Disclosure Statement

February 29, 2024

Glenaire, Inc.

An Affiliate of The Presbyterian Homes, Inc. dba Brightspire

4000 Glenaire Circle
Cary, North Carolina 27511-3802
(919) 460-8095

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

- **This Disclosure Statement may be delivered until revised, but not after February 28, 2025;**
- **Delivery of the Disclosure Statement to a contracting party before execution of a contract for continuing care is required;**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

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I. ORGANIZATION INTRODUCTION AND INFORMATION

A. Narrative Description of the Organization and its Operation

Glenaire, Inc. is a church-related non-stock, non-profit corporation chartered on May 15, 1991 for the purpose of owning and operating a continuing care retirement community (CCRC) in the Town of Cary in Wake County, North Carolina. Glenaire, Inc. operates as a controlled affiliate of The Presbyterian Homes, Inc. dba Brightspire, located at 2109 Sandy Ridge Road, Colfax, NC 27235.

The corporation traces its origin to 1981 when a group of Presbyterians within the First Presbyterian Church of Raleigh saw the need to provide a CCRC in the Wake County area to serve older adults. The group sought the experience and expertise of The Presbyterian Homes, Inc. dba Brightspire, which had been charged by the Synod of the Mid-Atlantic to expand its ministry and in 1984 the local group was formally organized as an operating division of The Presbyterian Homes, Inc. dba Brightspire, with its own duly constituted Board of Trustees.

B. Non-Profit/For Profit Status

As a controlled affiliate of The Presbyterian Homes, Inc. dba Brightspire, Glenaire, Inc. is exempt from taxes under Internal Revenue Code Section 501(c)(3).

C. Affiliation

Glenaire, Inc. is affiliated with The Presbyterian Homes, Inc. dba Brightspire, the parent corporation and agency for managerial services. The Board of Governors of The Presbyterian Homes, Inc. dba Brightspire appoints all members of the Board of Trustees of Glenaire. Changes in the charter and bylaws of Glenaire also must be approved by the Parent.

The Presbyterian Homes, Inc. dba Brightspire is associated with the Synod of the Mid-Atlantic of the Presbyterian Church (U.S.A.) (the "Synod") by a covenant relationship. The covenant relationship provides that the Synod on behalf of the church offers its encouragement in The Presbyterian Homes, Inc. dba Brightspire's ministry. The Presbyterian Homes, Inc. dba Brightspire affirms its purpose and commitment to its mission of services to older adults on behalf of the church.

D. Legal Description

Glenaire, Inc. is a not-for-profit corporation organized under the laws of the State of North Carolina and chartered on May 15, 1991.

E. Organization

The Presbyterian Homes, Inc. dba Brightspire manages divisions and an affiliate subject to the direction of the Board of Governors.

Mr. Timothy J. Webster is currently President, Chief Executive Officer, and Assistant Secretary with The Presbyterian Homes, Inc. dba Brightspire He has been with the company since April of 1994. During his tenure, he has held the positions of Assistant Controller, Controller, Director of Finance, Director of Operations, and Vice President and Chief Operating Officer. Mr. Webster is a Certified Public Accountant.

Mr. Hank Lovvorn is currently Vice President and Director of Operations with The Presbyterian Homes, Inc. dba Brightspire He has been with the company since June 2008. Prior to joining The Presbyterian Homes, Inc. dba Brightspire he served as regional Vice President of Operations for a multi-community retirement organization in Florida.

Mrs. Julia F. Hanover is currently Vice President and Chief Financial Officer, and Assistant Treasurer with The Presbyterian Homes, Inc. dba Brightspire She has been with the company since March of 1998. She has served as Controller and Director of Finance. Mrs. Hanover is a Certified Public Accountant.

Mr. Mark Collins is currently Vice President and Director of Human Resources. He has been with the company since September 2012.

Glenaire, Inc. is managed by its employed staff subject to the Board of Trustees which are approved and appointed by the Board of Governors of The Presbyterian Homes, Inc. dba Brightspire. Mr. Ben Stevens is employed by the Parent as Executive Director charged with overseeing all aspects of the operation of the community. He has been employed by The Presbyterian Homes, Inc. dba Brightspire since November 2020. He has over 7 years of experience in the continuing care retirement community field.

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
BOARD OF GOVERNORS
2024

Mr. Doug Brown 2109 Sandy Ridge Road Colfax, NC 27235	Retired – Owner Affordable Dentures Raleigh, NC
Mrs. Angela Butler 2109 Sandy Ridge Road Colfax, NC 27235	Attorney, Partner McAllister, Aldridge & Kreinbrink, PLLC High Point, NC
Mr. David Coulter 2109 Sandy Ridge Road Colfax, NC 27235	Retired WakeMed, Senior VP, Administrator at Cary Hospital Cary, NC
Dr. Mac Doubles 2109 Sandy Ridge Road Colfax, NC 27235	Clergy/Retired College Educator Hartsville, SC
Mrs. Lori Haddock **(Chair)** 2109 Sandy Ridge Road Colfax, NC 27235	Managing Partner Midtown Financial Advisors Greensboro, NC

Mr. Bubba Judy 2109 Sandy Ridge Road Colfax, NC 27235	Sales Manager Beeson Hardware Company High Point, NC
Mrs. Leigh Ann Klee **(Treasurer)** 2109 Sandy Ridge Road Colfax, NC 27235	CFO/COO PACE Communications Greensboro, NC
Mrs. Connie Laster 2109 Sandy Ridge Road Colfax, NC 27235	Retired / CPA High Point, NC
Mr. Alexander L. Maultsby **(Vice Chair)** 2109 Sandy Ridge Road Colfax, NC 27235	Attorney, Partner Ramseur Maultsby, LLP Greensboro, NC
Mr. D. Hector McEachern 2109 Sandy Ridge Road Colfax, NC 27235	Consultant The McEachern Group High Point, NC
The Hon. Judge Bill McIlwain **(Secretary)** 2109 Sandy Ridge Road Colfax, NC 27235	Retired / District Court Judge Laurinburg, NC
Ms. Corinne Nicholson 2109 Sandy Ridge Road Colfax, NC 27235	Retired Professor St. Andrews University Laurinburg, NC
Mr. Steve Royal 2109 Sandy Ridge Road Colfax, NC 27235	Managing Partner Action Point Partners, LLC Greensboro, NC
Mr. Bill Smith 2109 Sandy Ridge Road Colfax, NC 27235	Retired U.S. Navy Commander/Ship Engineer Multiple locations
Mr. Christopher B. Taylor 2109 Sandy Ridge Road Colfax, NC 27235	Past Assistant Secretary North Carolina Medical Care Commission Raleigh, NC
Mr. Eddie Williford 2109 Sandy Ridge Road Colfax, NC 27235	Vice-President Construction Division Gregory Poole Raleigh, NC
Mr. Thomas W. Williams, Jr. 2109 Sandy Ridge Road Colfax, NC 27235 **(BOG Emeritus)**	Retired Wachovia Bank, NA Winston-Salem, NC

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Glenaire, Inc.
2024 Board of Trustees
Occupations

Mrs. Debbie Pappas 4000 Glenaire Circle Raleigh, NC 27612	Retired, Educational Teacher & Counselor
Dr. Delores Parker 4000 Glenaire Circle Raleigh, NC 27612	Former VP of NC Community College System
Mr. Jim Scott 4000 Glenaire Circle Cary, NC 27511	Retired, Tax Consultant
Mr. Ben Shivar 4000 Glenaire Circle Cary, NC 27511	Retired, Cary Town Manager
Mr. Bill Smith 4000 Glenaire Circle Cary, NC 27511	Retired, U.S. Navy Commander /Ship Engineer
Mr. Eddie Williford 4000 Glenaire Circle Cary, NC 27511	V.P. Gregory Poole Construction Division

None of the Trustees are employed by Glenaire, Inc. and the services as Trustees are without remuneration.

No member of the Board of Trustees or the named management staff has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care community, nursing home, retirement home, home for aged, or community subject to this Article 58-64 or a similar law in another state.

No member of the Board of Trustees or the named management staff has a ten percent or greater interest in any professional service firm, association, trust, partnership, or corporation which is presently or expects to provide goods, leases or services to the community or to Residents of the community of an aggregate value of $500 or more within any year. No entity that provides or will provide goods or services to the community of $500 or more has a ten percent or greater interest in any members of the Board of Governors, Trustees, or management staff.

Annually each member of the Board of Governors or the Board of Trustees shall state in writing that they are free of a Conflict of Interest and comply with the Code of Conduct. A copy of the Conflict-of-Interest Statement is included as Exhibit E.

F. Location and Description of Physical Property

Glenaire is situated at the northwest intersection of Kildaire Farm and Cornwall Road in Cary, North Carolina. The campus is surrounded by natural flora and scenic grounds, making it a perfect place for strolling. Glenaire offers its residents an active, fulfilling, and vibrant lifestyle while being located just a few minutes away from the charming Downtown Cary. The community comprises of 417 independent living accommodations, 71 nursing beds, and 49 assisted living apartments. There are 192 apartments in a six-story building, 176 apartments in four three-story buildings, and 48 duplex cottages. Glenaire offers its residents walking paths, six dining venues, thoughtfully designed classrooms and studio spaces, a state-of-the-art wellness center spread over 25,000 square feet, for all residents to enjoy. The mailing and street address is 4000 Glenaire Circle, Cary, NC 27511-3202.

G. Estimated Number of Residents

As of December 31, 2023, Glenaire had 432 Residents, all of whom are covered by contracts for continuing care.

II. POLICIES – ADMISSION/OCCUPANCY

A. Health Criteria

Admission requirements for Residents at Glenaire are non-discriminatory except as to age and Glenaire is open to both married and single men and women of all races and religions and without regard to place of former residence. Residents are expected to be able to live independently. Admission is restricted to persons 62 years of age or older, except that in the case of a married couple in which one spouse is at least 62 years of age, the other spouse shall be at least 55 years of age. Glenaire requires that a Resident submit a report of a physical examination of the Resident made by a physician selected by the Resident within 60 days of the projected occupancy date. If the health of the Resident, as disclosed by such physical examination, differs materially from that disclosed in the Resident's application for admission and personal health history, Glenaire shall have the right to decline admission of the Resident and to terminate the Residence and Care Agreement, or at the discretion of Glenaire, to permit Resident to take occupancy at Glenaire in suitable accommodations to the needs of the Resident.

B. Financial and Insurance Criteria

Financial guidelines required for acceptance of a Resident are reviewed by the Admissions Committee on a case-by-case basis. However, Residents of Glenaire are expected to have sufficient financial resources to pay the entrance fee, monthly fee and other personal expenses for the duration of the anticipated residence at the community.

All Residents are required to carry major medical health insurance policies of their choice. Most will have Medicare coverage and may elect other forms of long-term care insurance. Insofar as applicable, all such insurance coverage will be applied to health care charges within Glenaire.

C. Changes of Condition Prior to Occupancy

In the event, after payment of entrance fee and before occupancy by Resident, the Resident or Resident's spouse or roommate should die, or if, on account of illness, injury, or incapacity, a Resident would be precluded from occupying a living unit in the community under the terms of the contract for continuing care, or if it is determined that the Resident no longer qualifies for admission to Glenaire after execution of such contract, the contract is "automatically cancelled." Any refund due shall be paid within sixty (60) days of termination.

D. Cancellation/Termination

1. First Thirty (30) Days. Notwithstanding anything herein to the contrary, the Resident may rescind this contract within thirty (30) days following the later of the execution of the contract or receipt of a disclosure statement, in which any money paid to the Corporation shall be refunded to the Resident in full. The Resident is not required to move into the residence before the expiration of the aforesaid thirty (30) day period. If the Resident moves into the residence during the thirty (30) day period and rescinds the contract during the thirty (30) day period, the Resident will receive a refund of any money paid to the Corporation less a service charge not to exceed the greater of one thousand dollars ($1,000) or two percent (2%) of the entrance fee. Any refund due shall be paid within sixty (60) days of termination of the agreement.

2. Termination After Thirty (30) Day Rescission Period Prior to Occupancy. This Agreement may be terminated by the Resident at any time for any reason prior to taking occupancy at Glenaire by giving written notice to the Corporation. This Agreement may be terminated by the Corporation at any time prior to the date the Resident takes occupancy, if the Corporation determines that the Resident does not meet the physical, mental, or financial requirements for admission. In the event of such termination, the Resident shall receive a refund of the Entrance Fee less 5 percent (5%) of the Entrance Fee as a non-refundable fee, provided, that no non-refundable fee will be made if such termination is because of the death of the Resident or Resident's spouse or roommate or because of a change in the physical or mental condition or financial reversal which would make the Resident or Resident's spouse or roommate ineligible for admission to Glenaire. Any refund due shall be paid within sixty (60) days of termination of the agreement.

