	0	0	0	0	0	0	0
CONTRIBUTIONS	-5,431	-5,585	-5,809	-6,041	-6,306	-6,583	-6,846
DESIGNATED GIFT FUND	-2,715	-2,793	-2,904	-3,020	-3,153	-3,291	-3,423
FUNDRAISING	0	0	0	0	0	0	0
FITNESS INCOME	0	0	0	0	0	0	0
Total	2,863,713	2,970,535	3,091,629	3,217,567	3,349,292	3,486,322	3,628,048
Percent increase	N.A.	3.7	4.1	4.1	4.1	4.1	4.1

Table 3.6.2

Covenant Village
 All operating expenses less all Direct Billing Revenues
 for Assisted Living
 Total expenses per year for years 2023 to 2032

Category	2030	2031	2032
NURSING	2,556,497	2,658,756	2,765,107
RESIDENT CARE	0	0	0
SPIRITUAL LIFE	12,006	12,533	13,035
ACTIVITIES	51,740	54,012	56,173
CONCIERGE	32,331	33,750	35,100
WELLNESS	11,857	12,331	12,824
HOUSEKEEPING	139,102	144,666	150,452
FOOD & NUTRITION	399,899	415,895	432,531
MAINT - GAS/ELECTRIC	70,994	73,834	76,787
GAS & ELECTRIC	31,060	32,303	33,595
TECHNOLOGY	127,867	132,982	138,301
SECURITY	70,332	73,145	76,071
MARKETING & SALES	0	0	0
HUMAN RESOURCES	50,211	52,220	54,309
ADMINISTRATION	157,455	163,753	170,303
RENOVATIONS	154,335	161,111	167,556
HC DIRECT ADMIT FEES	-56,818	-56,818	-56,818
MEDICAL SUPPLIES	-5,982	-6,221	-6,470
BEAUTY & BARBER SHOP	-7,432	-7,759	-8,069
LAUNDRY INCOME	-2,859	-2,984	-3,103
EMPLOYEE MEALS	-3,141	-3,267	-3,398
GUEST MEALS	0	0	0
MISC INCOME	-2,436	-2,533	-2,635
OTHER INCOME	0	0	0
CONTRIBUTIONS	-7,146	-7,460	-7,759
DESIGNATED GIFT FUND	-3,573	-3,730	-3,879
FUNDRAISING	0	0	0
FITNESS INCOME	0	0	0
Total	3,776,298	3,930,520	4,090,013
Percent increase	4.1	4.1	4.1

Table 3.6.3

Covenant Village
All operating expenses less all Direct Billing Revenues
for Nursing Care
Total expenses per year for years 2023 to 2032

Category	2023	2024	2025	2026	2027	2028	2029
NURSING	2,331,273	2,424,524	2,521,505	2,622,365	2,727,259	2,836,350	2,949,804
RESIDENT CARE	0	0	0	0	0	0	0
SPIRITUAL LIFE	11,011	11,324	11,777	12,249	12,786	13,347	13,881
ACTIVITIES	47,453	48,803	50,755	52,785	55,101	57,519	59,819
CONCIERGE	29,652	30,495	31,715	32,984	34,430	35,941	37,379
WELLNESS	4,505	4,685	4,873	5,068	5,270	5,481	5,700
HOUSEKEEPING	126,847	131,921	137,198	142,685	148,393	154,329	160,502
FOOD & NUTRITION	372,904	381,435	396,693	412,560	429,063	446,225	464,074
MAINT - GAS/ELECTRIC	64,740	67,329	70,023	72,824	75,736	78,766	81,917
GAS & ELECTRIC	28,324	29,457	30,635	31,861	33,135	34,461	35,839
TECHNOLOGY	118,279	121,963	126,842	131,915	137,192	142,680	148,387
SECURITY	65,058	67,084	69,768	72,559	75,461	78,479	81,618
MARKETING & SALES	0	0	0	0	0	0	0
HUMAN RESOURCES	46,446	47,893	49,809	51,801	53,873	56,028	58,269
ADMINISTRATION	145,648	150,185	156,192	162,440	168,938	175,695	182,723
RENOVATIONS	141,547	145,573	151,396	157,452	164,359	171,571	178,434
HC DIRECT ADMIT FEES	-68,182	-68,182	-68,182	-68,182	-68,182	-68,182	-68,182
MEDICAL SUPPLIES	-5,455	-5,673	-5,900	-6,136	-6,381	-6,636	-6,902
BEAUTY & BARBER SHOP	-6,816	-7,010	-7,291	-7,582	-7,915	-8,262	-8,593
LAUNDRY INCOME	-2,622	-2,696	-2,804	-2,916	-3,044	-3,178	-3,305
EMPLOYEE MEALS	-2,929	-2,996	-3,116	-3,241	-3,370	-3,505	-3,645
GUEST MEALS	0	0	0	0	0	0	0
MISC INCOME	-2,253	-2,323	-2,416	-2,513	-2,614	-2,718	-2,827
OTHER INCOME	0	0	0	0	0	0	0
CONTRIBUTIONS	-6,554	-6,741	-7,010	-7,291	-7,611	-7,945	-8,262
DESIGNATED GIFT FUND	-3,277	-3,370	-3,505	-3,645	-3,805	-3,972	-4,131
FUNDRAISING	0	0	0	0	0	0	0
FITNESS INCOME	0	0	0	0	0	0	0
Total	3,435,598	3,563,680	3,708,955	3,860,040	4,018,074	4,182,472	4,352,498
Percent increase	N.A.	3.7	4.1	4.1	4.1	4.1	4.1

Table 3.6.3

Covenant Village
All operating expenses less all Direct Billing Revenues
for Nursing Care
Total expenses per year for years 2023 to 2032

Category	2030	2031	2032
NURSING	3,067,796	3,190,508	3,318,128
RESIDENT CARE	0	0	0
SPIRITUAL LIFE	14,490	15,126	15,731
ACTIVITIES	62,445	65,187	67,795
CONCIERGE	39,020	40,733	42,362
WELLNESS	5,928	6,165	6,412
HOUSEKEEPING	166,922	173,599	180,543
FOOD & NUTRITION	482,637	501,943	522,020
MAINT - GAS/ELECTRIC	85,193	88,601	92,145
GAS & ELECTRIC	37,273	38,763	40,314
TECHNOLOGY	154,322	160,495	166,915
SECURITY	84,883	88,279	91,810
MARKETING & SALES	0	0	0
HUMAN RESOURCES	60,600	63,024	65,545
ADMINISTRATION	190,032	197,633	205,538
RENOVATIONS	186,266	194,445	202,223
HC DIRECT ADMIT FEES	-68,182	-68,182	-68,182
MEDICAL SUPPLIES	-7,178	-7,465	-7,764
BEAUTY & BARBER SHOP	-8,970	-9,364	-9,738
LAUNDRY INCOME	-3,450	-3,601	-3,746
EMPLOYEE MEALS	-3,791	-3,943	-4,101
GUEST MEALS	0	0	0
MISC INCOME	-2,940	-3,057	-3,180
OTHER INCOME	0	0	0
CONTRIBUTIONS	-8,625	-9,004	-9,364
DESIGNATED GIFT FUND	-4,313	-4,502	-4,682
FUNDRAISING	0	0	0
FITNESS INCOME	0	0	0
Total	4,530,359	4,715,383	4,906,725
Percent increase	4.1	4.1	4.1

Table 3.7.1

Covenant Village
All operating expenses less all Direct Billing Revenues
for Independent Living
Expenses per capita per day for years 2023 to 2032

Category	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
NURSING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RESIDENT CARE	1.62	1.66	1.72	1.79	1.87	1.96	2.04	2.13	2.23	2.31
SPIRITUAL LIFE	0.86	0.89	0.92	0.96	1.00	1.04	1.09	1.13	1.18	1.23
ACTIVITIES	3.71	3.82	3.97	4.13	4.31	4.50	4.68	4.89	5.10	5.31
CONCIERGE	2.32	2.39	2.48	2.58	2.70	2.81	2.93	3.05	3.19	3.32
WELLNESS	1.03	1.06	1.10	1.15	1.20	1.25	1.30	1.36	1.42	1.48
HOUSEKEEPING	12.79	13.10	13.63	14.17	14.81	15.48	16.10	16.82	17.58	18.29
FOOD & NUTRITION	25.16	25.94	26.98	28.06	29.32	30.64	31.87	33.31	34.81	36.20
MAINT - GAS/ELECTRIC	13.05	13.38	13.91	14.47	15.12	15.80	16.43	17.17	17.95	18.67
GAS & ELECTRIC	5.71	5.85	6.09	6.33	6.61	6.91	7.19	7.51	7.85	8.17
TECHNOLOGY	7.71	7.92	8.24	8.57	8.96	9.36	9.74	10.18	10.64	11.06
SECURITY	4.24	4.36	4.53	4.71	4.93	5.15	5.36	5.60	5.85	6.08
MARKETING & SALES	3.63	3.72	3.87	4.03	4.21	4.40	4.57	4.78	5.00	5.19
HUMAN RESOURCES	3.03	3.11	3.24	3.37	3.52	3.68	3.82	4.00	4.18	4.34
ADMINISTRATION	9.49	9.76	10.15	10.56	11.03	11.53	11.99	12.53	13.10	13.62
RENOVATIONS	11.08	11.40	11.85	12.32	12.87	13.43	13.97	14.58	15.22	15.83
HC DIRECT ADMIT FEES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MEDICAL SUPPLIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BEAUTY & BARBER SHOP	-0.53	-0.55	-0.57	-0.59	-0.62	-0.65	-0.67	-0.70	-0.73	-0.76
LAUNDRY INCOME	-0.21	-0.21	-0.22	-0.23	-0.24	-0.25	-0.26	-0.27	-0.28	-0.29
EMPLOYEE MEALS	-0.20	-0.20	-0.21	-0.22	-0.23	-0.24	-0.25	-0.26	-0.27	-0.28
GUEST MEALS	-0.08	-0.08	-0.09	-0.09	-0.09	-0.10	-0.10	-0.11	-0.11	-0.12
MISC INCOME	-0.15	-0.15	-0.16	-0.16	-0.17	-0.18	-0.19	-0.19	-0.20	-0.21
OTHER INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTIONS	-0.51	-0.53	-0.55	-0.57	-0.60	-0.62	-0.65	-0.68	-0.70	-0.73
DESIGNATED GIFT FUND	-0.26	-0.26	-0.27	-0.29	-0.30	-0.31	-0.32	-0.34	-0.35	-0.37
FUNDRAISING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FITNESS INCOME	-0.40	-0.41	-0.43	-0.45	-0.47	-0.49	-0.51	-0.53	-0.56	-0.58
Total	103.09	105.95	110.19	114.60	119.74	125.11	130.12	135.97	142.08	147.76
Percent increase	N.A.	2.8	4.0	4.0	4.5	4.5	4.0	4.5	4.5	4.0