3. Termination During Trial Period. The first sixty (60) days of residency at Glenaire will be considered to be on a trial basis. During such sixty (60) day period, the Resident will have the right to terminate this Agreement by giving the Corporation written notice of such termination and shall receive a full refund of the Entrance Fee paid less 4 percent thereof as a non-refundable fee. During such sixty (60) day period, the Corporation shall have the right to terminate this Agreement based on the Corporation's determination that the Resident's physical or mental condition or emotional adjustment will not permit adaptation to the living environment at Glenaire. In the event of such termination, the Corporation will refund the full Entrance Fee paid to the Corporation. Any refund due the Resident under this paragraph shall be paid (without interest) within sixty (60) days after Living Accommodation has been vacated.

4. Termination After Trial Period. At any time after the expiration of the first sixty (60) days of residence at Glenaire, the Resident may terminate the Agreement by giving PHI thirty (30) days prior written notice of such termination. In the event of such termination, the Resident may be entitled to receive a partial refund. Any partial refund shall be determined and paid as

follows: Resident shall receive a refund in an amount equal to the Entrance Fee paid to PHI less the applicable Amortization percentage set forth in Paragraph 2(a) for the type of Entrance Fee Option selected by Resident thereof for each full calendar month or portion thereof which has elapsed from Resident's Admission Date to the effective date of termination and less four percent (4%) which is the nonrefundable portion of the Entrance Fee. For avoidance of doubt, all Entrance Fee refunds are calculated assuming and based upon full calendar months. Any portion of a calendar month (whether relating to the month of Resident's Admission Date or the month of Resident's termination date of this Agreement) shall be deemed to be full and separate calendar months for purposes of calculating any Entrance Fee refund. Any refund due will be paid at such time that the resident living accommodation has been reserved by a prospective resident and the prospective resident has paid the resident entrance fee.

5. Termination by Corporation. Corporation may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History or Confidential Financial Statement; if a material change in the Resident's health takes place before occupancy (Admission Date); if the Resident fails to make payment to Corporation of any fees or charges due Glenaire within sixty (60) days of the date when due; if the Resident does not abide by the rules and regulations adopted by Corporation as determined by Corporation; or Resident breaches any of the terms and conditions of this Agreement. In the event of termination for any of such causes the Resident may be entitled to a partial refund of the Entrance Fee paid by the Resident determined in accordance and paid in the same manner as provided above.

E. Moves

Glenaire has the authority to determine that the Resident should be transferred from the Resident's living accommodation to the Health Center or from one level of care to another level of care within the Health Center. Such determination will be based on the professional opinion of the Medical Director and the Executive Director of Glenaire and will be made only after consultation to the extent practical with the Resident, a representative of the Resident's family or the sponsor of the Resident and the Resident's attending physician.

If it is determined by the Medical Director and the Executive Director that the Resident needs care beyond that which can be provided by the community and personnel of Glenaire, the Resident may be transferred to a hospital, center or institution equipped to give such care, which care will be at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident, a representative of the Resident's family or the sponsor of the Resident and the Resident's attending physician.

If a determination is made by Glenaire that any transfer described above is probably not temporary in nature, the Resident must surrender the living accommodation or the accommodation in the Health Center occupied by the Resident prior to such transfer. If Glenaire subsequently determines upon the opinion of the Medical Director and the Executive Director that the Resident can resume occupancy in accommodations comparable to those occupied by the Resident prior to such transfer, the Resident will have priority to such accommodations as soon as they become available.

F. Marriage/New Second Occupant

If a Resident while occupying a living accommodation marries a person who is also a Resident, the two Residents may occupy the living accommodation of either Resident and shall surrender the living accommodation not to be occupied by them. No refund will be payable with respect to the living accommodation surrendered. Such married Residents will pay the monthly fee for double occupancy associated with the living accommodation occupied by them. In the event that a Resident shall marry a person who is not a Resident of Glenaire, the spouse may become a Resident if such spouse meets all of the then current requirements for admission to Glenaire, enters into a then current version of the Agreement and pays an entrance fee in an amount determined by Glenaire in its discretion but in any event no more than two-thirds of the then current entrance fee associated with the type of living accommodation to be occupied by the Resident and spouse. The Resident and spouse shall pay the monthly fee for double occupancy associated with the living accommodation occupied by them. If the Resident's spouse shall not meet the requirements of Glenaire for admission as a Resident, the Resident may terminate this agreement.

G. Inability to Pay

It is the policy of Glenaire that the Agreement will not be terminated solely because of the Resident's financial inability to continue to pay the monthly fee or other charges payable hereunder by reasons of circumstances beyond the Resident's control, provided, however, this declaration shall not be construed as qualifying the right of Glenaire to terminate the Agreement in accordance with the terms hereof. In the event that a Resident presents the facts which in the opinion of Glenaire justify special financial consideration, careful consideration will be given to subsidizing in whole or in part the monthly fee and other charges payable by the Resident so long as such subsidy can be made without impairing the ability of Glenaire to attain its objectives while operating on a sound financial basis. Any determination by Glenaire with regard to the granting of financial assistance shall be within the sole discretion of Glenaire under a separate agreement. If Glenaire requests, Resident agrees to apply for Medicaid, public assistance or any other reasonably available public benefit program to offset Resident's monthly charge or other charges payable hereunder.

III. SERVICES

A. Standard Services Available

Services provided by Glenaire which are included in the base fee are as follows: living accommodations, utilities for all Residents of apartments, basic furnishing of systems and appliances, two meals (one for those in duplexes), basic housekeeping services, flat laundry, basic maintenance and repairs, grounds keeping, parking, common facilities, transportation, activities, nursing and health care.

B. Services Available at Extra Charge

Residents will be expected to pay for physicians, medical/surgical specialists and practitioners, hospital costs, all drugs and special treatments that cannot be provided by the Health Care community.

Other services available at extra charge include telephone installation charge, the cost of telephone services, extra meals, special medical services and hair salon services. The cost of the two most expensive meals will be included in the monthly charge. If the Resident eats more than two meals on any given day, he/she will be charged for the least expensive of the meals served. An additional charge may be made for transportation for special personal or group trips.

Glenaire operates a clinic which is staffed by a nurse practitioner. All services provided by the clinic are billed to the resident.

C. Health Services Available

A health care center at Glenaire is provided for the benefit of the Residents. Charges for the accommodation of services shall be included in the per diem rate. If the Resident is transferred to nursing, the Resident shall continue to pay the monthly charge equal to the same monthly charge associated with the same type of living accommodation the Resident moved from for the first 14 days. During such 14-day period, the Resident will not be required to pay a per diem charge for occupancy in nursing but shall pay for additional meals or other services not normally covered by the monthly charge. In addition, after the 14 grace days, the Resident shall thereafter pay 80% of the amount of the published per diem rate for the nursing accommodation plus charges for the services not included in such per diem rate.

D. Personal Services Available

For purposes of counseling and assistance, Glenaire will provide professional staff in Resident relations, social work and activities. Visits by outside clergy and counselors are facilitated. Recreation, entertainment and wellness activities are extensive and adjusted to meet the needs and interests of the Residents.

IV. FEES

A. Application/Registration Fee

Glenaire has non-refundable administrative fees of $200 each to process an application and to reserve a priority on the Future Resident Reservation Program waiting list.

B. Entrance Fees

An entrance fee is a payment that assures a Resident a place in a community for a term of years or for life. There is an entrance fee as a condition to becoming a Resident of Glenaire. Ten percent of the entrance fee is due and payable upon execution of the Agreement. The balance is due and payable 10 days prior to the projected date of occupancy. Entrance fees vary according to the size of the living accommodation. See entrance fee schedule below:

Apartments

* Studio	$79,000
* One Bedroom	$162,000 - $188,000
* One Bedroom with Study	$201,000
* Two Bedroom	$244,000 - $249,000

* Add an additional $10,000 for apartments with patio or balcony

Wee Loch Apartments

Two Bedroom with Den	$374,000 - $518,000

6000 Building Apartments		
	Two Bedroom	$464,000 - $518,000
	Two Bedroom with Den	$464,000 - $636,000
	Three Bedroom	$706,000
	Three Bedroom with Den	$904,000
Cottages		
	Two Bedroom with Den	$365,000 - $503,000
	Three Bedroom with Den	$503,000
Health Care Community		
	Assisted Living	$17,650 - $40,000
	Nursing	$12,475

C. Monthly Fees

Residents of Glenaire pay a monthly fee or per diem fee according to the following schedule:

Apartments		
	Studio	$3,037
	One Bedroom	$3,557
	One Bedroom with Study	$4,159
	Two Bedroom	$4,159
Wee Loch Apartments		
	Two Bedroom with Den	$4,516 - $5,533
6000 Building Apartments		
	Two Bedroom	$4,815 - $4,845
	Two Bedroom with Den	$4,815 – $5,219
	Three Bedroom	$5,529
	Three Bedroom with Den	$6,335
Cottages		
	Two Bedroom with Den	$4,310 - $4,771
	Three Bedroom with Den	$4,771
Second Person Fee		$1,341
Health Care Community		
	Assisted Living	$7,299 - $9557
	Nursing	$378 / day

D. Fee Change Policy

Glenaire shall have the authority to adjust the monthly charge from time to time during the term of the Agreement as Glenaire in its discretion deems necessary in order to reflect changes in the costs of providing the communities, programs and services described therein, consistent with operating on a sound financial basis and maintaining the quality of services called for therein. Any such increases in the monthly charge or other charges may be made by Glenaire upon 30 days' written notice to the Resident.

E. Changes in Fees for the Previous Five (5) Years

Following is a schedule of monthly fee changes for the previous five years. Monthly fees change annually every January 1st. This schedule includes independent living including second person fees, assisted living and skilled nursing rate changes.

	1-1-2020	1-1-2021	1-1-2022	1-1-2023	1-1-2024
Average Dollar Increase	$91	$101	$131	$253	$223

V. FINANCIAL INFORMATION

A. Financial Overview Statement

Glenaire is dedicated to maintaining a sound financial operation and is dependent upon revenue from entrance fees and service fees from Residents of Glenaire. Operating expenses are closely monitored to ensure the provision of quality services in the most cost-effective manner possible.

B. Reserves, Escrow and Trusts

According to the provisions of G.S. 58-64-33, The Presbyterian Homes, Inc. dba Brightspire is required to have operating reserves equal to 25% of its operating costs projected for the first fiscal year of the forecast if occupancy levels remain in excess of 90%. Scotia Village, River Landing at Sandy Ridge and Glenaire, Inc. have and expect to maintain an occupancy rate in excess of 90%.

The required reserve for 2024 based on the forecasted operating costs is $23,843,000 and is shown on the balance sheet as Reserves Required by State Statute. These assets are managed by Bank of America. The current investment manager is Mrs. Mary Stokes a Senior Vice President and Senior Portfolio Strategist in the U.S. Trust, Bank of America office of Customized Portfolio Management.

VI. OTHER MATERIAL INFORMATION

A. Planned Renovation

Glenaire, Inc. and The Presbyterian Homes Inc. dba Brightspire plans to renovate forty (40) of its current assisted living units and convert them to twenty-four (24) one-bedroom units. The project is projected to cost $11,000,000 and will take 12 months to complete. It is anticipated that the current assisted living residents will relocate to the expansion assisted living beds. After the current residents are relocated, we will begin the renovation project and will begin refilling the assisted living units in the spring of 2025. It is currently planned that the project will be funded through cash reserves.

All assumptions are incorporated into the Five-Year Projection Statements in Exhibit B.

B. Explanation of Material Differences

The threshold for materiality is $2,000,000. **(Continued on Page 14)**

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(in thousands of dollars)	2023 Forecast	2023 Audit	Difference	Explanation $2,000/($2,000)
Statement of Balance Sheets				
Cash and cash equivalents	6,551	22,744	(16,193)	Note 1
Assets limited as to use, required for current liabilities	15,672	1,513	14,159	Note 2
Accounts receivable	2,418	3,192	(774)	
Other receivables	1,809	2,846	(1,037)	
Other current assets	1,432	1,050	382	
Under bond agreement	43,554	1,035	42,519	Note 2
Reserves required by state statute	17,095	17,096	(1)	
Endowment funds	4,638	4,774	(136)	
Residents' cash deposits	37	65	(28)	
Investments	113,043	147,226	(34,183)	Note 1
Deferred CON costs	86	1,028	(942)	
Interest rate swap agreement	3,213	3,899	(686)	
Land, buildings and equipment	531,853	346,252	185,601	Note 3
Construction in progress	-	203,915	(203,915)	Note 3
Accumulated depreciation	(137,027)	(137,682)	655	
Current maturities of long-term debt	90,276	84,174	6,102	Note 2
Accounts payable	3,245	8,129	(4,884)	Note 4
Accrued expenses	1,321	1,876	(555)	
Accrued interest	843	686	157	
Other accrued expenses	744	752	(8)	
Estimated refundable entrance fees	1,177	1,137	40	
Long-term debt	190,848	190,866	(18)	
Deferred revenue - nonrefundable fees	46,779	50,564	(3,785)	Note 5
Deferred revenue - refundable fees	25,489	21,060	4,429	Note 5
Refundable entrance fees	11,307	11,838	(531)	
Admission deposits	48,084	49,291	(1,207)	
Other accrued expenses	1,818	2,079	(261)	
Interest rate swap agreement	-	-	-	
Residents' cash deposits	37	65	(28)	
Assets without donor restrictions	174,761	187,875	(13,114)	Note 6
Assets with donor restrictions	7,645	8,561	(916)	
Statements of Operations				
Amortization of advance fees	13,362	12,251	1,111	
Service fees, residential	37,081	37,398	(317)	
Service fees, assisted living	9,117	8,907	210	
Service fees, nursing	22,137	23,251	(1,114)	
Adult day care	190	168	22	
Food service income	330	501	(171)	
Reimbursed medical	2,266	2,466	(200)	
Golf course revenue	75	84	(9)	
Management fee	2,027	2,206	(179)	
Other	301	363	(62)	
Routine services	21,045	21,970	(925)	
Resident services	1,847	1,817	30	
Dining services	12,004	12,100	(96)	
Environmental services	3,801	3,680	121	
Maintenance	7,720	7,630	90	
Marketing	1,797	1,921	(124)	
Administration	15,957	18,047	(2,090)	Note 9
Depreciation and amortization	9,022	9,699	(677)	
Bond interest and amortization	8,008	3,538	4,470	Note 2
Purchased medial services	2,596	3,006	(410)	
Golf course and grounds expense	1,187	1,154	33	
Miscellaneous, net	358	1,043	(685)	
Contributions	1,458	1,351	107	
Net realized investment income	4,799	3,831	968	
Net unrealized appreciation of investments	-	13,722	(13,722)	Note 1
Change in fair value of interest rate swap agreement	-	686	(686)	
Other	-	221	(221)	
Statement of Cash Flows				
Change in net assets	7,801	21,801	(14,000)	Note 6
Entrance fees received	58,775	20,789	37,986	Note 7
Amortization of entrance fees	(13,362)	(12,251)	(1,111)	
Depreciation	9,758	9,699	59	
Change in fair value of interest rate swap agreement	-	(686)	686	
Realized and Unrealized gains on investments and investment income	-	(13,721)	13,721	Note 1
Net realized investment income	-	(3,589)	3,589	Note 1
Amortization of deferred CON costs	3	-	3	
Amortization of deferred financing costs	182	-	182	
Amortization of bond premium	(921)	-	(921)	
Trade and other receivables	1,774	1,475	299	
Unconditional promises to give	-	-	-	
Other assets	(40)	247	(287)	
Decrease in accounts payable and accrued expenses	(6,462)	(2,381)	(4,081)	Note 4
Residents' cash deposits	-	29	(29)	
Purchases of property and equipment	(46,254)	(64,567)	18,313	Note 3
Payments on issuance costs	-	-	-	
Net proceeds (purchases) of investments	(107,451)	(24,405)	(83,046)	Note 1
Principal payments of long-term debt	(8,763)	(10,037)	1,274	
Proceeds from long-term borrowings	59,484	53,393	6,091	Note 2
Refunds of refundable fees	(2,400)	(6,971)	4,571	Note 8

Note 1 - Due to gains on investments and or cash is forecasted to remain constant. We do not forecast investment realized or unrealized gains or losses.
Note 2 - Draw downs on Construction Funds borrowed were not as fast as expected.
Note 3 - Construction on Glenaire expansion greater than anticipated for 2023.
Note 4 - Items aren't adjusted for forecast.
Note 5 - When viewed in total, do not exceed materiality limit.
Note 6 - Factor of differences in other categories.
Note 7 - Entry Fees Received on Glenaire Expansion at amounts different from forecast due to timing of receipts.
Note 8 - Entry Fee Refunds on Glenaire Expansion not forecasted.
Note 9 - Start up supplies on Glenaire Expansion not forecasted.

C. Current Certified Financial Statements *(See Exhibit A Attached)*

Audited financial statements of The Presbyterian Homes, Inc. dba Brightspire for the fiscal year ended September 30, 2023, are attached as Exhibit A.

D. Five Year Projection Statements *(See Exhibit B Attached)*

Five-year forecasted Statements of Financial Position, Statements of Activities and Cash Flows with significant assumptions and CPA compilation statement are attached as Exhibit B.

E. Resident's Agreement/Contract *(See Exhibit C Attached)*

A copy of the current Glenaire Residence and Care Agreement which complies with all contract specifications as per North Carolina General Statute G.S. 58-64-25 (a) and (b) is attached as Exhibit C.

F. Actuarial Summary Report

Not required.

G. Interim Financial Statements *(See Exhibit D Attached)*

Interim Financial Statements for the period ended December 31, 2023 are attached as Exhibit D.

Exhibit A

THE PRESBYTERIAN HOMES, INC.
dba BRIGHTSPIRE

COMBINED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
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Bernard Robinson & Company, L.L.P.

Independent Auditor's Report

To the Board of Trustees
The Presbyterian Homes, Inc. dba Brightspire
Colfax, North Carolina

Opinion

We have audited the combined financial statements of The Presbyterian Homes, Inc. and Its Combined Affiliates dba Brightspire, (the "Organization"), which comprise the combined statements of financial position as of September 30, 2023 and 2022, and the related combined statements of operations and changes in net assets, expenses by nature and function, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the financial position of The Presbyterian Homes, Inc. and Its Combined Affiliates dba Brightspire, as of September 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the Unites States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe 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 these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility 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 auditing standards generally accepted in the United States of America 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 combined financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
January 25, 2024

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combined Statements of Financial Position
September 30, 2023 and 2022

Assets

	2023	2022
Current Assets:		
Cash and cash equivalents	**$ 22,744,380**	$ 53,919,462
Assets limited as to use, required for current liabilities	**1,512,859**	1,500,729
Accounts receivable, net of allowance for doubtful accounts **$1,044,836 in 2023;** $849,745 in 2022	**3,192,487**	2,559,537
Other receivables	**2,805,579**	4,306,067
Unconditional promises to give, net	**40,000**	60,000
Other	**1,050,145**	2,191,335
Total current assets	**31,345,450**	64,537,130
Assets limited as to use, net of amount required for current liabilities:		
Under bond agreement	**1,035,025**	2,875,192
Reserves required by state statute	**17,096,000**	17,549,000
By donors for permanent endowment funds	**4,773,991**	4,638,391
Residents' cash deposits	**65,448**	36,555
	22,970,464	25,099,138
Investments and other assets:		
Investments	**147,225,528**	103,470,473
Other assets	**1,027,866**	92,149
Interest rate swap agreement	**3,898,918**	3,212,339
	152,152,312	106,774,961
Property and Equipment:		
Land, buildings and equipment	**346,251,576**	343,708,204
Construction-in-progress	**203,915,499**	141,891,925
	550,167,075	485,600,129
Less accumulated depreciation	**137,681,694**	127,269,136
	412,485,381	358,330,993
Total assets	**$ 618,953,607**	$ 554,742,222

See Notes to Combined Financial Statements

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combined Statements of Financial Position (Continued)
September 30, 2023 and 2022

Liabilities and Net Assets

	2023	2022
Current Liabilities:		
Current maturities of long-term debt	**$ 84,174,013**	$ 30,546,012
Accounts payable	**8,129,389**	10,943,809
Accrued payroll and related expenses	**1,875,490**	1,313,911
Accrued interest	**685,433**	814,748
Other accrued expenses	**751,991**	740,884
Estimated refundable entrance fees	**1,136,844**	1,177,367
Total current liabilities	**96,753,160**	45,536,731
Long-term debt, less current maturities and unamortized deferred financing costs	**190,865,972**	201,885,725
Deferred revenue and other liabilities:		
Deferred revenue from entrance fees - non refundable	**50,564,118**	46,536,429
Deferred revenue from entrance fees - refundable	**21,060,383**	25,350,481
Refundable entrance fees	**11,837,788**	11,176,839
Admission deposits	**49,291,140**	47,777,709
Other accrued expenses	**2,079,061**	1,805,968
Residents' cash deposits	**65,448**	36,555
	134,897,938	132,683,981
Total liabilities	**422,517,070**	380,106,437
Net Assets:		
Assets without donor restrictions	**187,875,395**	166,989,771
Assets with donor restrictions	**8,561,142**	7,646,014
Total net assets	**196,436,537**	174,635,785
Total liabilities and net assets	**$ 618,953,607**	$ 554,742,222

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combined Statements of Operations and Changes in Net Assets
Years Ended September 30, 2023 and 2022

	2023	2022
Changes in net assets without donor restrictions:		
Operating revenues:		
Resident fees, including amortization of entrance fees of **$12,250,544** in **2023** and $11,755,912 in 2022	**$ 81,974,987**	$ 74,619,828
Food service income	**501,266**	330,157
Reimbursed medical	**2,466,147**	2,071,380
Golf course revenue	**83,830**	74,234
Management fee	**2,205,602**	2,521,006
Other	**363,046**	318,975
Total operating revenues	**87,594,878**	79,935,580
Operating expenses:		
Routine services	**21,969,963**	19,639,015
Special services	**1,816,746**	1,561,310
Dining services	**12,100,510**	10,837,943
Environmental services	**3,680,657**	3,261,913
Maintenance	**7,630,113**	7,313,290
Project and development	**342,013**	262,334
Marketing	**1,578,694**	1,411,983
Administrative	**18,046,191**	15,339,701
Depreciation and other charges	**9,698,615**	9,703,362
Bond and note interest, and amortization	**3,538,181**	3,897,926
Purchased medical services	**3,006,176**	2,380,226
Miscellaneous, net	**1,042,743**	804,613
Golf course and grounds expense	**1,154,344**	1,153,599
Total operating expenses	**85,604,946**	77,567,215
Increase in net assets without donor restrictions from operations	**1,989,932**	2,368,365
Nonoperating gains (losses):		
Contributions	**487,027**	578,990
Net realized investment income	**3,650,452**	4,729,785
Net unrealized appreciation (depreciation) of investments	**13,161,992**	(27,798,510)
Net assets released from restrictions	**857,930**	1,880,079
Change in fair value of interest rate swap agreement	**686,578**	8,229,337
Other, net	**221,005**	26,587
Total nonoperating gains (losses)	**19,064,984**	(12,353,732)
Change in net assets without donor restrictions	**$ 21,054,916**	$ (9,985,367)

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combined Statements of Operations and Changes in Net Assets (Continued)
Years Ended September 30, 2023 and 2022

	2023	2022
Changes in net assets with donor restrictions:		
Contributions	**$ 650,134**	$ 577,970
Contributions in perpetual endowment	**214,356**	299,948
Net unrealized appreciation (depreciation) of investments	**558,466**	(1,095,222)
Net realized investment income	**180,810**	259,109
Net assets released from restrictions	**(857,930)**	(1,880,079)
Increase (decrease) in net assets with donor restrictions	**745,836**	(1,838,274)
Changes in net assets	**21,800,752**	(11,823,641)
Net assets, beginning	**174,635,785**	186,459,426
Net assets, ending	**$ 196,436,537**	$ 174,635,785

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combined Statement of Expenses by Nature and Function (Excluding depreciation and amortization, bond and note interest, and miscellaneous, net)
Year Ended September 30, 2023

	Routine Services	Special Services	Dining Services	Environmental Services	Maintenance	Project and Development
Salaries and wages	$ 18,052,723	$ 1,340,831	$ 5,906,700	$ 2,884,454	$ 2,404,046	$ 243,694
Payroll taxes and employee benefits	1,788,476	158,568	569,204	348,376	320,237	32,859
Supplies	982,551	39,067	921,566	257,796	201,416	202
Contracted outside services	51,458	2,542	26,569	-	326,750	4,121
Raw food and nourishments	-	-	4,633,099	-	-	-
Repairs and maintenance, equipment	16,562	29,733	153,229	28,587	90,193	-
Repairs and maintenance, buildings	-	-	-	-	1,172,150	-
Repairs and maintenance, grounds	-	-	-	-	181,506	-
Gas	-	-	-	-	320,789	-
Electricity	-	-	-	-	1,390,767	-
Water	-	-	-	-	647,189	-
Telephone	11,968	5,650	819	924	10,325	1,115
Dues and subscriptions	20,686	16,182	23,543	130	2,550	1,561
Insurance, general	-	-	26,381	-	-	-
Printing	-	-	-	-	-	52,947
Promotions	-	-	-	-	-	-
Postage	-	-	-	-	-	1,020
Legal and accounting	21,915	-	-	-	-	-
Consultant's fees	231,128	8,266	-	-	-	-
Travel and seminars	24,784	23,401	21,708	200	52,732	3,210
Employee recruitment and retention	1,855	26	-	-	-	-
Meetings and special events	127,003	96,644	(303,161)	5	294	-
Purchased medical	31,284	-	-	-	-	-
Outside services	606,369	88,499	120,251	159,934	495,840	-
Rent, buildings and equipment	-	-	-	-	-	-
Reimbursed foundation expenses	-	7,058	-	-	12,575	-
Miscellaneous	1,201	279	602	251	754	1,284
Changes in net assets without restrictions	$ 21,969,963	$ 1,816,746	$ 12,100,510	$ 3,680,657	$ 7,630,113	$ 342,013