Table 3.7.2

Covenant Village
All operating expenses less all Direct Billing Revenues
for Assisted Living
Expenses per capita per day for years 2023 to 2032

Category	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
NURSING	183.54	190.88	198.51	206.45	214.71	223.30	232.23	241.52	251.18	261.23
RESIDENT CARE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SPIRITUAL LIFE	0.86	0.89	0.92	0.96	1.00	1.04	1.09	1.13	1.18	1.23
ACTIVITIES	3.71	3.82	3.97	4.13	4.31	4.50	4.68	4.89	5.10	5.31
CONCIERGE	2.32	2.39	2.48	2.58	2.70	2.81	2.93	3.05	3.19	3.32
WELLNESS	0.85	0.89	0.92	0.96	1.00	1.04	1.08	1.12	1.16	1.21
HOUSEKEEPING	9.99	10.39	10.80	11.23	11.68	12.15	12.64	13.14	13.67	14.21
FOOD & NUTRITION	29.19	29.86	31.05	32.29	33.59	34.93	36.33	37.78	39.29	40.86
MAINT - GAS/ELECTRIC	5.10	5.30	5.51	5.73	5.96	6.20	6.45	6.71	6.98	7.25
GAS & ELECTRIC	2.23	2.32	2.41	2.51	2.61	2.71	2.82	2.93	3.05	3.17
TECHNOLOGY	9.26	9.55	9.93	10.33	10.74	11.17	11.62	12.08	12.56	13.07
SECURITY	5.09	5.25	5.46	5.68	5.91	6.14	6.39	6.64	6.91	7.19
MARKETING & SALES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HUMAN RESOURCES	3.64	3.75	3.90	4.05	4.22	4.39	4.56	4.74	4.93	5.13
ADMINISTRATION	11.40	11.76	12.23	12.72	13.22	13.75	14.30	14.88	15.47	16.09
RENOVATIONS	11.08	11.40	11.85	12.32	12.87	13.43	13.97	14.58	15.22	15.83
HC DIRECT ADMIT FEES	-5.37	-5.37	-5.37	-5.37	-5.37	-5.37	-5.37	-5.37	-5.37	-5.37
MEDICAL SUPPLIES	-0.43	-0.45	-0.46	-0.48	-0.50	-0.52	-0.54	-0.57	-0.59	-0.61
BEAUTY & BARBER SHOP	-0.53	-0.55	-0.57	-0.59	-0.62	-0.65	-0.67	-0.70	-0.73	-0.76
LAUNDRY INCOME	-0.21	-0.21	-0.22	-0.23	-0.24	-0.25	-0.26	-0.27	-0.28	-0.29
EMPLOYEE MEALS	-0.23	-0.23	-0.24	-0.25	-0.26	-0.27	-0.29	-0.30	-0.31	-0.32
GUEST MEALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MISC INCOME	-0.18	-0.18	-0.19	-0.20	-0.20	-0.21	-0.22	-0.23	-0.24	-0.25
OTHER INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTIONS	-0.51	-0.53	-0.55	-0.57	-0.60	-0.62	-0.65	-0.68	-0.70	-0.73
DESIGNATED GIFT FUND	-0.26	-0.26	-0.27	-0.29	-0.30	-0.31	-0.32	-0.34	-0.35	-0.37
FUNDRAISING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FITNESS INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	270.54	280.64	292.08	303.97	316.42	329.36	342.75	356.76	371.33	386.40
Percent increase	N.A.	3.7	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1

Table 3.7.3

Covenant Village
All operating expenses less all Direct Billing Revenues
for Nursing Care
Expenses per capita per day for years 2023 to 2032

Category	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
NURSING	182.49	189.79	197.38	205.27	213.48	222.02	230.90	240.14	249.75	259.74
RESIDENT CARE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SPIRITUAL LIFE	0.86	0.89	0.92	0.96	1.00	1.04	1.09	1.13	1.18	1.23
ACTIVITIES	3.71	3.82	3.97	4.13	4.31	4.50	4.68	4.89	5.10	5.31
CONCIERGE	2.32	2.39	2.48	2.58	2.70	2.81	2.93	3.05	3.19	3.32
WELLNESS	0.35	0.37	0.38	0.40	0.41	0.43	0.45	0.46	0.48	0.50
HOUSEKEEPING	9.93	10.33	10.74	11.17	11.62	12.08	12.56	13.07	13.59	14.13
FOOD & NUTRITION	29.19	29.86	31.05	32.29	33.59	34.93	36.33	37.78	39.29	40.86
MAINT - GAS/ELECTRIC	5.07	5.27	5.48	5.70	5.93	6.17	6.41	6.67	6.94	7.21
GAS & ELECTRIC	2.22	2.31	2.40	2.49	2.59	2.70	2.81	2.92	3.03	3.16
TECHNOLOGY	9.26	9.55	9.93	10.33	10.74	11.17	11.62	12.08	12.56	13.07
SECURITY	5.09	5.25	5.46	5.68	5.91	6.14	6.39	6.64	6.91	7.19
MARKETING & SALES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HUMAN RESOURCES	3.64	3.75	3.90	4.05	4.22	4.39	4.56	4.74	4.93	5.13
ADMINISTRATION	11.40	11.76	12.23	12.72	13.22	13.75	14.30	14.88	15.47	16.09
RENOVATIONS	11.08	11.40	11.85	12.32	12.87	13.43	13.97	14.58	15.22	15.83
HC DIRECT ADMIT FEES	-5.34	-5.34	-5.34	-5.34	-5.34	-5.34	-5.34	-5.34	-5.34	-5.34
MEDICAL SUPPLIES	-0.43	-0.44	-0.46	-0.48	-0.50	-0.52	-0.54	-0.56	-0.58	-0.61
BEAUTY & BARBER SHOP	-0.53	-0.55	-0.57	-0.59	-0.62	-0.65	-0.67	-0.70	-0.73	-0.76
LAUNDRY INCOME	-0.21	-0.21	-0.22	-0.23	-0.24	-0.25	-0.26	-0.27	-0.28	-0.29
EMPLOYEE MEALS	-0.23	-0.23	-0.24	-0.25	-0.26	-0.27	-0.29	-0.30	-0.31	-0.32
GUEST MEALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MISC INCOME	-0.18	-0.18	-0.19	-0.20	-0.20	-0.21	-0.22	-0.23	-0.24	-0.25
OTHER INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTIONS	-0.51	-0.53	-0.55	-0.57	-0.60	-0.62	-0.65	-0.68	-0.70	-0.73
DESIGNATED GIFT FUND	-0.26	-0.26	-0.27	-0.29	-0.30	-0.31	-0.32	-0.34	-0.35	-0.37
FUNDRAISING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FITNESS INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	268.93	278.96	290.33	302.16	314.53	327.40	340.70	354.63	369.11	384.09
Percent increase	N.A.	3.7	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1

Table 3.8.1

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
FOR Independent Living
TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2023	2024	2025	2026	2027	2028	2029
LAND	58,968	58,968	58,968	58,968	58,968	58,968	58,968
COLLECTIBLES	0	0	0	0	0	0	0
LAND IMPRV 40YRS	1,641	1,641	1,641	1,641	1,641	1,641	1,641
LAND IMPRV 15YRS	57,340	62,791	66,763	70,234	74,965	79,785	83,273
LAND IMPRV 7YRS	4,814	14,441	24,069	33,696	43,517	53,729	64,351
RENOVATION 15YRS	300,009	300,009	300,009	298,828	285,055	253,429	230,975
COTTAGE 39YRS	52,003	52,003	52,003	52,003	52,003	52,003	52,003
COTTAGE 35YRS	755,397	748,439	701,711	651,888	602,749	555,853	555,000
COTTAGE 30YRS	124,821	62,410	0	0	0	0	0
COTTAGE 15YRS	13,839	16,009	18,179	20,349	22,562	24,864	27,258
COTTAGE 7YRS	168,176	210,751	254,742	269,652	285,342	303,976	309,308
BUILDING	22,192	22,192	22,192	22,192	22,192	22,192	22,192
BUILDING HEALTH CENT	0	0	0	0	0	0	0
BUILDING IMPROVEMENT	6,256	18,767	31,278	43,789	56,551	69,823	83,626
EQUIPMENT 15YRS	28,999	28,816	28,633	28,633	28,633	28,633	28,633
EQUIPMENT 7YRS	178,990	156,205	133,062	115,572	75,476	23,413	1,356
EQUIPMENT 3-5YRS	62,702	77,013	91,491	100,671	105,237	108,366	110,568
EQUIPMENT AL/NC 7YRS	0	0	0	0	0	0	0
EQUIPMENT AL/NC 3-5Y	0	0	0	0	0	0	0
F&F 20 YRS	767	767	767	767	767	767	767
F&F 15YRS	6,454	6,454	6,454	6,454	6,454	6,454	6,454
F&F 10YRS	4,759	14,100	23,441	32,782	42,310	52,220	62,525
F&F 7YRS	13,190	13,386	13,914	13,813	13,955	12,349	8,697
F&F 5YRS	641	1,922	3,203	4,484	5,791	6,510	6,642
F&F NURSING 20YRS	0	0	0	0	0	0	0
F&F NURSING 15YRS	0	0	0	0	0	0	0
F&F NURSING 7YRS	0	0	0	0	0	0	0
MEQP 5-7YRS	0	0	0	0	0	0	0
MEQP NUR 5-7YRS	0	0	0	0	0	0	0
VEHICLES 5YRS	42,058	35,910	24,342	22,063	28,493	32,028	32,679
CIP	45,115	45,115	45,115	45,115	45,115	45,115	45,115
SW COTTAGE EXP UNITS	0	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0	0
Total	1,949,130	1,948,109	1,901,977	1,893,596	1,857,775	1,792,117	1,792,029
Percent increase	N.A.	-0.1	-2.4	-0.4	-1.9	-3.5	0.0

Table 3.8.1

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
FOR Independent Living
TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2030	2031	2032
LAND	58,968	58,968	58,968
COLLECTIBLES	0	0	0
LAND IMPRV 40YRS	1,641	1,641	1,641
LAND IMPRV 15YRS	76,192	70,623	76,758
LAND IMPRV 7YRS	70,583	72,444	74,764
RENOVATION 15YRS	217,814	189,803	171,531
COTTAGE 39YRS	52,003	52,003	52,003
COTTAGE 35YRS	555,000	472,074	213,541
COTTAGE 30YRS	0	0	0
COTTAGE 15YRS	29,747	32,337	35,029
COTTAGE 7YRS	322,516	331,018	341,619
BUILDING	22,192	22,192	22,192
BUILDING HEALTH CENT	0	0	0
BUILDING IMPROVEMENT	97,980	112,910	128,436
EQUIPMENT 15YRS	28,633	28,633	28,633
EQUIPMENT 7YRS	0	0	0
EQUIPMENT 3-5YRS	113,711	117,833	122,546
EQUIPMENT AL/NC 7YRS	0	0	0
EQUIPMENT AL/NC 3-5Y	0	0	0
F&F 20 YRS	767	767	767
F&F 15YRS	6,454	6,454	6,454
F&F 10YRS	73,243	84,389	95,938
F&F 7YRS	7,058	7,244	7,476
F&F 5YRS	6,831	7,078	7,362
F&F NURSING 20YRS	0	0	0
F&F NURSING 15YRS	0	0	0
F&F NURSING 7YRS	0	0	0
MEQP 5-7YRS	0	0	0
MEQP NUR 5-7YRS	0	0	0
VEHICLES 5YRS	33,608	34,826	36,219
CIP	45,115	45,115	45,115
SW COTTAGE EXP UNITS	0	0	0
RENOVATION EXP UNITS	0	0	0
Total	1,820,057	1,748,352	1,526,992
Percent increase	1.6	-3.9	-12.7