See Notes to Combined Financial Statements

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combined Statement of Expenses by Nature and Function (Excluding depreciation and amortization, bond and note interest, and miscellaneous, net) (Continued)
Year Ended September 30, 2023

	Marketing	Administration	Purchased Medical Services	Golf Course	Totals
Salaries and wages	$ 827,262	$ 6,607,957	$ -	$ 531,022	$ 38,798,689
Payroll taxes and employee benefits	98,091	6,193,359	-	55,751	9,564,921
Supplies	7,547	554,707	282,994	24,020	3,271,866
Contracted outside services	-	1,597,417	-	82,560	2,091,417
Raw food and nourishments	-	-	-	-	4,633,099
Repairs and maintenance, equipment	-	57,356	-	29,290	404,950
Repairs and maintenance, buildings	-	3,182	-	-	1,175,332
Repairs and maintenance, grounds	-	2,400	-	191,516	375,422
Gas	-	311	-	-	321,100
Electricity	-	9,725	-	-	1,400,492
Water	-	1,728	-	-	648,917
Telephone	1,386	78,083	-	604	110,874
Dues and subscriptions	1,113	63,674	-	223	129,662
Insurance, general	-	1,265,657	-	-	1,292,038
Printing	87,014	11,502	-	-	151,463
Promotions	232,262	944	-	-	233,206
Postage	41,800	14,950	-	-	57,770
Legal and accounting	-	153,698	-	-	175,613
Consultant's fees	118,728	55,585	-	-	413,707
Travel and seminars	680	109,198	-	4,831	240,744
Employee recruitment and retention	-	369,624	-	-	371,505
Meetings and special events	146,776	100,612	-	913	169,086
Purchased medical	-	-	2,723,182	-	2,754,466
Outside services	15,901	44,739	-	232,240	1,763,773
Rent, buildings and equipment	-	142,115	-	-	142,115
Reimbursed foundation expenses	-	243,278	-	1,152	264,063
Miscellaneous	134	364,390	-	222	369,117
Changes in net assets without restrictions	$ 1,578,694	$ 18,046,191	$ 3,006,176	$ 1,154,344	$ 71,325,407

See Notes to Combined Financial Statements

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combined Statement of Expenses by Nature and Function (Excluding depreciation and amortization, bond and note interest, and miscellaneous, net)
Year Ended September 30, 2022

	Routine Services	Special Services	Dining Services	Environmental Services	Maintenance	Project and Development
Salaries and wages	$ 16,086,297	$ 1,164,136	$ 5,193,601	$ 2,619,972	$ 2,334,689	$ 199,161
Payroll taxes and employee benefits	1,618,633	143,611	448,059	262,575	249,786	23,539
Supplies	917,885	34,340	825,657	210,760	166,411	108
Contracted outside services	45,503	2,142	71,018	-	423,852	15,492
Raw food and nourishments	-	-	4,265,014	-	-	-
Repairs and maintenance, equipment	23,642	16,768	90,085	17,107	74,408	-
Repairs and maintenance, buildings	-	-	-	-	1,063,982	-
Repairs and maintenance, grounds	-	-	-	-	189,292	-
Gas	-	-	-	-	319,369	-
Electricity	-	-	-	-	1,293,762	-
Water	-	-	-	-	674,024	-
Telephone	10,481	4,122	393	450	7,013	438
Dues and subscriptions	6,116	11,860	19,274	276	2,682	1,506
Insurance, general	-	-	25,051	-	-	-
Printing	-	-	2,000	-	-	20,340
Promotions	26	-	-	-	-	-
Postage	-	-	-	-	-	375
Legal and accounting	18,690	-	-	-	-	-
Consultant's fees	291,889	-	-	-	6,384	-
Travel and seminars	13,676	26,588	5,758	-	39,501	1,083
Employee recruitment and retention	3,217	-	-	-	-	-
Meetings and special events	113,683	73,316	(222,297)	919	1,811	-
Purchased medical	35,650	-	-	-	-	-
Outside services	452,728	77,352	114,560	149,771	459,891	-
Rent, buildings and equipment	-	-	-	-	-	-
Reimbursed foundation expenses	-	5,887	-	-	4,271	-
Miscellaneous	899	1,188	(230)	83	2,162	292
Changes in net assets without restrictions	$ 19,639,015	$ 1,561,310	$ 10,837,943	$ 3,261,913	$ 7,313,290	$ 262,334

See Notes to Combined Financial Statements

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combined Statement of Expenses by Nature and Function (Excluding depreciation and amortization, bond and note interest, and miscellaneous, net) (Continued)
Year Ended September 30, 2022

	Marketing	Administration	Purchased Medical Services	Golf Course	Totals
Salaries and wages	$ 749,123	$ 6,083,474	$ -	$ 489,255	$ 34,919,708
Payroll taxes and employee benefits	65,345	5,011,307	-	42,058	7,864,913
Supplies	8,494	175,237	216,092	16,850	2,571,834
Contracted outside services	-	1,256,511	-	94,906	1,909,424
Raw food and nourishments	-	-	-	-	4,265,014
Repairs and maintenance, equipment	-	96,563	-	28,862	347,435
Repairs and maintenance, buildings	-	490	-	500	1,064,972
Repairs and maintenance, grounds	-	2,300	-	188,418	380,010
Gas	-	310	-	-	319,679
Electricity	-	9,334	-	-	1,303,096
Water	-	1,636	-	-	675,660
Telephone	1,653	79,551	-	450	104,551
Dues and subscriptions	3,290	82,355	-	331	127,690
Insurance, general	-	1,284,489	-	-	1,309,540
Printing	87,418	13,907	-	-	123,665
Promotions	241,844	19,408	-	50	261,328
Postage	36,703	9,887	-	-	46,965
Legal and accounting	-	119,928	-	-	138,618
Consultant's fees	144,000	49,917	-	-	492,190
Travel and seminars	1,299	100,293	-	5,052	193,250
Employee recruitment and retention	-	302,051	-	-	305,268
Meetings and special events	52,800	67,610	-	4,195	92,037
Purchased medical	-	-	2,164,134	-	2,199,784
Outside services	19,569	71,282	-	282,479	1,627,632
Rent, buildings and equipment	-	119,678	-	-	119,678
Reimbursed foundation expenses	-	286,135	-	-	296,293
Miscellaneous	445	96,048	-	193	101,080
Changes in net assets without restrictions	$ 1,411,983	$ 15,339,701	$ 2,380,226	$ 1,153,599	$ 63,161,314

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combined Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Changes in net assets	**$ 21,800,752**	$ (11,823,641)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Entrance fees received	**14,803,583**	15,417,537
Entrance fees received - initial units	**5,985,577**	32,942,400
Amortization of entrance fees	**(12,250,544)**	(11,755,912)
Forfeitures recognized	**-**	(10,350)
Depreciation and amortization	**9,698,615**	9,703,362
Change in fair value of interest rate swap agreement	**(686,578)**	(8,229,337)
Realized and unrealized (gains) losses on investments and investment income	**(13,720,458)**	28,893,732
Net realized investment income	**(3,588,572)**	(4,770,697)
Investment in perpetual endowment	**(538,362)**	(2,057,616)
Changes in working capital components:		
(Increase) decrease in:		
Trade and other receivables	**1,474,760**	(3,605,132)
Other assets	**247,440**	(1,192,913)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(2,381,457)**	3,058,796
Residents' cash deposits	**28,893**	36,214
Net cash provided by operating activities	**20,873,649**	46,606,443
Cash flows from investing activities:		
Purchases of property and equipment	**(64,566,946)**	(94,222,191)
Redemption of investments, net of proceeds	**(24,405,062)**	65,527,419
Net cash used in investing activities	**(88,972,008)**	(28,694,772)
Cash flows from financing activities:		
Investment in perpetual endowment	**538,362**	2,057,616
Proceeds from issuance of long-term debt	**53,392,916**	20,465,577
Principal payments of long-term debt	**(10,037,111)**	(9,634,123)
Refunds of refundable fees	**(6,970,890)**	(548,506)
Net cash provided by financing activities	**36,923,277**	12,340,564
Net increase (decrease) in cash and cash equivalents	**(31,175,082)**	30,252,235
Cash and cash equivalents, beginning	**53,919,462**	23,667,227
Cash and cash equivalents, ending	**$ 22,744,380**	$ 53,919,462
Supplemental disclosures of cash flow information:		
Cash payments for interest	**$ 3,667,496**	$ 3,935,486

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Control

The Presbyterian Homes, Inc. dba Brightspire and Glenaire, Inc. (the "Communities") provide housing, health care and other related services to residents. The Presbyterian Homes, Inc. dba Brightspire operates as River Landing at Sandy Ridge in Colfax, North Carolina; and as Scotia Village in Laurinburg, North Carolina. Glenaire, Inc. operates in Cary, North Carolina. The Presbyterian Homes Foundation, Inc. (the "Foundation") is a foundation established to raise funds for support and the future needs of the Communities. PHI Management Services LLC was formed to provide management services to continuing care retirement communities which are not affiliated with Brightspire, Inc. PHI Rehab Services was formed to provide rehabilitation services to the Communities and other continuing care retirement communities. The Communities, the Foundation, PHI Management Services LLC, and PHI Rehab Services are collectively referred to as the "Organization".

The Boards of Trustees of Glenaire, Inc. and The Presbyterian Homes Foundation, Inc. are appointed by and serve at the pleasure of the Board of Governors of The Presbyterian Homes, Inc. dba Brightspire.

A summary of the Organization's significant accounting policies is as follows:

Principles of Combination

The accompanying combined financial statements include the accounts of the above-named entities. All material related-party balances and transactions have been eliminated in the combination.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization excludes from cash and cash equivalents assets limited as to use.

Assets Limited As To Use

Assets limited as to use include assets held by trustees under an indenture agreement; assets which must be held in perpetuity under endowment agreements; unconditional promises to give restricted for purchase of property and equipment, repayment of debt, or financial assistance; assets held as deposits; and the operating reserve required by state statute.

Investments and Fair Value

Investments in all debt and equity securities with a readily determinable market value are measured at fair value. The fair values of mutual funds and equity securities are determined based on quoted net asset values and share prices, respectively. The fair value of debt securities are based on quoted market prices. Changes in fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying combined statements of operations and changes in net assets. In determining realized gains and losses, the cost of investments is determined using the first-in, first-out method. Donated investments are stated at fair value at the date of the gift. Unrealized gains and losses on investments, except those determined to be other than temporarily impaired, are excluded from excess of revenue over expenses. Any other than temporary declines are accounted for as a nonoperating loss, whereby the historical cost of the related investment would be adjusted to the then-current fair market value.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

The Communities record accounts receivable at the total unpaid balance which approximates estimated fair value. The Communities determine past-due status on individual accounts based on the billing dates. The Communities estimate their allowance for doubtful accounts based on a combination of factors, including the past historical loss experience and any anticipated effects related to current economic conditions, as well as management's knowledge of the current composition of accounts receivable. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination.

Property and Equipment

Property and equipment are stated at cost or at estimated fair value at the date of donation. Depreciation is determined principally by the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. It is the policy of the Communities to review long-lived assets and intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Paid Annual Leave

After an employee has worked at the Communities for 90 days, they begin to earn paid annual leave ("PAL") time. PAL time may be earned by regular-time employees who work at least 60 hours per pay period. For the first three years of employment, employees may earn up to 23 days of PAL each year, after three years and through five years employees may earn 26 days of PAL each year, and after five years employees may earn 31 days annually. Employees are required to use at least 15 days of PAL each year, with the remaining unused PAL being put into a reserve. Up to 60 days can be accumulated in the reserve. Remaining unused current and reserve PAL is paid to an employee upon proper resignation, retirement or illness. The first 30 days of an employee's PAL reserve can only be used for an extended illness or an employee hardship withdrawal. The second 30 days of an employee's PAL reserve can be used as the employee desires.

At September 30, 2023 and 2022, the total liability for PAL was $2,831,052 and $2,546,852, respectively, and is recorded as other accrued expenses. Of this amount, $751,991 and $740,885 is shown as a current liability as of September 30, 2023 and 2022, respectively. The current amount is the amount of PAL that management estimates will be paid out in the next year.

Deferred Financing Costs

Financing costs relative to the permanent financing of the facilities have been deferred and are being amortized using the effective interest method to bond and note interest and amortization on the combined statements of operations and changes in net assets over the terms of the loans. During 2023 and 2022, amortization expense for deferred financing costs was $178,887 and $190,080, respectively.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Financing Costs (Continued)

The following is a schedule by years of the aggregate amortization amounts:

Years Ending September 30,	
2024	$ 167,486
2025	155,836
2026	144,135
2027	134,552
2028	119,872
Thereafter	1,266,009
	$ 1,987,890

Bond Premiums and Discounts

Bond premiums and discounts are being amortized to bond and note interest, and amortization on the combined statements of operations and changes in net assets over the terms of the loans. During 2023 and 2022, the net amortization expense for bond discounts was $926,444 and $935,112, respectively.