Table 3.8.2

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
FOR Assisted Living
TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2023	2024	2025	2026	2027	2028	2029	2030
LAND	9,481	9,481	9,481	9,481	9,481	9,481	9,481	9,481
COLLECTIBLES	0	0	0	0	0	0	0	0
LAND IMPRV 40YRS	252	252	252	252	252	252	252	252
LAND IMPRV 15YRS	10,097	11,016	11,674	12,243	13,034	13,838	14,406	13,107
LAND IMPRV 7YRS	811	2,434	4,057	5,679	7,334	9,056	10,846	11,896
RENOVATION 15YRS	52,943	52,943	52,943	52,734	50,304	44,723	40,760	38,438
COTTAGE 39YRS	0	0	0	0	0	0	0	0
COTTAGE 35YRS	0	0	0	0	0	0	0	0
COTTAGE 30YRS	0	0	0	0	0	0	0	0
COTTAGE 15YRS	0	0	0	0	0	0	0	0
COTTAGE 7YRS	0	0	0	0	0	0	0	0
BUILDING	3,916	3,916	3,916	3,916	3,916	3,916	3,916	3,916
BUILDING HEALTH CENT	245,035	245,035	245,035	245,035	245,035	245,035	245,035	245,035
BUILDING IMPROVEMENT	1,054	3,163	5,272	7,380	9,531	11,768	14,094	16,514
EQUIPMENT 15YRS	5,118	5,085	5,053	5,053	5,053	5,053	5,053	5,053
EQUIPMENT 7YRS	31,586	27,566	23,482	20,395	13,319	4,132	239	0
EQUIPMENT 3-5YRS	10,980	13,337	15,723	17,173	17,807	18,264	18,635	19,165
EQUIPMENT AL/NC 7YRS	20,003	19,562	20,379	22,028	22,696	23,834	26,731	29,320
EQUIPMENT AL/NC 3-5Y	3,060	7,983	13,305	18,628	24,056	27,041	27,590	28,375
F&F 20 YRS	135	135	135	135	135	135	135	135
F&F 15YRS	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139
F&F 10YRS	803	2,377	3,951	5,526	7,132	8,802	10,539	12,345
F&F 7YRS	2,324	2,351	2,436	2,411	2,428	2,137	1,484	1,190
F&F 5YRS	108	324	540	756	976	1,097	1,119	1,151
F&F NURSING 20YRS	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035
F&F NURSING 15YRS	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211
F&F NURSING 7YRS	4,243	3,011	1,863	1,081	183	21	0	0
MEQP 5-7YRS	0	0	0	0	0	0	0	0
MEQP NUR 5-7YRS	733	733	733	733	733	733	367	0
VEHICLES 5YRS	7,397	6,262	4,171	3,719	4,802	5,398	5,508	5,664
CIP	0	0	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0	0	0
Total	413,466	420,352	427,786	437,743	441,593	438,101	439,576	444,422
Percent increase	N.A.	1.7	1.8	2.3	0.9	-0.8	0.3	1.1

Table 3.8.2

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
FOR Assisted Living
TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2031	2032
LAND	9,481	9,481
COLLECTIBLES	0	0
LAND IMPRV 40YRS	252	252
LAND IMPRV 15YRS	12,073	13,102
LAND IMPRV 7YRS	12,210	12,601
RENOVATION 15YRS	33,495	30,270
COTTAGE 39YRS	0	0
COTTAGE 35YRS	0	0
COTTAGE 30YRS	0	0
COTTAGE 15YRS	0	0
COTTAGE 7YRS	0	0
BUILDING	3,916	3,916
BUILDING HEALTH CENT	220,355	195,675
BUILDING IMPROVEMENT	19,030	21,646
EQUIPMENT 15YRS	5,053	5,053
EQUIPMENT 7YRS	0	0
EQUIPMENT 3-5YRS	19,859	20,654
EQUIPMENT AL/NC 7YRS	30,093	31,056
EQUIPMENT AL/NC 3-5Y	29,403	30,579
F&F 20 YRS	135	135
F&F 15YRS	1,139	1,139
F&F 10YRS	14,224	16,170
F&F 7YRS	1,221	1,260
F&F 5YRS	1,193	1,241
F&F NURSING 20YRS	1,035	1,035
F&F NURSING 15YRS	1,211	1,211
F&F NURSING 7YRS	0	0
MEQP 5-7YRS	0	0
MEQP NUR 5-7YRS	0	0
VEHICLES 5YRS	5,870	6,104
CIP	0	0
SW COTTAGE EXP UNITS	0	0
RENOVATION EXP UNITS	0	0
Total	421,247	402,581
Percent increase	-5.2	-4.4

Table 3.8.3

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
FOR Nursing Care
TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2023	2024	2025	2026	2027	2028	2029	2030
LAND	10,943	10,943	10,943	10,943	10,943	10,943	10,943	10,943
COLLECTIBLES	0	0	0	0	0	0	0	0
LAND IMPRV 40YRS	294	294	294	294	294	294	294	294
LAND IMPRV 15YRS	12,117	13,219	14,008	14,692	15,640	16,606	17,287	15,729
LAND IMPRV 7YRS	974	2,921	4,868	6,815	8,801	10,867	13,015	14,275
RENOVATION 15YRS	63,531	63,531	63,531	63,281	60,364	53,667	48,912	46,125
COTTAGE 39YRS	0	0	0	0	0	0	0	0
COTTAGE 35YRS	0	0	0	0	0	0	0	0
COTTAGE 30YRS	0	0	0	0	0	0	0	0
COTTAGE 15YRS	0	0	0	0	0	0	0	0
COTTAGE 7YRS	0	0	0	0	0	0	0	0
BUILDING	4,699	4,699	4,699	4,699	4,699	4,699	4,699	4,699
BUILDING HEALTH CENT	294,042	294,042	294,042	294,042	294,042	294,042	294,042	294,042
BUILDING IMPROVEMENT	1,265	3,796	6,326	8,856	11,437	14,121	16,913	19,816
EQUIPMENT 15YRS	6,141	6,102	6,064	6,064	6,064	6,064	6,064	6,064
EQUIPMENT 7YRS	37,904	33,079	28,178	24,474	15,983	4,958	287	0
EQUIPMENT 3-5YRS	13,176	16,004	18,867	20,608	21,368	21,917	22,362	22,998
EQUIPMENT AL/NC 7YRS	24,004	23,474	24,455	26,433	27,235	28,600	32,077	35,184
EQUIPMENT AL/NC 3-5Y	3,672	9,580	15,967	22,353	28,868	32,449	33,108	34,050
F&F 20 YRS	162	162	162	162	162	162	162	162
F&F 15YRS	1,367	1,367	1,367	1,367	1,367	1,367	1,367	1,367
F&F 10YRS	963	2,852	4,742	6,631	8,558	10,562	12,646	14,814
F&F 7YRS	2,789	2,821	2,924	2,893	2,914	2,564	1,780	1,428
F&F 5YRS	130	389	648	907	1,171	1,317	1,343	1,382
F&F NURSING 20YRS	1,241	1,241	1,241	1,241	1,241	1,241	1,241	1,241
F&F NURSING 15YRS	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454
F&F NURSING 7YRS	5,092	3,614	2,235	1,297	219	25	0	0
MEQP 5-7YRS	0	0	0	0	0	0	0	0
MEQP NUR 5-7YRS	880	880	880	880	880	880	440	0
VEHICLES 5YRS	8,876	7,515	5,005	4,462	5,763	6,478	6,609	6,797
CIP	0	0	0	0	0	0	0	0
SW COTTAGE EXP UNITS	0	0	0	0	0	0	0	0
RENOVATION EXP UNITS	0	0	0	0	0	0	0	0
Total	495,716	503,979	512,899	524,848	529,468	525,277	527,048	532,862
Percent increase	N.A.	1.7	1.8	2.3	0.9	-0.8	0.3	1.1

Table 3.8.3

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
FOR Nursing Care
TOTAL EXPENSES PER YEAR FOR YEARS 2023 TO 2032

Category	2031	2032
LAND	10,943	10,943
COLLECTIBLES	0	0
LAND IMPRV 40YRS	294	294
LAND IMPRV 15YRS	14,487	15,722
LAND IMPRV 7YRS	14,652	15,121
RENOVATION 15YRS	40,193	36,324
COTTAGE 39YRS	0	0
COTTAGE 35YRS	0	0
COTTAGE 30YRS	0	0
COTTAGE 15YRS	0	0
COTTAGE 7YRS	0	0
BUILDING	4,699	4,699
BUILDING HEALTH CENT	264,426	234,810
BUILDING IMPROVEMENT	22,836	25,976
EQUIPMENT 15YRS	6,064	6,064
EQUIPMENT 7YRS	0	0
EQUIPMENT 3-5YRS	23,831	24,785
EQUIPMENT AL/NC 7YRS	36,111	37,268
EQUIPMENT AL/NC 3-5Y	35,284	36,695
F&F 20 YRS	162	162
F&F 15YRS	1,367	1,367
F&F 10YRS	17,068	19,404
F&F 7YRS	1,465	1,512
F&F 5YRS	1,432	1,489
F&F NURSING 20YRS	1,241	1,241
F&F NURSING 15YRS	1,454	1,454
F&F NURSING 7YRS	0	0
MEQP 5-7YRS	0	0
MEQP NUR 5-7YRS	0	0
VEHICLES 5YRS	7,043	7,325
CIP	0	0
SW COTTAGE EXP UNITS	0	0
RENOVATION EXP UNITS	0	0
Total	505,053	482,654
Percent increase	-5.2	-4.4

Table 3.9.1

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
FOR Independent Living
EXPENSES PER CAPITA PER DAY FOR YEARS 2023 TO 2032