The following is a schedule by years of the aggregate amortization:

Years Ending September 30,	
2024	$ 917,863
2025	909,393
2026	901,028
2027	892,767
2028	773,546
Thereafter	8,536,451
	$ 12,931,048

Interest Rate Swap Agreement

The Organization uses derivatives to manage risks related to interest rate movements. The Organization's interest rate risk strategy is to pay-fixed and receive-variable interest rate swaps. The combination of these swaps and variable-rate bonds creates synthetic fixed-rate debt. The use of synthetic fixed-rate debt has the ability to lower the Organization's borrowing costs associated with the issuance of traditional fixed-rate bonds. The Organization's interest rate swap agreements have not been designated as hedging transactions and are reported at fair value.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets

The following classification of net assets is presented in the accompanying combined financial statements:

With donor restrictions: All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in donor restricted net assets. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Without donor restrictions: All revenue not restricted by donors, unrestricted contributions designated by the board and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Changes in Assets Without Restrictions

The combined statements of operations and changes in net assets reflect operating income. Changes in net assets without restrictions that are excluded from operating income, consistent with industry practice, include realized gains and losses on investments, changes in unrealized gains and losses on investments, investment income, income from estates, wills, trusts and bequests, and contributions.

Revenue Recognition

The Organization generates revenues, primarily by providing housing, amenities (recreational, dining, etc.) and access to health care services to its residents. The various life care contract streams of revenue are recognized as follows:

Entrance fees: The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment under the life care contract and are included in liabilities in the statements of financial position until the performance obligations are satisfied. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is associated with access to future services. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the statements of financial position.

Health care services: The Organization also provides assisted and nursing care to residents who are covered by government and commercial payers. The Organization is paid fixed rates from government and commercial payers. These fixed rates are billed in arrears monthly when the service is provided. The monthly fees represent the most likely amount to be received from the third-party payors.

Monthly service fees: The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining, along with assisted living and nursing care and these performance obligations are earned each month. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Presbyterian Homes, Inc. dba Brightspire and Glenaire, Inc. are nonprofit organizations exempt from income taxes under Internal Revenue Code Section 501(c)(3), and The Presbyterian Homes Foundation, Inc. is an organization exempt from income taxes under Internal Revenue Code Section 501(a). The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2023.

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the combined financial statements. No material uncertain tax positions were identified for 2023 and 2022.

Resident Fees

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

Obligation to Provide Future Services

The Communities annually calculate the present value of the net cost of future services and use of facilities to be provided to current residents, and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. At September 30, 2023 and 2022, deferred revenue from entrance fees exceeded the present value of the net cost of future services and use of facilities, thus no obligation is recorded.

Estimated Third-Party Payor Settlements

The Communities have agreements with third-party payors that provide for payments to the Communities at amounts different from their established rates. Payment arrangements include prospectively determined per diem payments. Revenue under third-party payor agreements is subject to audit and retroactive adjustments. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Entrance Fees

Entrance fees are amortized into revenue on a straight-line basis, based on the actuarially determined remaining life expectancy of the resident. This actuarially determined remaining life expectancy of the resident is adjusted annually. The unamortized portion of the fee is shown on the combined statements of financial position as deferred revenue.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Exemption

During 2001, the state of North Carolina passed legislation which provided a property tax exemption for continuing care retirement communities (CCRCs) that expend 5% or more of their operating revenues on benevolent assistance and community service or CCRCs that have financed their facilities with tax-exempt bond financing. Partial exemptions are available for CCRCs which provide some benevolent assistance and community service and CCRCs that have facilities which are partially financed with tax-exempt bond financing. The property tax exemption must be requested each year. Based on the combination of the partial exemptions described above, Management believes that it will qualify for a full property tax exemption.

Benevolent Assistance

The Communities have a policy of providing benevolent assistance to residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since the Communities do not expect to collect the normal charges for services provided, estimated charges for benevolent assistance are not included in revenue. Costs associated with services provided were approximately $3,969,000 and $4,851,000 for the years ended September 30, 2023 and 2022, respectively.

Social Accountability

The Communities provide building space to several religious and charitable organizations and a reduced rental rate to a childcare center. The dollar amount of space provided based upon local fair market value rental rates is approximately $457,000 and $400,000 for the years ended September 30, 2023 and 2022, respectively. The Communities also provide numerous charity benefits which include donated volunteer services in the amounts of approximately $766,000 and $526,000 for the years ended September 30, 2023 and 2022, respectively. These contribution amounts are not reflected in the combined statements of operations and changes in net assets.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables and other assets approximate fair value. Investments are reported at fair value as of the date of the combined financial statements. The carrying amount of accounts payable, accrued expenses and other liabilities approximate fair value. The interest rate swap agreement is reported at fair value as of the date of the combined financial statements. Fixed-rate long-term debt is carried at cost net of any unamortized premiums or discounts. The fair value of the fixed-rate long-term debt is approximately $22,000,000 less than the carrying value.

Use of Estimates

The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. 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 combined financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization evaluated the effect of subsequent events through January 25, 2024, which is the date the combined financial statements were available to be issued. See Note O.

NOTE B - INVESTMENTS

Investments are carried at fair value and consist of the following at September 30, 2023 and 2022:

	2023	2022
Investments:		
Mutual funds:		
Equity funds	**$ 32,075,522**	$ 13,695,336
Fixed-income funds	**41,455,771**	27,525,100
Tangible assets	**2,845,875**	3,865,726
Equity securities	**86,925,257**	75,933,311
Government bonds	**1,019,103**	-
	164,321,528	121,019,473
Less assets classified as assets limited as to use:		
Operating reserves required by state statute	**17,096,000**	17,549,000
	$ 147,225,528	$ 103,470,473
Investments included in assets limited as to use:		
Under bond agreement:		
Government and corporate bonds	**$ 101,866**	$ 1,629,836
Cash and cash equivalents	**2,446,018**	2,746,085
	2,547,884	4,375,921
Less assets limited as to use:		
Required for current liabilities	**1,512,859**	1,500,729
	$ 1,035,025	$ 2,875,192
Permanent endowment funds:		
Equity funds	**$ 1,395,880**	$ 1,413,024
Fixed-income funds	**923,420**	773,845
Tangible assets	**77,444**	121,029
Equity securities	**2,377,247**	2,330,493
	$ 4,773,991	$ 4,638,391

Net realized investment income consists of ($1,737,312) and ($964,849) of realized gains/(losses), and $5,567,151 and $5,953,743 of interest and dividends for the years ended September 30, 2023 and 2022, respectively.

NOTE B - INVESTMENTS (Continued)

The Organization's investments potentially subject it to concentrations of credit risk. The Organization maintains various types of investments that encompass many different companies with varied industrial and geographical characteristics designed to limit exposure to any one industry, company or geographical location.

However, as most of the Organization's investments are traded in public markets, they are subject to general fluctuations in the market's overall performance. The Organization retains investment managers who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Organization invests. Management believes they employ an investment strategy which does not subject itself to an abnormal amount of risk compared to general market conditions.

NOTE C - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2023	2022
Land	**$ 18,750,400**	$ 18,750,401
Land improvements	**5,441,117**	5,377,310
Buildings	**304,944,192**	303,906,549
Equipment, furniture, and other	**17,115,867**	15,673,944
Construction-in-progress	**203,915,499**	141,891,925
	$ 550,167,075	$ 485,600,129

NOTE D - LONG-TERM DEBT

Long-term debt as of September 30, 2023 and 2022 consists of the following:

	2023	2022
North Carolina Medical Care Commission Series 2015 first revenue refunding bonds at a fixed rate of 3.42% per annum due July 1, 2031.	**$ 5,565,226**	$ 6,340,230
North Carolina Medical Care Commission Series 2016A first mortgage revenue bonds at a variable rate of 82.65% of one-month TERM SOFR plus 1.103% per annum due April 1, 2027 swapped to a fixed rate of 2.395%.	**7,205,737**	9,135,163
North Carolina Medical Care Commission Series 2016B tax-exempt bonds at a variable rate of 82.65% of one-month TERM SOFR plus 0.984% per annum due October 1, 2027 swapped to a fixed rate of 2.176%.	**23,322,660**	28,807,159

NOTE D - LONG-TERM DEBT (Continued)

Long-term debt as of September 30, 2023 and 2022 consists of the following:

	2023	2022
North Carolina Medical Care Commission Series 2016C tax-exempt bonds with the following maturities and rates:		
Term bonds at 4% due October 1, 2031 priced to yield	**$ 10,000,000**	$ 10,000,000
Term bonds at 5% due October 1, 2031 priced to yield	**15,770,000**	15,770,000
Term bonds at 3% due October 1, 2036 priced to yield	**1,000,000**	1,000,000
Term bonds at 5% due October 1, 2036 priced to yield	**2,450,000**	2,450,000
	29,220,000	29,220,000
North Carolina Medical Care Commission Series 2020A tax-exempt bonds with the following maturities and rates:		
Serial bonds at 4% due October 1, 2031 priced to yield 1.60%.	**5,345,000**	5,345,000
Term bonds at 4% due October 1, 2035 priced to yield 2.47%.	**3,820,000**	3,820,000
Term bonds at 4% due October 1, 2040 priced to yield 3.03%.	**7,000,000**	7,000,000
Term bonds at 5% due October 1, 2040 priced to yield 2.73%.	**14,950,000**	14,950,000
Term bonds at 4% due October 1, 2045 priced to yield 3.23%.	**10,000,000**	10,000,000
Term bonds at 5% due October 1, 2045 priced to yield 2.93%.	**18,670,000**	18,670,000
Term bonds at 4% due October 1, 2050 priced to yield 3.33%.	**10,000,000**	10,000,000
Term bonds at 5% due October 1, 2050 priced to yield 3.03%.	**26,250,000**	26,250,000
	96,035,000	96,035,000
North Carolina Medical Care Commission Series 2020B tax-exempt bonds at a variable rate of 79% of one-month TERM SOFR plus 0.11448% plus 1.0665% per annum due November 1, 2024.	**73,908,497**	20,515,579
Total North Carolina Medical Care Commission non-taxable bonds	**235,257,120**	190,053,131
Construction loan of $34,574,000 payable to a bank, with interest only payments through July 1, 2020, and interest and principle payments beginning on August 1, 2020 through maturity on July 1, 2035. The loan was drawn down as spent from the date of issuance on June 28, 2018. The Organization entered into a forward rate swap agreement on June 28, 2018, effective July 1, 2020 at a rate of 4.152% through July 1, 2035.	**28,839,707**	30,687,892
	264,096,827	220,741,023
Less unamortized deferred financing costs	**1,987,890**	2,166,778
Less unamortized bond premium	**(12,931,048)**	(13,857,492)
Less current maturities	**84,174,013**	30,546,012
	$ 190,865,972	$ 201,885,725

NOTE D - LONG-TERM DEBT (Continued)

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

Years Ending September 30,	
2024	$ 84,174,014
2025	10,503,361
2026	10,602,755
2027	9,364,363
2028	8,849,053
Thereafter	140,603,281
	$ 264,096,827

The following is a discussion of significant terms and conditions regarding the North Carolina Medical Care Commission (the "Commission") tax-exempt bonds:

On July 15, 2015, the Organization entered into a Loan and Security agreement with the Commission pursuant to a $14,712,108 First Mortgage Revenue Refunding Bond, Series 2015, to refinance the remaining Series 2005 and Series 2010 existing indebtedness of the Organization. This is a single bond which was purchased by Truist Bank. Proceeds from this offering have been used to pay the expenses incurred in connection with the issuance of the bonds.

On April 1, 2016, the Organization entered into a Loan and Security agreement with the Commission pursuant to a $20,000,000 First Mortgage Revenue Bond, Series 2016A, to finance capital projects. Proceeds from this offering have been used to fund a construction reserve to pay costs related to capital improvements at the Communities, and to pay the expenses incurred in connection with the issuance of the bonds.

On September 29, 2016, the Organization entered into a Loan and Security agreement with the Commission pursuant to a $48,690,837 First Mortgage Revenue Refunding Bond, Series 2016B, to refinance part of the Series 2006A existing indebtedness of the Organization. This is a single bond which was purchased by Truist Bank. Proceeds from this offering will be used to fund a debt service reserve fund for the bonds and to pay the expenses incurred in connection with the bonds.

On September 29, 2016, the Organization entered into a Loan and Security agreement with the Commission pursuant to a $29,220,000 bond offering, Series 2016C, to refinance the remaining Series 2006A and the Series 2006B existing indebtedness of the Organization. A portion of the proceeds from this offering have been used to pay a portion of the bond maturities due October 1, 2016, and to pay the expenses incurred in connection with the issuance of the bonds.