Category	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
LAND	0.80	0.78	0.78	0.78	0.79	0.79	0.79	0.80	0.80	0.80
COLLECTIBLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LAND IMPRV 40YRS	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
LAND IMPRV 15YRS	0.77	0.84	0.89	0.93	1.00	1.07	1.12	1.03	0.96	1.04
LAND IMPRV 7YRS	0.06	0.19	0.32	0.45	0.58	0.72	0.86	0.95	0.98	1.01
RENOVATION 15YRS	4.05	3.99	3.99	3.97	3.81	3.40	3.10	2.94	2.57	2.33
COTTAGE 39YRS	0.70	0.69	0.69	0.69	0.69	0.70	0.70	0.70	0.71	0.71
COTTAGE 35YRS	10.19	9.95	9.33	8.67	8.06	7.47	7.45	7.49	6.40	2.90
COTTAGE 30YRS	1.68	0.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COTTAGE 15YRS	0.19	0.21	0.24	0.27	0.30	0.33	0.37	0.40	0.44	0.48
COTTAGE 7YRS	2.27	2.80	3.39	3.59	3.81	4.08	4.15	4.35	4.49	4.63
BUILDING	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
BUILDING HEALTH CENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING IMPROVEMENT	0.08	0.25	0.42	0.58	0.76	0.94	1.12	1.32	1.53	1.74
EQUIPMENT 15YRS	0.39	0.38	0.38	0.38	0.38	0.38	0.38	0.39	0.39	0.39
EQUIPMENT 7YRS	2.42	2.08	1.77	1.54	1.01	0.31	0.02	0.00	0.00	0.00
EQUIPMENT 3-5YRS	0.85	1.02	1.22	1.34	1.41	1.46	1.48	1.53	1.60	1.66
EQUIPMENT AL/NC 7YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT AL/NC 3-5Y	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
F&F 20 YRS	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
F&F 15YRS	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
F&F 10YRS	0.06	0.19	0.31	0.44	0.57	0.70	0.84	0.99	1.14	1.30
F&F 7YRS	0.18	0.18	0.19	0.18	0.19	0.17	0.12	0.10	0.10	0.10
F&F 5YRS	0.01	0.03	0.04	0.06	0.08	0.09	0.09	0.09	0.10	0.10
F&F NURSING 20YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
F&F NURSING 15YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
F&F NURSING 7YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MEQP 5-7YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MEQP NUR 5-7YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VEHICLES 5YRS	0.57	0.48	0.32	0.29	0.38	0.43	0.44	0.45	0.47	0.49
CIP	0.61	0.60	0.60	0.60	0.60	0.61	0.61	0.61	0.61	0.61
SW COTTAGE EXP UNITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RENOVATION EXP UNITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	26.31	25.91	25.30	25.18	24.83	24.07	24.07	24.56	23.71	20.71
Percent increase	N.A.	-1.5	-2.4	-0.4	-1.4	-3.1	0.0	2.1	-3.5	-12.7

Table 3.9.2

Covenant Village
 CAPITAL EXPENSES
 IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
 FOR Assisted Living
 EXPENSES PER CAPITA PER DAY FOR YEARS 2023 TO 2032

Category	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
LAND	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
COLLECTIBLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LAND IMPRV 40YRS	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
LAND IMPRV 15YRS	0.95	1.04	1.10	1.16	1.23	1.31	1.36	1.24	1.14	1.24
LAND IMPRV 7YRS	0.08	0.23	0.38	0.54	0.69	0.86	1.02	1.12	1.15	1.19
RENOVATION 15YRS	5.00	5.00	5.00	4.98	4.75	4.23	3.85	3.63	3.16	2.86
COTTAGE 39YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COTTAGE 35YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COTTAGE 30YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COTTAGE 15YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COTTAGE 7YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
BUILDING HEALTH CENT	23.15	23.15	23.15	23.15	23.15	23.15	23.15	23.15	20.82	18.49
BUILDING IMPROVEMENT	0.10	0.30	0.50	0.70	0.90	1.11	1.33	1.56	1.80	2.05
EQUIPMENT 15YRS	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48
EQUIPMENT 7YRS	2.98	2.60	2.22	1.93	1.26	0.39	0.02	0.00	0.00	0.00
EQUIPMENT 3-5YRS	1.04	1.26	1.49	1.62	1.68	1.73	1.76	1.81	1.88	1.95
EQUIPMENT AL/NC 7YRS	1.89	1.85	1.93	2.08	2.14	2.25	2.53	2.77	2.84	2.93
EQUIPMENT AL/NC 3-5Y	0.29	0.75	1.26	1.76	2.27	2.55	2.61	2.68	2.78	2.89
F&F 20 YRS	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
F&F 15YRS	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
F&F 10YRS	0.08	0.22	0.37	0.52	0.67	0.83	1.00	1.17	1.34	1.53
F&F 7YRS	0.22	0.22	0.23	0.23	0.23	0.20	0.14	0.11	0.12	0.12
F&F 5YRS	0.01	0.03	0.05	0.07	0.09	0.10	0.11	0.11	0.11	0.12
F&F NURSING 20YRS	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
F&F NURSING 15YRS	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
F&F NURSING 7YRS	0.40	0.28	0.18	0.10	0.02	0.00	0.00	0.00	0.00	0.00
MEQP 5-7YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MEQP NUR 5-7YRS	0.07	0.07	0.07	0.07	0.07	0.07	0.03	0.00	0.00	0.00
VEHICLES 5YRS	0.70	0.59	0.39	0.35	0.45	0.51	0.52	0.54	0.55	0.58
CIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SW COTTAGE EXP UNITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RENOVATION EXP UNITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	39.06	39.71	40.41	41.36	41.72	41.39	41.53	41.99	39.80	38.03
Percent increase	N.A.	1.7	1.8	2.3	0.9	-0.8	0.3	1.1	-5.2	-4.4

Table 3.9.3

Covenant Village
CAPITAL EXPENSES
IMPUTED INTEREST - LEVEL DEPRECIATION EXPENSE METHODOLOGY
FOR Nursing Care
EXPENSES PER CAPITA PER DAY FOR YEARS 2023 TO 2032

Category	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
LAND	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86
COLLECTIBLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LAND IMPRV 40YRS	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
LAND IMPRV 15YRS	0.95	1.03	1.10	1.15	1.22	1.30	1.35	1.23	1.13	1.23
LAND IMPRV 7YRS	0.08	0.23	0.38	0.53	0.69	0.85	1.02	1.12	1.15	1.18
RENOVATION 15YRS	4.97	4.97	4.97	4.95	4.73	4.20	3.83	3.61	3.15	2.84
COTTAGE 39YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COTTAGE 35YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COTTAGE 30YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COTTAGE 15YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COTTAGE 7YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
BUILDING HEALTH CENT	23.02	23.02	23.02	23.02	23.02	23.02	23.02	23.02	20.70	18.38
BUILDING IMPROVEMENT	0.10	0.30	0.50	0.69	0.90	1.11	1.32	1.55	1.79	2.03
EQUIPMENT 15YRS	0.48	0.48	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47
EQUIPMENT 7YRS	2.97	2.59	2.21	1.92	1.25	0.39	0.02	0.00	0.00	0.00
EQUIPMENT 3-5YRS	1.03	1.25	1.48	1.61	1.67	1.72	1.75	1.80	1.87	1.94
EQUIPMENT AL/NC 7YRS	1.88	1.84	1.91	2.07	2.13	2.24	2.51	2.75	2.83	2.92
EQUIPMENT AL/NC 3-5Y	0.29	0.75	1.25	1.75	2.26	2.54	2.59	2.67	2.76	2.87
F&F 20 YRS	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
F&F 15YRS	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
F&F 10YRS	0.08	0.22	0.37	0.52	0.67	0.83	0.99	1.16	1.34	1.52
F&F 7YRS	0.22	0.22	0.23	0.23	0.23	0.20	0.14	0.11	0.11	0.12
F&F 5YRS	0.01	0.03	0.05	0.07	0.09	0.10	0.11	0.11	0.11	0.12
F&F NURSING 20YRS	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
F&F NURSING 15YRS	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
F&F NURSING 7YRS	0.40	0.28	0.17	0.10	0.02	0.00	0.00	0.00	0.00	0.00
MEQP 5-7YRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MEQP NUR 5-7YRS	0.07	0.07	0.07	0.07	0.07	0.07	0.03	0.00	0.00	0.00
VEHICLES 5YRS	0.69	0.59	0.39	0.35	0.45	0.51	0.52	0.53	0.55	0.57
CIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SW COTTAGE EXP UNITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RENOVATION EXP UNITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	38.80	39.45	40.15	41.08	41.45	41.12	41.26	41.71	39.53	37.78
Percent increase	N.A.	1.7	1.8	2.3	0.9	-0.8	0.3	1.1	-5.2	-4.4

Table 4.1

Covenant Village Actuarial Valuation Statement
 As of September 30, 2022
 Based on Database Census as of September 30, 2022
 Survivorship Probabilities Projection Methodology

	Current Valuation
(1) NET ASSETS:	
Current Assets	\$ 5,159,545
Other Assets	4,142,710
Actuarial Present Value of Net Fixed Assets ..	20,480,108
Current Liabilities	(936,743)
Other Liabilities	(129,075)
Actuarial Present Value of Long-Term Debt	(1,433,233)

Subtotal	\$ 27,283,312
(2) ACTUARIAL LIABILITIES:	
PV Independent Living Operating Expenses	\$ 36,848,062
PV Assisted Living Operating Expenses	16,024,692
PV Nursing Care Operating Expenses	18,535,799
PV Independent Living Capital Expenses	8,243,439
PV Assisted Living Capital Expenses	1,971,869
PV Nursing Care Capital Expenses	2,300,024

Subtotal	\$ 83,923,885
(3) ACTUARIAL ASSETS:	
PV of Monthly Revenues	\$ 55,823,964
PV of Monthly Revenue Deductions	0

Subtotal.....	\$ 55,823,964
(4) EXCESS OF ACTUARIAL LIABILITIES OVER ACTUARIAL ASSETS {(2) - (3)}:.....	\$ 28,099,921
(5) ACTUARIAL REFUND LIABILITY:	\$ 101,950
(6) ACTUARIAL SURPLUS (DEFICIT) {(1) - (4) - (5)}:	\$ (918,559)
(7) FUNDED STATUS {1.0 + [(6) + [(2) + (5)]]}:	98.9%
(8) ACTUARIAL RATIO {(3) + (2)}:	66.5%
(9) LIQUID RESERVE RATIO {Liquid assets + (4)+(5)}:	18.0%

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2023	No Years	2024 to 2083
Monthly fee inflation	0%	N.A.	4%
Per diem inflation	0%	N.A.	4%
Other revenue inflation	3.2%	N.A.	2.6 to 3.8%
Operating expense inflation	7.3%	N.A.	4%
Capital expenditure inflation	-51.4%	N.A.	0 to 4%
Imputed interest rate for capital	5.5%	N.A.	5.5%
Interest discount rate	5.5%	N.A.	5.5%
Independent Living Occupancy	94.9%	N.A.	96.1%
Assisted Living Occupancy	96.7%	N.A.	96.7%
Nursing Care Occupancy	97.2%	N.A.	97.2%



Table 4.2

Covenant Village Future Service Calculation
As of September 30, 2022 and Based on Census as of September 30, 2022
Survivorship Probabilities Projection Methodology
Excludes Administrative, Human Resources and Marketing Expenses

	CURRENT VALUATION
(1) PRESENT VALUE OF CASH OUTFLOWS:	
PV Independent Living Operating Expenses	\$ 29,033,781
PV Assisted Living Operating Expenses	15,141,532
PV Nursing Care Operating Expenses	17,507,807
PV Interest	68,298
Subtotal	\$ 61,751,418
(2) PRESENT VALUE OF CASH INFLOWS:	
PV of Independent Living Monthly Revenues	\$ 37,953,972
PV of Assisted Living Monthly Revenues	8,888,542
PV of Nursing Care Monthly Revenues	8,981,450
PV of Monthly Revenue Deductions	0
Subtotal	\$ 55,823,964
(3) UNEARNED ENTRANCE FEES:	
Deferred Revenue + Refund Liability	\$ 12,243,608
Projected Refund Liability	(106,785)
Subtotal	\$ 12,136,823
(4) ALLOCATED DEPRECIATION:	
Independent Living	\$ 3,469,436
Assisted Living	953,577
Nursing Care	1,117,283
Subtotal	\$ 5,540,296
(5) DEFERRED COSTS	\$ 0
(6) FUTURE SERVICE OBLIGATION {(1)-(2)-(3)+(4)+(5)}	\$ (669,073)

This calculation may not be relied upon for audit purposes without written permission from AV Powell & Associates LLC. It is based on AV Powell & Associates LLC's interpretation of the AICPA guideline that was known as Statement of Position 90-8 and has been incorporated into the AICPA Audit and Accounting Guide for Health Care Organizations.

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2023	No Years	2024 to 2083
Monthly fee inflation	0%	N.A.	4%
Per diem inflation	0%	N.A.	4%
Other revenue inflation	3.2%	N.A.	2.6 to 3.8%
Operating expense inflation	9.4%	N.A.	4%
Interest discount rate	5.5%	N.A.	5.5%
Independent Living Occupancy	94.9%	N.A.	96.1%
Assisted Living Occupancy	96.7%	N.A.	96.7%
Nursing Care Occupancy	97.2%	N.A.	97.2%

Table 4.3

Covenant Village Unified Actuarial Valuation Statement
 As of September 30, 2022
 Based on Database Census as of September 30, 2022
 Survivorship Probabilities Projection Methodology

	Current Valuation
(1) NET ASSETS:	
Current Assets	\$ 5,159,545
Other Assets	4,142,710
Actuarial Present Value of Net Fixed Assets ..	28,109,199
Current Liabilities	(936,743)
Other Liabilities	(129,075)
Actuarial Present Value of Long-Term Debt	(1,433,233)

Subtotal	\$ 34,912,402
(2) ACTUARIAL LIABILITIES:	
PV Independent Living Operating Expenses	\$ 36,848,062
PV Assisted Living Operating Expenses	16,024,692
PV Nursing Care Operating Expenses	18,535,799
PV Independent Living Capital Expenses	10,587,739
PV Assisted Living Capital Expenses	2,638,254
PV Nursing Care Capital Expenses	3,078,340

Subtotal	\$ 87,712,886
(3) ACTUARIAL ASSETS:	
PV of Monthly Revenues	\$ 55,823,964
PV of Monthly Revenue Deductions	0

Subtotal.....	\$ 55,823,964
(4) EXCESS OF ACTUARIAL LIABILITIES OVER ACTUARIAL ASSETS {(2) - (3)}:.....	\$ 31,888,922
(5) ACTUARIAL REFUND LIABILITY:	\$ 101,950
(6) ACTUARIAL SURPLUS (DEFICIT) {(1) - (4) - (5)}:	\$ 2,921,530
(7) FUNDED STATUS {1.0 + [(6) + [(2) + (5)]]}:	103.3%
(8) ACTUARIAL RATIO {(3) + (2)}:	63.6%
(9) LIQUID RESERVE RATIO {Liquid assets + (4)+(5)}:	15.9%

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2023	No Years	2024 to 2083
Monthly fee inflation	0%	N.A.	4%
Perdiem inflation	0%	N.A.	4%
Other revenue inflation	3.2%	N.A.	2.6 to 3.8%
Operating expense inflation	7.3%	N.A.	4%
Capital expenditure inflation	-51.4%	N.A.	0 to 4%
Imputed interest rate for capital	8.79%	N.A.	8.79%
Interest discount rate	5.5%	N.A.	5.5%
Independent Living Occupancy	94.9%	N.A.	96.1%
Assisted Living Occupancy	96.7%	N.A.	96.7%
Nursing Care Occupancy	97.2%	N.A.	97.2%

Table 4.4

Covenant Village
Documentation of Net Asset Calculation
for Actuarial Valuation as of 09/30/2022

Current assets (a)	
Cash and cash equivalents	334,083
Investments - OF	1,526,779
Accounts receivable	83,633
Prepaid expenses	35,039
Grant receivable	2,999,056
Inventories	134,893
Other receivables	46,062

Subtotal current assets	5,159,545
Other assets (a)	
Investment restricted for NC statutory OR	3,346,251
Intangibles	796,459

Subtotal other assets	4,142,710
Actuarial PV of net fixed assets	20,480,108

ACTUARIAL VALUATION ASSETS	29,782,363
	=====
Current liabilities (a)	
Accounts payable	326,581
Accrued expenses	589,031
Residential accounts	0
Health Center room deposits	21,131

Subtotal current liabilities	936,743
Other liabilities (a)	
Unit deposits	129,075

Subtotal other liabilities	129,075
Actuarial PV of long term debt	1,433,233

ACTUARIAL VALUATION LIABILITIES	2,499,051
	=====
ACTUARIAL NET ASSETS	27,283,312
	=====

SOURCES:

- (a) 09/30/2022, Draft Audited Balance Sheet
- (b) AVP LLC Actuarial Valuation (Table 4.1)



Table 4.5

Covenant Village
Documentation of Initial Cash Balance as of 09/30/2022
for Interest Income in Financial Projections

Cash and cash equivalents	334,083
Investments - OF	1,526,779
Investment restricted for NC statutory OR	3,346,251
Unit deposits	(129,075)

Total initial cash balance	5,078,038
	=====

SOURCE:

(a) 09/30/2022, Draft Audited Balance Sheet

Table 5.1 (Apartments Only)

Analysis of New Entrant Fees
for Contract Type 115 (Apt Declining Ref after 10/2022)
Entrants to Covenant Village

	Single Entry Fee	Single Monthly Fee	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
SINGLE ENTRANTS *						
100 Studio A-Unit	49,450	3,130	314,596	362,116	419,717	(13.7) %
101 Single w/Kitchenette	52,650	3,130	314,596	365,191	419,717	(13.0)
102 Single w/Bal/Kitchen	55,850	3,130	314,596	368,266	419,717	(12.3)
103 1Br B-Unit	150,450	3,598	349,011	493,586	470,496	4.9
104 2Br C-Unit	241,950	6,299	547,627	780,130	525,628	48.4
105 EL Efficiencies Exp	48,950	3,645	352,467	399,505	421,168	(5.1)
106 EL 1Br, B1 Hallway E	132,950	4,113	386,881	514,640	477,750	7.7
WEIGHTED SINGLE:	101,744	3,529	343,947	441,718	445,804	(0.9) %
COUPLED ENTRANTS *						
	Both Entry Fees	Both Monthly Fees	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
102 Single w/Bal/Kitchen	55,850	5,478	578,476	633,923	730,168	(13.2) %
103 1Br B-Unit	190,450	6,228	640,727	829,802	799,927	3.7
104 2Br C-Unit	291,950	7,006	822,241	1,112,083	875,665	27.0
106 EL 1Br, B1 Hallway E	172,950	7,258	719,478	891,179	809,892	10.0
WEIGHTED COUPLE:	206,725	6,405	689,015	894,248	815,461	9.7 %
TYPICAL ENTRANT:	123,305	4,120	414,819	534,661	521,726	2.5 %

KEY ASSUMPTIONS:	CURRENT YEAR 2023	VARYING OCCUPANCY No Years	CONSTANT OCCUPANCY 2024 to 2083
Monthly fee inflation	0%	N.A.	4%
Advance fee inflation	0%	N.A.	4%
Perdiem inflation	0%	N.A.	4%
Other revenue inflation	3.2%	N.A.	2.6 to 3.8%
Operating expense inflation	11.2%	N.A.	3.9 to 4%
Capital expenditure inflation	-51.4%	N.A.	0 to 4%
Imputed interest rate for capital	5.5%	N.A.	5.5%
Interest discount rate	5.5%	N.A.	5.5%
Independent Living Occupancy	94.9%	N.A.	96.1%
Assisted Living Occupancy	96.7%	N.A.	96.7%
Nursing Care Occupancy	97.2%	N.A.	97.2%

* Some units are not displayed if single/couple new entrant occupancy is assumed to be 0%.



Table 5.2 (Cottages Only)

Analysis of New Entrant Fees
for Contract Type 125 (Cottage Declining Ref after 10/2022)
Entrants to Covenant Village

SINGLE ENTRANTS *	Single Entry Fee	Single Monthly Fee	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
110 Cottage 1560sf Std	302,450	3,799	363,791	638,049	548,259	16.4 %
111 Cottage 1560sf G	321,150	3,799	363,791	655,006	548,259	19.5
112 Cottage 1560sf GF	339,117	3,799	363,791	671,298	548,259	22.4
113 Cottage 1635sf Std	329,950	3,799	363,791	662,986	559,140	18.6
114 Cottage 1710sf Std	336,550	3,799	363,791	668,971	570,021	17.4
115 Cottage 1710sf G	353,050	3,799	363,791	683,933	570,021	20.0
116 Cottage 1710sf GF	362,950	3,799	363,791	692,910	570,021	21.6
117 Cottage 1710sf F	349,750	3,799	363,791	680,940	570,021	19.5
118 Cottage 1860sf G	379,450	3,799	363,791	707,872	591,784	19.6
119 Cottage 1860sf GF	390,450	3,799	363,791	717,847	591,784	21.3
120 Cottage 1980sf GF	417,950	3,799	363,791	742,783	609,194	21.9
WEIGHTED SINGLE:	330,310	3,799	363,791	663,312	557,415	19.0 %
COUPLED ENTRANTS *	Both Entry Fees	Both Monthly Fees	PV of Monthly Fees	Actuarial Assets NEF+PVMF	Actuarial Liability PVFE	Percent Surplus (Deficit)
110 Cottage 1560sf Std	352,450	5,170	598,366	941,179	873,572	7.7 %
111 Cottage 1560sf G	371,150	5,170	598,366	959,368	873,572	9.8
112 Cottage 1560sf GF	389,117	5,170	598,366	976,844	873,572	11.8
113 Cottage 1635sf Std	379,950	5,170	598,366	967,927	888,521	8.9
114 Cottage 1710sf Std	386,550	5,170	598,366	974,347	903,469	7.8
115 Cottage 1710sf G	403,050	5,170	598,366	990,396	903,469	9.6
116 Cottage 1710sf GF	412,950	5,170	598,366	1,000,025	903,469	10.7
117 Cottage 1710sf F	399,750	5,170	598,366	987,186	903,469	9.3
118 Cottage 1860sf G	429,450	5,170	598,366	1,016,074	933,366	8.9
119 Cottage 1860sf GF	440,450	5,170	598,366	1,026,773	933,366	10.0
120 Cottage 1980sf GF	467,950	5,170	598,366	1,053,521	957,283	10.1
WEIGHTED COUPLE:	392,823	5,170	598,366	980,449	895,495	9.5 %
TYPICAL ENTRANT:	370,783	4,687	515,664	868,638	776,300	11.9 %