On October 1, 2020, the Organization entered into Loan and Security agreements with the Commission pursuant to a $96,035,000 First Mortgage Revenue Bond, Series 2020A, and a $80,000,000 First Mortgage Revenue Bond, Series 2020B, to finance capital projects, maturing through October 1, 2055 and November 1, 2024, respectively. Proceeds from these offerings have been used to fund a construction reserve to pay costs related to capital improvements at the Communities, and to pay the expenses incurred in connection with the issuance of the bonds.

NOTE D - LONG-TERM DEBT (Continued)

The loan agreements contain certain required deposits, payments and covenants, which include limitations on liens, incurrence of additional indebtedness, certain long-term debt service coverage ratios, occupancy percentages, property transfer restrictions, limitations on use to finance operating deficits, and various other covenants and restrictions. All such required deposits are shown as assets limited as to use under bond agreement and are pledged on the loans.

Security for the bonds consists of a pledge and assignment to the trustee of all rights, title and interest in and to The Presbyterian Homes, Inc. dba Brightspire, Glenaire, Inc., and The Presbyterian Homes Foundation Inc.'s ("Obligated Group") promissory notes with the Commission, dated July 15, 2015, April 1, 2016 and September 29, 2016, which evidences the Obligated Group's obligation to repay the Commission.

In addition, the Commission assigned to the Trustee its rights as beneficiary under the Obligated Group's pledged assets consisting of gross receipts, accounts, equipment, general intangibles, inventory, documents, instruments and assigns its rights as secured party with respect to its security interest.

The Series 2016 bonds, maturing on or after October 1, 2024, 2025 and 2026, are subject to redemption by the Commission, at the direction of the Obligated Group, at an option of 102%, 101% and 100% of par value, respectively. Additionally, the terms of bonds maturing in 2031 and 2036 are subject to mandatory redemption without premium beginning in 2028 and 2032, respectively.

On June 28, 2018, the Organization entered into a credit agreement with Truist Bank to finance an expansion and a renovation to the Wellness Center and Healthcare Center at River Landing at Sandy Ridge. The Entrance Fee Project loan, in the amount of $20,426,000, will be used to finance a portion of the construction of 58 independent living units. The Construction Project Loan, in the amount of $34,574,000, will be used to finance the costs of various expansion projects including a maintenance/transportation building; a clubhouse with dining facilities, meeting space, and a golf pro-shop; an expansion of the existing wellness space; and renovation of the existing healthcare center to convert the physical layout and spaces to the household model.

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Organization entered into interest rate swap agreements for the 2016 bonds. Under these agreements, interest is payable at a fixed rate of 1.307% - 4.152% based on the outstanding balance of the related bonds and is effective April 1, 2027 through July 1, 2035. The annual gain or loss on the fair value of the swap agreements are reported as revenue or expense in the combined statement of activities and changes in net assets. The interest rate swap agreements have a combined notional principal amount of $59,527,131 and a fair value of $3,898,918 at September 30, 2023, which is recorded as an asset on the combined statements of financial position. The fair value of these interest swap agreements were derived from proprietary models as of a given date, supplied by the swap advisor. The valuation is calculated on a mid market basis and does not include bid/offered spread that would be reflected in an actual price quotation. This model relies on certain assumptions regarding past, present and future market conditions.

NOTE E - REFUNDABLE FEES

The Communities offer three alternative entrance fee plans which provide refunds to residents from re-occupancy proceeds. Under the standard entrance fee option, prior to 48 months of occupancy, the resident would receive a refund equal to the entrance fee, less 2% per month of occupancy less a 4% non-refundable fee. The 50% refundable plan offers the resident a refund equal to 50% of the entrance fee after 23 months of occupancy. Prior to 23 months of occupancy, the resident is entitled to a refund of the entrance fee, less 2% per month of occupancy, less a 4% non-refundable fee. The 90% refundable plan offers the resident a refund equal to 90% of the entrance fee after 6 months of occupancy. Prior to 6 months of occupancy, the resident is entitled to a refund of the entrance fee, less 1% per month of occupancy, less a 4% non-refundable fee. The estimated amount of entrance fee that is expected to be refunded to current residents is shown on the combined statements of financial position as refundable fees. This amount is estimated using an average of the last eight years' refunds. The total amount of contractual refund obligations under existing contracts totaled approximately $34,035,000 and $37,705,000 at September 30, 2023 and 2022, respectively, and is included in deferred revenue from entrance fees, net of the estimated amount to be refunded to current residents, on the combined statements of financial position.

NOTE F - NET ASSETS

Net assets without donor restrictions contain $35,494,651 and $31,825,977 in board-designated amounts at September 30, 2023 and 2022, respectively. Of these amounts, $77,309 and $71,813 is designated for special maintenance projects as of September 30, 2023 and 2022, respectively. The remaining portion relates to resident assistance in the amount of $35,417,342 and $31,754,164 as of September 30, 2022 and 2021, respectively.

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to expenditures for specified purposes or passage of time:		
Principal amount:		
Special maintenance project	**$ 589,727**	$ 757,159
	589,727	757,159
Investment activity:		
Net unrealized appreciation (depreciation) of investments whose income is restricted for resident assistance and special maintenance projects	**274,967**	(468,697)
Undistributed realized appreciation of investments whose income is restricted as to purpose including dividends interest	**2,770,225**	2,675,685
	3,634,919	2,964,147

NOTE F - NET ASSETS (Continued)

Net assets with donor restrictions are restricted for the following purposes or periods (Continued):

	2023	2022
Subject to the Organization's spending policy and appropriation to support:		
Resident subsidies	**$ 3,724,707**	$ 3,550,378
Maintenance of rose garden	**55,362**	55,362
Healthcare equipment	**29,588**	29,588
Employee scholarship	**876,410**	806,383
Any activities of the Organization	**240,156**	240,156
	4,926,223	4,681,867
	$ 8,561,142	$ 7,646,014

Under the terms of the initial contributions that were used to establish endowments, the Investment Committee of the Board of Governors may buy, sell or otherwise change investments, but the principal from any sales is required to be reinvested.

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

Purpose restrictions accomplished:	**2023**	2022
Special maintenance expenses	**$ 778,571**	$ 490,204
Resident assistance	**79,359**	162,154
Release of assets by trustee	**-**	1,227,721
	$ 857,930	$ 1,880,079

NOTE G - ENDOWMENTS

The Communities' and Foundation's endowments (the "endowments") consist of approximately nine individual funds established for a variety of purposes. The endowments include both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of the donor restricted endowment fund that is above the original gift amount is appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE G - ENDOWMENTS (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return.

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has developed a spending policy for its endowment funds, which appropriates for distribution 3.5% - 4.0% of its invested funds based on the average market value of the trailing twelve quarters at June 30 each year. The intent of using a 12-quarter average is to minimize the likelihood of the principal of the fund being invaded. Any unspent distributable amounts remaining at the end of the fiscal year, which have not been granted or distributed, will be available for expenditure in the following fiscal year. However, in no year should more than 6% be distributed without Board approval.

Endowment net assets composition by type of fund as of September 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Board-designated endowment funds	**$ 35,494,651**	**$ -**	**$ 35,494,651**
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	**-**	**4,926,223**	**4,926,223**
Accumulated investment gains	**676,620**	**3,045,192**	**3,721,812**
	$ 36,171,271	**$ 7,971,415**	**$ 44,142,686**

NOTE G - ENDOWMENTS (Continued)

Changes in endowment net assets as of September 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning	**$ 32,406,711**	**$ 6,888,855**	**$ 39,295,566**
Contributions	**212,762**	**243,356**	**456,118**
Investment income	**1,031,473**	**215,314**	**1,246,787**
Net appreciation	**2,936,597**	**743,664**	**3,680,261**
Appropriated	**(416,273)**	**(119,773)**	**(536,046)**
Endowment net assets, ending	**$ 36,171,270**	**$ 7,971,416**	**$ 44,142,686**

Endowment net assets composition by type of fund as of September 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Board-designated endowment funds	$ 31,825,977	$ -	$ 31,825,977
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	4,681,867	4,681,867
Accumulated investment gains	580,734	2,206,988	2,787,722
	$ 32,406,711	$ 6,888,855	$ 39,295,566

Changes in endowment net assets as of September 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning	$ 38,529,703	$ 9,334,537	$ 47,864,240
Contributions	1,492,690	309,947	1,802,637
Investment income	1,103,405	307,631	1,411,036
Net depreciation	(7,340,709)	(1,649,466)	(8,990,175)
Transferred	5,841	-	5,841
Appropriated	(1,384,219)	(1,413,794)	(2,798,013)
Endowment net assets, ending	$ 32,406,711	$ 6,888,855	$ 39,295,566

NOTE H - CREDIT RISK

The Organization maintains demand deposits and certificates of deposit with financial institutions and investments in the North Carolina Cash Management Trust. The balances of certain demand deposit accounts at times may exceed the federally insured amount. The Organization has not experienced any loss as a result of these holdings.

NOTE H - CREDIT RISK (Continued)

In addition to providing services to private pay residents, the Communities also serve residents covered under various third-party payor programs including Medicaid and Medicare programs. As of September 30, 2023 and 2022, approximately 27% of the Communities' unreserved accounts receivable were due from these programs.

NOTE I - JOINT VENTURE AGREEMENT

In November 2019, Brightspire, Inc. ("PHI") entered into a Joint Venture Agreement with DHIC, Inc. ("DHIC") to develop an affordable housing project, Milner Senior Housing Partners, LLC, for senior adults at the site of the former Milner Memorial Presbyterian Church in Raleigh, North Carolina. On December 1, 2022, $48,000,000 of financing for the project was closed. Brightspire has a .0021% ownership interest in the Joint Venture for the development of Milner Senior Housing. Construction is on-going and expected to be completed in October of 2024.

NOTE J - COMMITMENTS

At September 30, 2023, the remaining construction commitments for the Communities are:

Community/Project:			Amount
Glenaire:	Expansion		$ 2,500,100
		Total	$ 2,500,100

NOTE K - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under Topic 820 - *Fair Value Measurement* are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE K - FAIR VALUE MEASUREMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets limited as to use measured at fair value. There have been no changes in the methodologies used during the year.

Common stocks, U.S. government securities and international, corporate and municipal bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

Money market funds, mutual funds, and closed end funds: Valued at the net asset value of shares held by the Organization at year end.

Charitable gift annuities: Valued at the net present value of the anticipated residual value of the original charitable gift.

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

The following tables set forth by level the fair value hierarchy of the Organization's financial assets and liabilities accounted for at fair value on a recurring basis as of September 30, 2023 and 2022.

	2023			
	Level 1	Level 2	Level 3	Fair Value
Investments:				
Equity securities:				
U.S.	**$ 90,289,837**	**$ 15,378,572**	**$ -**	**$ 105,668,409**
International	**17,103,934**	**-**	**-**	**17,103,934**
Fixed-income:				
Asset-backed	**-**	**2,923,319**	**-**	**2,923,319**
Certificates of deposit	**-**	**2,436,608**	**-**	**2,436,608**
Corporate bonds	**-**	**39,944,146**	**-**	**39,944,146**
Government bonds	**-**	**1,120,969**	**-**	**1,120,969**
Cash and cash equivalents	**2,446,018**	**-**	**-**	**2,446,018**
	$ 109,839,789	**$ 61,803,614**	**$ -**	**$ 171,643,403**

NOTE K - FAIR VALUE MEASUREMENTS (Continued)

	2022			
	Level 1	Level 2	Level 3	Fair Value
Investments:				
Equity securities:				
U.S.	$ 68,462,767	$ 15,108,359	$ -	$ 83,571,126
International	9,801,038	-	-	9,801,038
Fixed-income:				
Asset-backed	-	3,986,754	-	3,986,754
Certificates of deposit	-	2,392,564	-	2,392,564
Corporate bonds	-	25,906,382	-	25,906,382
Government bonds	-	1,629,836	-	1,629,836
Cash and cash equivalents	2,746,085	-	-	2,746,085
	$ 81,009,890	$ 49,023,895	$ -	$ 130,033,785

NOTE L - ASSETS LIQUIDITY

The following reflects the Organization's financial assets as of the combined statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the combined statement of financial position date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action.

Financial assets, at year end	$ 200,491,297
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	4,773,991
Assets limited as to use	1,578,307
Board designations: Quasi-endowment fund for long-term investing	36,171,271
Financial assets available to meet cash needs for general expenditures within one year	$ 157,967,728

The Organization's investments potentially subject it to concentrations of credit risk. The Organization maintains various types of investments that encompass many different companies with varied industrial and geographical characteristics designed to limit exposure to any one industry, company or geographical location. However, as most of the Organization's investments are traded in public markets, they are subject to general fluctuations in the market’s overall performance. The Organization retains investment managers who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Organization invests.