KEY ASSUMPTIONS:	CURRENT YEAR 2023	VARYING OCCUPANCY No Years	CONSTANT OCCUPANCY 2024 to 2083
Monthly fee inflation	0%	N.A.	4%
Advance fee inflation	0%	N.A.	4%
Perdiem inflation	0%	N.A.	4%
Other revenue inflation	3.2%	N.A.	2.6 to 3.8%
Operating expense inflation	-0.7%	N.A.	3.9 to 4%
Capital expenditure inflation	-51.4%	N.A.	0 to 4%
Imputed interest rate for capital	5.5%	N.A.	5.5%
Interest discount rate	5.5%	N.A.	5.5%
Independent Living Occupancy	94.9%	N.A.	96.1%
Assisted Living Occupancy	96.7%	N.A.	96.7%
Nursing Care Occupancy	97.2%	N.A.	97.2%

* Some units are not displayed if single/couple new entrant occupancy is assumed to be 0%.



Table 6.1

Sources and Uses of Funds Projection for Covenant Village
(Dollars in Thousands)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
SOURCES:										
Apartment & Cottage revenue	7,939	8,462	8,847	9,232	9,622	10,019	10,422	10,835	11,263	11,707
Health care revenue	4,353	4,475	4,687	4,924	5,162	5,391	5,629	5,877	6,094	6,308
Health Care Direct Admit Fees	125	125	125	125	125	125	125	125	125	125
Other revenue	153	159	165	172	179	186	194	201	209	218
Contributions/Gifts	75	78	81	84	88	91	95	99	103	107
Fundraising	0	0	0	0	0	0	0	0	0	0
Subtotal	12,645	13,300	13,906	14,538	15,176	15,812	16,464	17,137	17,794	18,464
Entry fees from unit turnover	4,000	3,889	3,799	3,725	3,894	4,051	4,052	4,267	4,622	4,814
Entry fees from vacant units	914	0	0	0	0	0	0	0	0	0
Entry fee refunds	(98)	(125)	(127)	(132)	(126)	(148)	(150)	(155)	(156)	(166)
Refunds due former residents	0	0	0	0	0	0	0	0	0	0
Interest income	337	435	506	538	629	730	837	950	1,078	1,219
TOTAL SOURCES:	17,798	17,499	18,084	18,669	19,573	20,446	21,204	22,198	23,338	24,332
USES:										
Nursing services	4,478	4,657	4,843	5,037	5,239	5,448	5,666	5,893	6,128	6,373
Housekeeping	1,180	1,227	1,276	1,327	1,380	1,436	1,493	1,553	1,615	1,679
Food and nutrition	2,546	2,648	2,754	2,864	2,979	3,098	3,222	3,350	3,484	3,624
Operating and maintenance	1,561	1,623	1,688	1,756	1,826	1,899	1,975	2,054	2,136	2,221
Security	433	450	468	487	507	527	548	570	593	616
Activities and wellness	678	705	734	763	794	825	858	893	928	965
Management and general	2,335	2,429	2,526	2,627	2,732	2,841	2,955	3,073	3,196	3,324
Renovations	1,080	1,123	1,168	1,215	1,263	1,314	1,366	1,421	1,478	1,537
Subtotal	14,291	14,863	15,457	16,075	16,719	17,387	18,083	18,806	19,558	20,341
Capital expenditures	1,000	1,000	1,000	1,000	1,040	1,082	1,125	1,170	1,217	1,265
Interest payments	41	36	21	0	0	0	0	0	0	0
Scheduled principal payments	200	200	1,100	0	0	0	0	0	0	0
TOTAL USES:	15,532	16,098	17,578	17,075	17,759	18,469	19,208	19,976	20,775	21,606
CHANGE IN CASH & INVESTMENTS BALANCE:	2,265	1,401	506	1,593	1,814	1,977	1,996	2,222	2,563	2,726
BEGIN OF YEAR CASH & INVESTMENTS BALANCE:	5,078	7,343	8,744	9,250	10,843	12,657	14,634	16,630	18,852	21,415
END OF YEAR CASH & INVESTMENTS BALANCE:	7,343	8,744	9,250	10,843	12,657	14,634	16,630	18,852	21,415	24,141
END OF YEAR DEBT PRINCIPAL:	1,300	1,100	0	0	0	0	0	0	0	0
DEBT SERVICE RATIO:	14.52	11.18	2.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CASH TO DEBT RATIO:	5.64	7.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

KEY ASSUMPTIONS:	CURRENT YEAR	VARYING OCCUPANCY	CONSTANT OCCUPANCY
	2023	No Years	2024 to 2083
Monthly fee inflation	0%	N.A.	4%
Advance fee inflation	0%	N.A.	4%
Perdiem inflation	0%	N.A.	4%
Other revenue inflation	3.2%	N.A.	2.6 to 3.8%
Operating expense inflation	7.3%	N.A.	4%
Capital expenditure inflation	-51.4%	N.A.	0 to 4%
Interest discount rate	5.5%	N.A.	5.5%
Independent Living Occupancy	94.9%	N.A.	96.1%
Assisted Living Occupancy	96.7%	N.A.	96.7%
Nursing Care Occupancy	97.2%	N.A.	97.2%

Table 6.1

Sources and Uses of Funds Projection for Covenant Village
(Dollars in Thousands)

	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
SOURCES:										
Apartment & Cottage revenue	12,173	12,657	13,162	13,689	14,234	14,805	15,404	16,023	16,669	17,338
Health care revenue	6,539	6,756	6,969	7,201	7,439	7,679	7,921	8,174	8,443	8,711
Health Care Direct Admit Fees	125	125	125	125	125	125	125	125	125	125
Other revenue	226	236	245	255	265	276	287	298	310	322
Contributions/Gifts	111	115	120	125	130	135	140	146	152	158
Fundraising	0	0	0	0	0	0	0	0	0	0
Subtotal	19,175	19,888	20,621	21,394	22,194	23,020	23,876	24,766	25,699	26,654
Entry fees from unit turnover	5,008	5,259	5,636	5,769	6,046	6,424	6,808	7,106	7,395	7,698
Entry fees from vacant units	0	0	0	0	0	0	0	0	0	0
Entry fee refunds	(169)	(189)	(206)	(227)	(208)	(227)	(242)	(270)	(295)	(276)
Refunds due former residents	0	0	0	0	0	0	0	0	0	0
Interest income	1,370	1,532	1,708	1,895	2,093	2,308	2,542	2,793	3,059	3,341
TOTAL SOURCES:	25,384	26,490	27,759	28,831	30,125	31,524	32,985	34,395	35,858	37,416
USES:										
Nursing services	6,628	6,894	7,169	7,456	7,754	8,064	8,387	8,723	9,071	9,434
Housekeeping	1,747	1,816	1,889	1,965	2,043	2,125	2,210	2,298	2,390	2,486
Food and nutrition	3,769	3,920	4,076	4,239	4,409	4,585	4,769	4,959	5,158	5,364
Operating and maintenance	2,310	2,403	2,499	2,599	2,703	2,811	2,923	3,040	3,162	3,288
Security	641	667	693	721	750	780	811	844	877	912
Activities and wellness	1,004	1,044	1,086	1,129	1,175	1,222	1,270	1,321	1,374	1,429
Management and general	3,457	3,595	3,739	3,888	4,044	4,206	4,374	4,549	4,731	4,920
Renovations	1,598	1,662	1,729	1,798	1,870	1,945	2,022	2,103	2,187	2,275
Subtotal	21,154	22,000	22,880	23,796	24,747	25,737	26,767	27,838	28,951	30,109
Capital expenditures	1,316	1,369	1,423	1,480	1,539	1,601	1,665	1,732	1,801	1,873
Interest payments	0	0	0	0	0	0	0	0	0	0
Scheduled principal payments	0	0	0	0	0	0	0	0	0	0
TOTAL USES:	22,470	23,369	24,304	25,276	26,287	27,338	28,432	29,569	30,752	31,982
CHANGE IN CASH & INVESTMENTS BALANCE:	2,913	3,121	3,455	3,555	3,839	4,186	4,553	4,826	5,106	5,434
BEGIN OF YEAR CASH & INVESTMENTS BALANCE:	24,141	27,054	30,175	33,630	37,185	41,024	45,209	49,762	54,587	59,693
END OF YEAR CASH & INVESTMENTS BALANCE: ..	27,054	30,175	33,630	37,185	41,024	45,209	49,762	54,587	59,693	65,128
END OF YEAR DEBT PRINCIPAL:	0									
DEBT SERVICE RATIO:	0.00									
CASH TO DEBT RATIO:	0.00									

Appendix D — Representative Contract(s)



COVENANT VILLAGE

LIFE CARE AGREEMENT COVENANT VILLAGE, INC. APARTMENT HOMES

THIS Life Care Agreement for Apartment Homes, hereafter called "Agreement" is made this **day of** , **2026** by and between Covenant Village, Inc., a North Carolina non-profit corporation, hereinafter called the "Covenant Village" and hereinafter called "Resident" (if husband and wife, or two other persons enter into this Agreement, the word "Resident" shall apply to them collectively unless the context otherwise requires.)

WHEREAS Covenant Village owns and operates a Life Plan Community located on 1351 Robinwood Road in Gastonia, North Carolina, and,

WHEREAS Resident is desirous of becoming a resident of Covenant Village and of living in an Apartment Home and using the facilities, programs and services provided by Covenant Village subject to the terms and conditions of the Agreement;

NOW, THEREFORE, Resident and Covenant Village agree as follows:

I. ACCOMMODATIONS AND SERVICES

Subject to the terms and conditions set forth in this Agreement, Covenant Village agrees to provide Resident the living accommodations, programs and services at Covenant Village described as follows:

A. Living Accommodations. Resident agrees to reserve Apartment Home number , a type of Apartment located on **Level** in the - **Building (-Bldg.)** of Covenant Village, (hereinafter referred to as the "Apartment Home"). Resident has the exclusive right to occupy and use the Apartment Home subject to the terms and conditions set forth in this Agreement.