NOTE M - RETIREMENT PLAN

The Organization offers a 401(k) plan to their employees to promote tax-deferred savings. The plan covers substantially all employees who are age 21 or older. The Organization contributes 100 percent of the first 3 percent, plus 50 percent of the next 2 percent of the participant's contribution to the plan. The Organization's contributions relating to the plan were approximately $837,000 and $732,000 in 2023 and 2022, respectively.

NOTE N - RECLASSIFICATION

Certain amounts in the prior year consolidated information were reclassified to conform with the current year presentation.

NOTE O - SUBSEQUENT EVENTS

Management of the Organization evaluated subsequent events through January 25, 2024, which is the date the financial statements were available to be issued.

On June 7, 2023, the boards of The Presbyterian Homes, Inc. dba Brightspire and The Well-Spring Group announced that the two organizations signed a letter of intent to affiliate. Both parties view the combination as a merger of equals. No cash will be exchanged in the transaction, and both organizations will equally contribute to funding the launch of the parent company. The organizations are currently performing due diligence with the intent to finalize the affiliation during fiscal year 2024.

Management was not aware of any other additional subsequent events that should be disclosed.

Exhibit B

BRIGHTSPIRE

COMBINED FORECAST

FOR THE YEARS ENDING
SEPTEMBER 30, 2024 THROUGH 2028

BRIGHTSPIRE
Combined Forecast
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To the Board of Governors
Brightspire
High Point, North Carolina

Management is responsible for the accompanying combined financial forecast of Brightspire (the "Organization"), which comprises the forecasted combined statements of financial position as of September 30, 2024, 2025, 2026, 2027 and 2028, and the forecasted combined statements of operations and changes in net assets, and cash flows for the years then ending, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed the 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 financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on the financial forecast.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
February 26, 2024

BRIGHTSPIRE
Forecasted Combined Statements of Financial Position
September 30, 2024 through 2028

(In Thousands of Dollars)

	2024	2025	2026	2027	2028
Assets					
Current Assets:					
Cash and cash equivalents	$ 6,747	$ 6,774	$ 6,801	$ 6,829	$ 6,857
Assets limited as to use, required for current liabilities	3,904	3,903	3,874	3,817	8,875
Accounts receivable, net	3,283	3,379	3,478	3,582	3,691
Other receivables	1,763	1,802	1,865	1,930	1,999
Other current assets	1,093	1,137	1,182	1,230	1,281
Total Current Assets	16,790	16,995	17,200	17,388	22,703
Assets Limited As to Use:					
Under bond agreement	-	-	-	-	-
Reserves required by state statute	23,843	24,435	25,194	25,636	24,915
Endowment funds	4,773	4,773	4,773	4,773	4,773
Residents' cash deposits	63	63	63	63	63
	28,679	29,271	30,030	30,472	29,751
Investments, Deferred Costs and Other Assets:					
Investments	114,867	113,125	124,593	139,136	148,716
Deferred CON costs, net	81	75	69	63	57
Interest rate swap agreement	3,899	3,899	3,899	3,899	3,899
	118,847	117,099	128,561	143,098	152,672
Property and Equipment:					
Land, buildings and equipment	572,726	589,503	595,404	601,548	611,179
	572,726	589,503	595,404	601,548	611,179
Less accumulated depreciation	149,469	164,085	179,062	194,149	209,327
	423,257	425,418	416,342	407,399	401,852
Total Assets	$ 587,573	$ 588,783	$ 592,133	$ 598,357	$ 606,978
Liabilities and Net Assets					
Current Liabilities:					
Current maturities of long-term debt	$ 10,517	$ 10,543	$ 9,261	$ 8,363	$ 9,222
Accounts payable	5,191	5,194	5,197	5,200	5,203
Accrued expenses	1,888	1,901	1,914	1,928	1,942
Accrued interest	3,041	3,018	2,993	2,972	3,009
Other accrued expenses	755	762	765	769	771
Estimated refundable entrance fees	1,137	1,137	1,137	1,137	1,137
Total Current Liabilities	22,529	22,555	21,267	20,369	21,284
Long-Term Debt	179,588	168,318	158,330	148,929	138,401
Deferred Revenue and Other Liabilities:					
Deferred revenue - nonrefundable fees	90,082	81,955	73,217	63,951	54,156
Deferred revenue - refundable fees	35,517	32,603	29,453	26,103	22,551
Refundable entrance fees	33,557	28,854	23,879	18,657	13,180
Admission deposits	3,926	3,961	3,986	4,005	4,015
Other accrued expenses	2,089	2,099	2,110	2,119	2,131
Interest rate swap agreement	66	66	66	66	66
	165,237	149,538	132,711	114,901	96,099
Total Liabilities	367,354	340,411	312,308	284,199	255,784
Net Assets:					
Assets without donor restrictions	211,658	239,811	271,264	305,597	342,633
Assets with donor restrictions	8,561	8,561	8,561	8,561	8,561
Total Net Assets	220,219	248,372	279,825	314,158	351,194
Total Liabilities and Net Assets	$ 587,573	$ 588,783	$ 592,133	$ 598,357	$ 606,978

BRIGHTSPIRE
Forecasted Combined Statements of Operations and Changes in Net Assets
Years Ending September 30, 2024 through 2028

(In Thousands of Dollars)

	2024	2025	2026	2027	2028
Changes in Net Assets without Donor Restrictions:					
Revenue:					
Amortization of advance fees	$ 29,965	$ 31,002	$ 32,131	$ 33,116	$ 34,105
Service fees, residential	49,483	55,688	58,265	60,899	63,651
Service fees, assisted living	9,686	10,330	12,414	13,327	13,943
Service fees, nursing	23,534	24,172	25,006	25,887	26,800
Adult day care	366	662	729	762	797
Food service income	470	470	470	470	470
Reimbursed medical	2,384	2,384	2,384	2,384	2,384
Golf course revenue	85	85	85	85	85
Other	2,229	2,286	2,345	2,407	2,469
Total operating revenue	118,202	127,079	133,829	139,337	144,704
Expenses:					
Routine services	22,391	23,343	24,366	25,295	26,259
Special services	2,103	2,165	2,249	2,344	2,421
Dining services	16,891	17,537	18,208	18,902	19,624
Environmental services	5,202	5,403	5,612	5,827	6,052
Maintenance	10,581	11,019	11,440	11,877	12,332
Marketing	2,016	1,855	1,916	1,979	2,043
Administration	19,676	20,417	21,227	22,070	22,943
Depreciation and amortization	11,042	13,875	14,235	14,358	14,553
Bond interest and amortization	8,193	7,450	7,159	6,887	6,597
Purchased medical services	2,666	2,666	2,666	2,666	2,666
Golf course and grounds expense	1,295	1,340	1,387	1,436	1,486
Miscellaneous, net	159	157	161	162	163
Total operating expenses	102,215	107,227	110,626	113,803	117,139
Operating income	15,987	19,852	23,203	25,534	27,565
Nonoperating income:					
Contributions	1,471	1,471	1,471	1,471	1,471
Net realized investment income	6,310	6,830	6,779	7,328	8,000
Net nonoperating income	7,781	8,301	8,250	8,799	9,471
Changes in net assets without donor restrictions	23,768	28,153	31,453	34,333	37,036
Net assets, beginning	196,451	220,219	248,372	279,825	314,158
Net assets, ending	$ 220,219	$ 248,372	$ 279,825	$ 314,158	$ 351,194

BRIGHTSPIRE
Forecasted Combined Statements of Cash Flows
Years Ending September 30, 2024 through 2028

(In Thousands of Dollars)

	2024	2025	2026	2027	2028
Cash flows from operating activities:					
Changes in net assets	$ 23,768	$ 28,153	$ 31,453	$ 34,333	$ 37,036
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	61,423	16,422	16,424	16,418	16,413
Amortization of entrance fees	(29,965)	(31,002)	(32,131)	(33,116)	(34,105)
Depreciation	11,787	14,616	14,969	15,095	15,185
Amortization of deferred CON costs	3	6	6	6	5
Amortization of deferred financing costs	170	163	160	150	137
Amortization of bond premium	(918)	(910)	(900)	(893)	(774)
Changes in working capital:					
(Increase) decrease in:					
Trade and other receivables	825	(135)	(162)	(169)	(178)
Other assets	(42)	(44)	(45)	(48)	(51)
Increase (decrease) in:					
Decrease in accounts payable and accrued expenses	(1,165)	10	5	9	68
Net cash provided by operating activities	65,886	27,279	29,779	31,785	33,736
Cash flows from investing activities:					
Purchases of property and equipment	(22,560)	(16,777)	(5,901)	(6,144)	(9,631)
Net proceeds (purchases) of investments	24,396	1,171	(12,179)	(15,223)	(14,585)
Net cash provided by (used in) investing activities	1,836	(15,606)	(18,080)	(21,367)	(24,216)
Cash flows used in financing activities:					
Principal payments on long-term debt	(84,184)	(10,517)	(10,543)	(9,261)	(8,363)
Refunds of refundable fees	(1,129)	(1,129)	(1,129)	(1,129)	(1,129)
Net cash used in financing activities	(85,313)	(11,646)	(11,672)	(10,390)	(9,492)
Net increase (decrease) in cash and cash equivalents	(17,591)	27	27	28	28
Cash and cash equivalents, beginning	24,338	6,747	6,774	6,801	6,829
Cash and cash equivalents, ending	$ 6,747	$ 6,774	$ 6,801	$ 6,829	$ 6,857
Supplemental disclosure of cash flow information:					
Cash payments for interest	$ 5,777	$ 7,495	$ 7,229	$ 6,908	$ 6,560

NOTE 1 - BASIS OF PRESENTATION

The accompanying financial forecast presents, to the best of the knowledge and belief of the management ("Management") of Brightspire and Glenaire, Inc.'s (collectively, the "Communities") expected combined financial position, changes in net assets, and cash flows as of and for each of the five years ending through September 30, 2028. Accordingly, the combined forecast reflects Management's judgment as of February 26, 2024, of the expected conditions and its expected course of action during the forecast period.

The assumptions disclosed herein are those which Management believes are significant to the combined forecast. Management recognizes there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Management's purpose in releasing this combined financial forecast is for inclusion in the Communities' disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose.

NOTE 2 - BACKGROUND OF THE ORGANIZATION

The Communities provide housing, health care and other related services to residents. Brightspire operates as River Landing at Sandy Ridge in Colfax, North Carolina and as Scotia Village in Laurinburg, North Carolina. Glenaire, Inc. operates in Cary, North Carolina. The Presbyterian Homes Foundation, Inc. is a foundation established to raise funds for support and the future needs of the Communities. The Communities and the Foundation are collectively referred to as the "Organization".

The Boards of Trustees of Glenaire, Inc. and The Presbyterian Homes Foundation, Inc. are appointed by and serve at the pleasure of the Board of Governors of Brightspire.

Principles of Combination

The accompanying forecasted combined financial statements include the accounts of the above-named entities. All material related-party balances and transactions have been eliminated in combination.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS

Classification of Net Assets

The following classification of net assets is presented in the accompanying forecasted combined financial statements:

Without donor restrictions: All revenue not restricted by donors, unrestricted contributions designated by the board and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Classification of Net Assets (Continued)

With donor restrictions: All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in donor restricted net assets. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Changes in Assets Without Restrictions

The forecasted combined statement of operations and changes in net assets reflect operating income. Changes in net assets without restrictions that are excluded from operating income, consistent with industry practice, include realized gains and losses on investments, changes in unrealized gains and losses on investments, investment income, income from estates, wills, trusts and bequests, and contributions.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization excludes from cash and cash equivalents assets limited as to use.

Accounts Receivable

The Communities record accounts receivable at the total unpaid balance which approximates estimated fair value. The Communities determine past-due status on individual accounts based on the billing dates. The Communities estimate their allowance for doubtful accounts based on a combination of factors, including the past historical loss experience and any anticipated effects related to current economic conditions, as well as Management's knowledge of the current composition of accounts receivable. Accounts receivable that Management believes to be ultimately not collectible are written off upon such determination.

Assets Limited As To Use

Assets limited as to use include assets held by trustees under an indenture agreement, assets which must be held in perpetuity under endowment agreements, unconditional promises to give restricted for purchase of property and equipment, repayment of debt, or financial assistance, assets held as deposits, and the operating reserve required by State statute.

Resident Fees

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

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Estimated Third-Party Payor Settlements

The Communities have agreements with third-party payors that provide for payments to the Communities at amounts different from their established rates. Payment arrangements include prospectively determined per diem payments. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Investments

Investments in all debt and equity securities with a readily determinable market value are measured at fair value. The fair values of mutual funds and equity securities are determined based on quoted net asset values and share prices, respectively. The fair value of debt securities are based on quoted market prices. Changes in fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying forecasted combined statements of operations and changes in net assets. In determining realized gains and losses, the cost of investments is determined using the first-in, first-out method. Donated investments are stated at fair value at the date of the gift. Unrealized gains and losses on investments, except those determined to be other than temporarily impaired, are excluded from excess of revenue over expenses. Any other than temporary declines are accounted for as a nonoperating loss, whereby the historical cost of the related investment would be adjusted to the then-current fair market value.