B. Utilities. Electricity, water, sewer, trash removal, municipal services, and the Spectrum bundled services including basic cable TV, wireless internet and

landline telephone. *Resident is responsible for any charges related outside the standard bundled services provided through Spectrum.*

C. Features, Furnishings and Fixtures. Certain standard features, furnishings and fixtures within the Apartment-Home, including LVT flooring throughout, plantation shutters for windows, crown molding, painted walls, smooth ceilings, tiled walk-in shower with frameless glass shower door, grab bars, framed mirror, heat lamp in bathroom, and heat and air conditioning with individual thermostat, and emergency call devices (to alert Security and Health Care Staff), fire alarms, lever door hardware, and sound insulation between apartments. Studios have kitchenettes with quartz countertop, subway tile backsplash, microwave, standard refrigerator and freezer, cabinets and a sink. One-Bedroom and Two-Bedroom Apartment Homes have quartz countertops and subway tile backsplash in the kitchen, standard refrigerator with freezer, stove, dishwasher, garbage disposable and microwave. Studio Apartment Homes have kitchenettes with quartz countertops and subway tile backsplash in kitchenette, standard refrigerator with freezer and microwave. All furniture, furnishings, decorations, accessories, bed and bath linens and other personal property shall be provided by Resident. Resident may obtain a bound carpet or rug at their expense. Any bound carpet or rug installed cannot be permanently affixed to the LVT flooring. Additionally, Covenant Village provides USPS mailboxes, internal mail cubby hole boxes, wireless internet infrastructure, cable television, and telephone pre-wiring.

D. Meals. Nutritionally well-balanced meals will be available to Residents each day, which will be offered through a Flex Dining Program with a declining balance in our Dining Venues. Prices will be affixed to each item or combinations. Meals for guests will be available for an additional charge.

E. Housekeeping Services. Covenant Village provides regular housekeeping services including vacuum cleaning, dusting, cleaning of baths and kitchens and trash removal.

F. Laundry. Covenant Village will change and launder Resident's bed and bath linens on a regular basis.

G. Maintenance and Repairs. Covenant Village will maintain and keep in repair its improvements, furnishings and equipment. Resident will be responsible for the cost of repairing damage to property of Covenant Village caused by the negligence of Resident or any guest of Resident, ordinary wear and tear excepted. Any structural or physical change or redecoration of any kind within the Apartment Home will require the approval of Covenant Village. The cost of

any change or cost of redecoration will be paid by Resident. Any such improvement or change will become property of Covenant Village upon termination of this Agreement.

- H. Groundskeeping.** Basic groundskeeping service for all the grounds of Covenant Village, including lawn, trees and shrubbery care. Subject to approval by Covenant Village. Resident may use their balconies for small plants and flowers. Resident is responsible for maintenance, capacity and look of such plantings.
- I. Transportation.** Covenant Village will provide local group transportation for Residents on a regular, scheduled basis without additional charge. An additional charge may be made for transportation for special, personal or group trips or transportation for residents that require accompaniment.
- J. Parking.** Parking areas for Resident's personal vehicles will be provided will be first come, first serve.
- K. Common Facilities, Amenities and Wellness Center.** A welcome center, central dining room, other dining venues, a beverage bar, living room, card room, library, hall lounges, lobbies, laundry rooms, sitting areas, arts and crafts room, lobbies, assembly room and chapel, mail and communications areas, multi-purpose spaces, beauty salon, a wellness center with an indoor pool, whirlpool, cardio and strength training studio, group exercise area, locker rooms and a massage therapy room, an outdoor pavilion, recreational areas, and outdoor walkways.
- L. Life Enrichment Activities.** Social, spiritual, educational, recreational, cultural activities, lifelong learning, arts and crafts, wellness centered exercise and health programs will be available to Residents.
- M. Covenant Village Health Center.** Covenant Village will provide Resident with nursing and health care in the ARISE Health Center, as well as 24-hour nursing and professional staff for consultation, assistance, and emergency needs. Levels of care within the ARISE Health Center include assisted living care, memory care, short-term rehab, and skilled nursing care.

II. FINANCIAL ARRANGEMENTS

- A. Entrance Fee.** In consideration for the Residence and living accommodations, services, activities, and programs offered at Covenant Village, Resident agrees to pay an Entrance Fee of \$_____ (First Person Entrance Fee) and **\$60,000** (Second Person Entrance Fee), totaling \$_____ (Total Entrance Fee). In consideration for

the Apartment Home and living accommodations, services, activities, and programs offered at Covenant Village, Resident agrees to pay an Entrance Fee of \$_____.

Upon entering into this Agreement, Resident will pay a deposit of equal to ten percent (10% \$_____) of the Total Entrance Fee, less the \$1,000 application fee previously paid and less the \$____ Priority Waitlist Fee (equal to \$_____). The ninety percent (90%) balance of the Entrance Fee equal to \$_____ on the closing date set by Covenant Village.

Failure to pay the remaining 90% balance of the total Entrance Fee upon completion of the renovations or rescinds on this agreement 30 days or more after signing, Resident agrees to forfeit the 10% of the 10% deposit. Any exception provided is outlined in Section VI.

B. Monthly Service Fee. In addition to the Entrance Fee, Resident agrees to pay a Monthly Service Fee during the term of this Agreement, which shall be payable in advance by the tenth day of each month. As of the date of this Agreement, Covenant Village estimates Monthly Service Fee associated with the Residence will be \$_____ per month for the First Person Monthly Service Fee, plus an additional \$_____ per month for the Second Person Monthly Service Fee.

Note that the Monthly Service Fee may change before and after the Date of the Entrance Fee final financial transaction. The Monthly Service Fee at the Date of Final Financial Payment is made will be based on the rates in effect at that date.

For permanent or temporary residence in a room in the ARISE Health Center, Resident shall pay the daily rate equal to fifty percent (50%) of published direct admission daily rate at that time as described in Section III. E. The charges in the ARISE Health Center are subject to change during the term of this Agreement, as described in Section II. C.

C. Adjustments to the Fees and Charges. The Monthly Service Fees and other charges are assessed to provide the facilities, programs, activities, and services described in this Agreement and are intended to meet the cost associated with the establishment, operations, and management of Covenant Village. Covenant Village shall have the authority to adjust the Monthly Service Fees and charges annually during the term of this Agreement as Covenant Village, in its sole discretion, deems necessary in order to reflect changes in costs of providing such facilities, programs, activities, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein.

Any such increase in the Monthly Service Fees may be made by Covenant Village upon thirty (30) days written notice to Resident. Covenant Village also reserves the right to revise and amend the basis of all charges. Adjustments are not made to the Monthly Service Fees and other charges if Resident is absent from the facility, except as may be determined, from time to time, by Covenant Village.

D. Monthly Statements. Covenant Village will furnish Resident a monthly statement showing the total amount of Monthly Service Fees and other charges owed by Resident, which shall be payable by the tenth day of the month. Covenant Village may charge interest on any unpaid balance owed by Resident thirty (30) days after the monthly statement is furnished. Requests can be made to the Finance Office for a full year of monthly statements for an Ancillary Services fee. Resident agrees to allow Covenant Village to perform an ACH draft for the amount due from a selected personal banking or investment account.

E. Additional Charges in ARISE Health Center. Charges may be made at the sole discretion of Covenant Village for ancillary services, extraordinary care, drugs, and supplies. Resident is responsible for the cost of prescription and nonprescription medications; surgical, dental, and optical services; physical examinations and any medical service beyond that available in ARISE Health Center; dry-cleaning service, and personal laundry service; wheelchairs and other medical equipment used exclusively by Resident. Also, any professional services (medical or otherwise) contracted by Resident or on behalf of Resident shall be billed directly to Resident.

F. Care in Other Institutions. Should Resident need care that requires transfer to another facility or institution, all expenses which will result from such transfer and care shall be borne entirely by Resident.

III. ADMISSION

The admission requirements for residency with Covenant Village are nondiscriminatory except as to age. Covenant Village is open to both married and single men and women of all races, religions and without regard to place of former residence. The Resident is required to meet the following standards prior to admission to Covenant Village:

- A. Age Requirement.** Resident must be 65 years of age or older, except that in the case of a married couple in which one spouse is 65 years of age or older, the other spouse may be as young as 62 years of age.
- B. Application Profiles.** Resident shall submit for review by Covenant Village through the Marketing Department: a Personal Profile, a Health Profile, and a Confidential Financial Profile, all on forms furnished by Covenant Village at or before the time of application. All forms must be completed and signed by Resident.
- C. Independent Living Assessment.** Prior to paying the final financial transaction, the Resident must undergo an Independent Living Assessment conducted by Covenant Village's therapy and nursing department. The purpose of this assessment is to determine the appropriate level of living for the Resident.
- D. Physical Examination Report.** Resident shall submit a report of a physical examination of Resident made by a physician selected by Resident within thirty (30) days prior to the projected occupancy date. Such report shall include a statement by such physician that Resident is in good health, is ambulatory or can move about independently and is able to take care of himself or herself in normal living activities. Covenant Village may require Resident to have another physical examination by the Medical Director or by another physician approved by Covenant Village. If the health of Resident, as disclosed by such physical examination, differs materially from that disclosed in Resident's Personal Profile and Health Profile, Covenant Village shall have the right to decline admission of the Resident and to terminate this Agreement or, in the discretion of Covenant Village, to permit Resident to take occupancy of accommodations at Covenant Village suitable to the needs of Resident.
- E. Introductory Period.** Resident understands and agrees that the first ninety (90) days of occupancy will be known as an introductory period during which Resident will be required to live independently in the Residence in order to qualify to receive nursing services in ARISE Health Center at the reduced rate for residents with a Life Care Agreement. At the end of the initial ninety (90) day introductory period, Covenant Village may review Resident's ability to maintain an independent lifestyle. Residents who are unable to live in the Residence at the time of the ninety (90) day introductory period will be admitted into ARISE Health Center, when space permits, at the current full direct admission daily rate. It is understood that the determination by Covenant Village will be final.

F. Right to Reject. It is understood that Covenant Village has the right to reject any Resident's application for admission to Covenant Village.

G. Representations. Resident affirms that the representations made in the Personal Profile, Health Profile, and Confidential Financial Profile are true and correct and may be relied upon by Covenant Village as a basis for entering into this Agreement. Any material misrepresentation or omission of information in these Profiles is subject to termination of the Agreement.

IV. TERMS OF RESIDENCY

A. Rights of Resident. Resident has the right to occupy and enjoy the Residence occupied during Resident's lifetime unless this Agreement is terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by Covenant Village other than the right to use and occupy the Residence or an accommodation in ARISE Health Center in accordance with the terms hereof. Resident agrees that the rights of Resident under this Agreement are subject to and subordinate to the rights of a lender under any mortgage or deed of trust now or hereafter executed by Covenant Village creating a lien on any property of Covenant Village.

B. Rules, Regulations and Policies. Resident will abide by Covenant Village's rules, regulations, and policies, and such reasonable amendments, modifications, and changes of the rules, regulations, and policies as may hereafter be adopted by Covenant Village. It is understood that Covenant Village has the right to make exceptions to the rules, regulations, and policies when deemed necessary by the Board of Directors or the Executive Administration of Covenant Village.

C. Changes in the Residence. Covenant Village has the right to change the Residence to meet requirements of any applicable statute, law, or regulation. The Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation, or policies of Covenant Village.

D. Visitors. Except for short-term visitors or guests (less than seven [7] consecutive nights), no person other than Resident may reside in the Residence without the approval of the Covenant Village Administration.

E. Loss of Property. Covenant Village shall not be responsible for the loss of any property belonging to Resident due to theft, mysterious disappearance, fire, or

any other cause. It is understood that Resident will have the responsibility of providing any desired insurance protection covering any such loss.

F. Occupancy by Two Persons. In the event that two persons occupy a Residence under the terms of this Agreement, upon the permanent transfer to ARISE Health Center or the death of one of such persons, or in the event of the termination of this Agreement with respect to one of such persons, this Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence. The remaining or surviving Resident will thereafter pay the First Person Monthly Service Fee for one person associated with the Residence occupied by Resident, as illustrated in Section II. B.

G. Medical Insurance. Resident shall maintain Medicare Part A, Medicare Part B and one supplemental health insurance policy or equivalent insurance coverage acceptable to Covenant Village and shall furnish Covenant Village with evidence of such coverage upon request.

H. Personal Damages. Except for matters of gross negligence on the part of Covenant Village, Resident agrees to assume all risks or personal damages by reason of any accident or injury while a Resident of Covenant Village or by reason of the termination of Resident in Covenant Village for misconduct or violation of Covenant Village's policies governing residents, or for any other reason.

I. Right of Entry. Covenant Village has the right to enter the Residence to perform routine maintenance, for purposes of inspection and to assist Resident in an emergency. Covenant Village will make every effort to preserve Resident's rights to privacy.

J. Occupancy. The Residence is considered to be occupied by Resident the date the Monthly Service Fee commences and/or while Resident's personal effects are in the Residence.

V. TRANSFERS OR CHANGES ON LEVELS OF CARE

A. Assignments. It is understood that Covenant Village has the right to make or change living Residence and accommodation assignments, if necessary, in order to best serve the needs of Resident and Covenant Village.

- B. Internal Transfers.** Resident agrees that Covenant Village shall have authority to determine when or if Resident should be transferred from Resident's Residence to the Covenant Village Health Center or from one level of care to another level of care within the Covenant Village Health Center. Such determination shall be based on the professional opinion of the Medical Director and the Health Services Administrator of Covenant Village, in collaboration with the Chief Executive Officer, and shall be made only after consultation to the extent practical with Resident, a representative of Resident's family or the sponsor of Resident and Resident's attending physician.
- C. External Transfers.** If it is determined by the Medical Director and the Health Services Administrator, in collaboration with the Chief Executive Officer, that Resident needs care beyond that which can be provided by the facility and personnel of Covenant Village, Resident may be transferred to a hospital, center or institution equipped to give such care, such care will be at the expense of Resident. Such transfer of Resident will be made only after consultation with Resident to the extent possible, a representative of Resident's family or the sponsor of Resident, and Resident's attending physician.
- D. Permanent Transfers.** If a determination is made by Covenant Village that any transfer described in Section V, is probably not temporary in nature, Resident agrees to surrender the Residence or the accommodation in ARISE Health Center within thirty (30) days after Resident has been notified by Covenant Village. If Covenant Village subsequently determines upon the opinion of the Medical Director and the Health Services Administrator that Resident can resume occupancy in accommodations comparable to those occupied by Resident prior to such transfer, Resident shall have priority to such accommodations as soon as they become available. If the living accommodation is not vacated within thirty (30) days, the Resident agrees to pay additional Monthly Service Fees, as outlined in the Ancillary Services Fee document.

VI. TERMINATION AND REFUND PROVISIONS

- A. Rescission Period.** Resident may rescind this agreement within thirty (30) days of the latter of the execution date of this contract or the receipt of the disclosure statement, with no penalty. Resident is not required to move into the unit before the expiration of the 30-day period. If Resident dies before occupying the Residence, or if, on account of illness, injury, or incapacity, a Resident is precluded from occupying the Residence and such condition is certified in writing by a physician, then in either event the contract shall be deemed immediately cancelled.

Any refund under this paragraph will be paid within sixty (60) days after written notice has been received by Covenant Village. Resident or Resident's legal representative shall receive a refund of all money or property transferred to Covenant Village, less Monthly Service Fees specified in the Agreement for the period of time unit was actually occupied by Resident, less non-standard costs specifically incurred by Covenant Village at the request of the Resident and described in the Agreement or any Agreement amendment signed by Resident, and less a \$1,000 administrative fee. The Entrance Fee will be refunded without amortization reductions as specified herein below during the 30-day rescission period

- B. Refund Before Occupancy.** This Agreement may be automatically terminated by the Resident for any reason prior to occupancy by giving written notice to Covenant Village. In the event of such termination, the Resident shall receive a refund of the Entrance Fee paid by the Resident, less a non-refundable fee for administrative services of \$1,000 and less a non-refundable fee equal to 10% of the Total Entrance Fee. No non-refundable fee will be charged, however, if such termination is because of death of a Resident, or because the Resident's physical, mental or financial condition makes the Resident ineligible for admission to the Community. Any such refund shall be paid by Covenant Village within Sixty (60) Days following receipt of written notification of such termination.
- C. Refund After Occupancy.** After taking occupancy and becoming a Resident of Covenant Village, should residency for any reason cease, whether voluntarily or involuntarily, Covenant Village shall be under no obligation to make a refund to Resident provided, however, that if such cessation of residency occurs within the first twenty-five (25) months of residency, Covenant Village will refund the Entrance Fee, less four percent (4%) thereof for each calendar month, or portion thereof of residency, and less a \$1,000 non-refundable administrative fee. Payment of any refund due Resident under this paragraph may not be made until Covenant Village receives full payment of the Total Entrance Fee from a qualified, subsequent Resident to the Residence.
- D. No Refund After 25 Months.** No Entrance Fee refund will be made after twenty-five (25) months of residency, and no refund will be made, at any time, for a Resident transferring to the ARISE Health Center.
- E. Termination by Covenant Village.** Covenant Village may terminate this Agreement at any time if there has been a material misrepresentation or omission made by Resident in Resident's Personal Profile, Health Profile, or Confidential Financial Profile; if a material change in Resident's health takes place

before occupancy; if Resident fails to make payment to Covenant Village of any Monthly Service Fees or other charges due Covenant Village within sixty (60) days of the date when due; or if Resident fails to abide by the rules or regulations adopted by Covenant Village or breaches any of the terms and conditions of this Agreement. In the event of termination for any of such causes, Resident shall be entitled to an appropriate refund of the Entrance Fee paid, determined in accordance with the manner provided in Section VI. A. and B.

F. Vacating the Residence. At the effective date of termination of this Agreement, Resident shall vacate the Residence and shall leave it in good condition except for normal wear and tear. Resident shall be liable to Covenant Village for any cost incurred in restoring the Residence to good condition except for normal wear and tear. Monthly Service Fees will continue until all personal effects have been removed from Covenant Village.

The Resident shall have thirty (30 calendar) days from the date determined to initiate vacating to completely remove all personal belongings from the Covenant Village property. Notwithstanding the presence of the Resident's personal property, the Marketing Department shall be granted immediate and unrestricted access to the property for the purpose of facilitating showings to prospective residents.

VII. GENERAL

A. Assignment. The rights and privileges of Resident under this Agreement are personal to Resident and may not be transferred or assigned. If Resident marries, the new spouse does not become a Resident for purpose of this Agreement. For the new spouse to be admitted to Covenant Village, the new spouse must be approved by Covenant Village through the application process. The new spouse would be required to pay the current Second Person Entrance Fee for the Residence occupied, and Resident and the new spouse would pay both First Person and Second Person Monthly Service Fees if they occupy the same Residence.

B. Tax Status and Ownership. Covenant Village, Inc. is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It is owned and operated by a non-profit corporation governed by a Board of Directors. Covenant Village's daily operations is managed by its Chief Executive Officer.

- C. Entire Agreement.** This Agreement constitutes the entire Agreement or contract between Covenant Village and Resident. Covenant Village shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Covenant Village, unless such statements, representations or promises are set forth in this Agreement.
- D. Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Covenant Village and the heirs, executors, administrators and assigns of Resident.
- E. Power of Attorney.** Resident is required to have a written Power of Attorney, and an executed copy must be given to Covenant Village's Marketing Department prior to admission.
- F. Guardianship.** If Resident becomes legally incompetent or is unable properly to care for himself or herself or his or her property without having designated a person or legal entity to serve as his or her guardian, the Resident agrees that Covenant Village or its designee may initiate legal proceedings relating to Resident's competence and may act as Resident's legal guardian when qualified according to law. Resident agrees to pay to Covenant Village and its designee any attorneys' fees and other expenses incurred in connection with any such guardianship.
- G. Will.** Resident is strongly encouraged to have a will providing for the disposition of his or her real personal property and provision for proper burial at his or her own expense. Resident agrees to notify the Director of Marketing as to the location of this will and the Executor.
- H. Transfer of Property.** Resident agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.
- I. Inability to Pay.** Resident will not be discharged by reason of poverty provided Covenant Village has the capability of meeting the Resident's needs; the condition of Paragraph VII. H. has not been breached, and/or there has been no material misrepresentation or omission of information in the Admissions Forms.
- J. Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year above.

Because the authority to enter into continuing care contracts granted by the North Carolina Department of Insurance is neither a guarantee of performance by the provider nor an endorsement of any continuing care contract provision, prospective residents must carefully consider the risks, benefits, and costs before signing a continuing care contract and are strongly encouraged to seek financial and legal advice before doing so.

ATTEST:

COVENANT VILLAGE, INC.

Witness:

Dale Melton, Chief Executive Officer

Witness:

Resident, __

Witness:

Resident, __

Exhibit I
Entrance Fee

Date:
Name:
Current address:
Email Address:
Home Phone:

Apartment:

The Entrance Fee

Entrance Fee Apartment	\$
Second Person	\$60,000
Total Entrance Fee	\$
	<u>X 10%</u>
10% Deposit	\$
Less FWL Fee	\$1,000
Less PWL Fee	\$
Amount of Initial Deposit	\$
90% Balance Due at Closing	\$ <i>(upon completion of apartment)</i>

Monthly Fee

First Person	\$
Second Person	\$
Total Monthly Fee	\$

Pets: 0

Appendix E — Examination Report

Appendix F — Statutory Ratio and Supporting Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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