Property and Equipment

Property and equipment are stated at cost or at estimated fair value at the date of donation. Depreciation is determined principally by the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. It is the policy of the Communities to review long-lived assets and intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Deferred Financing Costs

Financing costs relative to the permanent financing of the facilities have been deferred and are being amortized, using the effective interest method, over the terms of the related financing and are netted against the related outstanding debt associated with the financing cost.

Income Tax Status

The Communities are not-for-profit organizations exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the Foundation is an organization exempt from income taxes under the Internal Revenue Code Section 501(a).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Income Tax Status (Continued)

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the forecasted combined financial statements. No material uncertain tax positions are expected during the forecast period. Any changes in the amount of a tax position will be recognized in the period the change occurs.

Revenue Recognition

The Organization generates revenues, primarily by providing housing, amenities (recreational, dining, etc.) and access to health care services to its residents. The various life care contract streams of revenue are recognized as follows:

Entrance fees: The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment under the life care contract and included in liabilities in the balance sheet until the performance obligations are satisfied. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is associated with access to future services. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the balance sheet.

Health care services: The Organization also provides assisted and nursing care to residents who are covered by government and commercial payers. The Organization is paid fixed rates from government and commercial payers. These fixed rates are billed in arrears monthly when the service is provided. The monthly fees represent the most likely amount to be received from the 3rd party payors.

Monthly service fees: The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining, along with assisted living and nursing care and these performance obligations are earned each month. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Entrance Fees

Entrance fees are amortized into revenue on a straight-line basis, based on the actuarially determined remaining life expectancy of the resident. This actuarially determined remaining life expectancy of the resident is adjusted annually. The unamortized portion of the fee is shown on the forecasted combined statements of financial position as deferred revenue.

Refundable Fees

The Organization offers three alternative entrance fee plans which provide refunds to residents from re-occupancy proceeds. Under the standard entrance fee option, prior to 48 months of occupancy, the resident would receive a refund equal to the entrance fee, less 2% per month of occupancy less a 4% non-refundable fee.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Refundable Fees (Continued)

The 50% refundable plan offers the resident a refund equal to 50% of the entrance fee after 23 months of occupancy. Prior to 23 months of occupancy, the resident is entitled to a refund of the entrance fee, less 2% per month of occupancy less a 4% non-refundable fee. The 90% refundable plan offers the resident a refund equal to 90% of the entrance fee after 6 months of occupancy. Prior to 6 months of occupancy, the resident is entitled to a refund of the entrance fee, less 1% per month of occupancy less a 4% non-refundable fee. The estimated amount of entrance fees that are expected to be refunded to current residents is shown on the forecasted combined statements of financial position as Estimated Refundable Entrance Fees. This amount is estimated using an average of the last five years' refunds. The total amount of contractual refund obligations under existing contracts is included in deferred revenue from entrance fees - refundable and refundable entrance fees on the forecasted combined statements of financial position.

Obligation to Provide Future Services

The Communities annually calculate the present value of the net cost of future services and use of facilities to be provided to current residents, and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income.

Paid Annual Leave

After an employee has worked at the Communities for 90 days, they begin to earn paid annual leave ("PAL") time. PAL time may be earned by regular-time employees who work at least 60 hours per pay period. For the first three years of employment, employees may earn up to 23 days of PAL each year, after three years and through five years employees may earn 26 days of PAL each year, and after five years employees may earn 31 days annually. Employees are required to use at least 15 days of PAL each year, with the remaining unused PAL being put into a reserve. Up to 60 days can be accumulated in the reserve. Remaining unused current and reserved PAL is paid to an employee upon proper resignation, retirement or illness. The first 30 days of an employee's PAL reserve can only be used for an extended illness. The second 30 days of an employee's PAL reserve can be used as the employee desires.

Property Tax Exemption

During 2001, the state of North Carolina passed legislation which provided a property tax exemption for continuing care retirement communities (CCRCs) that expend 5% or more of their operating revenues on charity care and community service or CCRCs that have financed their facilities with tax exempt bond financing. Partial exemptions are available for CCRCs which provide some charity care and community service and CCRCs that have facilities which are partially financed with tax-exempt bond financing. The property tax exemption must be requested each year. Based on the combination of the partial exemptions described above, Management believes that it will qualify for a full property tax exemption for the foreseeable future.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables and other assets approximate fair value. Investments are reported at fair value as of the date of the forecasted combined financial statements. The carrying amount of accounts payable, accrued expenses and other liabilities approximate fair value. Fixed-rate long-term debt is carried at cost net of any unamortized premiums or discounts.

Benevolent Assistance

The Communities have a policy of providing benevolent assistance to residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since the Communities do not expect to collect the normal charges for services provided, estimated charges for benevolent assistance are not included in revenue.

Social Accountability

The Communities provide building space to several religious and other non profit organizations rent free and to a childcare center at a reduced rate.

Revenues

Amortized entry fees: Residents' entry fees are amortized into revenue based on the actuarially determined remaining life expectancy of the resident, which is estimated to be ten years.

Service fees: Forecasted service fee revenues from existing facilities are based on the forecasted utilization of the facility and the service fees assumed to be in effect during the forecast period. The following schedules of fees are currently in effect at the facilities:

Glenaire, Inc.

The following schedule summarizes the types of units, entrance fees, and the current monthly or daily fees at Glenaire, Inc.:

		Monthly Fees	
Unit Type	Entrance Fees	First Person	Second Person
Independent living studio	$79,000	$3,037	N/A
One bedroom	$162,000-$188,000	$3,557	$1,341
One bedroom w/study	$201,000	$4,159	$1,341
Two bedrooms	$244,000-$249,000	$4,159	$1,341
Two bedrooms w/den	$374,000-$518,000	$4,516-$5,533	$1,341
Expansion apartments			
Two bedrooms	$464,000-$636,000	$4,815-$5,219	$1,341
Three bedrooms	$706,000	$5,529	$1,341
Three bedrooms deluxe	$904,000	$6,335	$1,341
Cottage (2 br) w/ study	$365,000-$503,000	$4,310-$4,771	$1,341
Cottage (3 br) w/ study	$503,000	$4,771	$1,341

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Revenues (Continued)

Glenaire, Inc. (Continued)

Unit Type	Entrance Fees	Monthly Fees First Person	Monthly Fees Second Person
Health Center:			
Assisted living	$17,650-$40,000	$7,299-$9,557	N/A
Nursing	$12,475	$378/Day	N/A

Occupancy is forecasted at 95% to 97% in independent living, 84% to 94% in assisted living and 93% in nursing.

Service fees are forecasted to increase approximately 4.5% to 5.75%.

Glenaire, Inc. has completed its expansion that consisted of 192 independent living apartments units, 35 assisted living units, an expanded adult day care center, wellness center, and the amenities to support the expansion. The residents began moving in during October 2023 and the new independent living units are expected to be 97% occupied by April 2024. Glenaire, Inc. and Brightspire plans to renovate forty (40) of its current assisted living units and convert them to twenty-four (24) one-bedroom units. The project is projected to cost $11,000,000 and will take 12 months to complete. It is anticipated that the current assisted living residents will relocate to the expansion assisted living beds. After the current residents are relocated we will begin the renovation project and will begin refilling the assisted living units in the Spring of 2025. It is currently planned that the project will be funded through cash reserves.

River Landing at Sandy Ridge

The following schedule summarizes the types of units, entrance fees, and the current monthly or daily fees at River Landing at Sandy Ridge:

Unit Type	Entrance Fees	Monthly Fees First Person	Monthly Fees Second Person
Apartments:			
One bedroom	$150,000	$3,653	$1,588
Two bedroom	$207,000	$4,491	$1,588
Three bedroom	$303,000	$4,775	$1,588
Three bedroom deluxe	$398,000	$5,376	$1,588
Apartments (Hybrid):			
Two bedroom	$385,000-$424,000	$4,853-$4,918	$1,588
Two bedroom with den	$444,000	$4,984	$1,588
Three bedroom	$492,000	$5,535	$1,588
Townhouses:			
Two bedroom	$261,000	$4,516	$1,588
Three bedroom	$344,000	$4,824	$1,588

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Revenues (Continued)

River Landing at Sandy Ridge (Continued)

		Monthly Fees	
Unit Type	Entrance Fees	First Person	Second Person
Villas:			
Two bedroom	$282,000	$4,580	$1,588
Three bedroom	$363,000	$4,884	$1,588
Cottages:			
Two bedroom	$344,000	$4,700	$1,588
Three bedroom	$467,000	$4,963	$1,588
Cottages (Expansion):			
Two bedroom	$414,000	$4,944	$1,588
Three bedroom	$527,000	$5,073	$1,588
Assisted Living:			
Studio	$20,000	$6,080	N/A
One bedroom	$25,000	$7,468	$5,598
Skilled nursing	$11,500	$415/day	N/A
Alzheimer's healthcare	$11,500	$9,631	N/A

Occupancy is forecasted at 96% in independent living, 95% in assisted living and 93% in nursing.

Service fees are forecasted to increase approximately 4.5% to 5.75%.

Scotia Village

The following schedule summarizes the types of units, entrance fees, and the current monthly or daily fees at Scotia Village:

		Monthly Fees	
Unit Type	Entrance Fees	First Person	Second Person
Apartments:			
Studio	$49,000	$2,874	N/A
Expanded studio	$54,000	$3,086	N/A
One bedroom	$74,000	$3,266	$1,181
Expanded one bedroom	$91,000	$3,440	$1,181
Deluxe one bedroom	$114,000	$3,460	$1,181
Two bedroom	$152,000	$3,805	$1,181
Deluxe two bedroom	$162,000	$3,975	$1,181
Expanded two bedroom	$205,000	$4,121	$1,181

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Revenues (Continued)

Scotia Village

		Monthly Fees	
Unit Type	Entrance Fees	First Person	Second Person
Garden Apartments:			
One bedroom	$112,000	$3,539	$1,181
Two bedroom	$177,000	$3,885	$1,181
Expanded two bedroom	$182,000	$4,250	$1,181
Villas:			
Two bedroom	$235,000-$336,000	$4,003-$4,238	$1,181
Three bedroom	$280,000	$4,241	$1,181
Single family home:			
Single family home (2 br)	$303,000-$414,000	$4,253	$1,181
Single family home (3 br)	$368,000	$4,418-$4,420	$1,181
Assisted living:			
Assisted living I	$15,000	$5,268	N/A
Assisted living II	$20,000	$6,154-$7,063	$5,250
Skilled nursing	$10,000	$350/day	N/A
Alzheimer's healthcare	$10,000	$356/day	N/A

Occupancy is forecasted at 93% to 94% in independent living, 89% in assisted living and 90% in nursing.

Service fees are forecasted to increase approximately 4.5% to 5.75%.

Other Revenues

Investment income is based on current rates of return on forecasted investment balances in each year.

Adult day care, after fill up of expanded space, food service income, golf course revenue and other revenue sources are forecasted to remain consistent during the forecast period.

Reimbursed medical reflects income on ancillaries in nursing and is forecasted to remain consistent during the forecast period.

Expenses

Operating expenses are projected to increase approximately 4% annually.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Expenses (Continued)

The provision for depreciation is based on the current depreciation schedule and projected property and equipment additions. The provision is computed on the straight-line method using a 40-year life on buildings, 30-year life on building improvements, 10-year life on furniture and equipment, and 3 years on other equipment.

Financing expenses of $131,250, $170,944, $751,205 and $1,844,736 incurred in conjunction with issuance of the 2015 bank-qualified debt, the 2016B bonds, the 2016C bonds, and 2020 bonds, respectively, have been deferred and are assumed to be amortized over the respective lives of the issues.

Nonoperating Gains

Forecasted amounts from contributions represent estimates of support from the Foundations and other fund-raising efforts.

Funds Held by Trustee

A summary of assets (in thousands of dollars) held by the trustee at the end of each year as required by the Loan and Security Agreement is as follows:

	2024	2025	2026	2027	2028
Interest	$ 3,039	$ 3,018	$ 3,041	$ 3,080	$ 2,541
Principal	865	885	833	737	6,334
	$ 3,904	$ 3,903	$ 3,874	$ 3,817	$ 8,875

NOTE 4 - LONG-TERM DEBT

For purposes of this combined forecast, it has been assumed that the historical carrying value of long-term debt equals the fair value of such debt.

Long-term debt, consists of the following:

On July 15, 2015, Brightspire entered into a Loan and Security Agreement with the North Carolina Medical Care Commission pursuant to a $14,712,108 First Mortgage Revenue Refunding Bond, Series 2015, to refinance part of the Series 2005 and Series 2010 existing indebtedness of Brightspire. This is a single bond which qualifies as Bank Qualified Debt and was purchased by BB&T Bank. Proceeds from this offering have been used to pay the expenses incurred in connection with the issuance of the bonds.

On April 1, 2016, Brightspire entered into a Loan and Security Agreement with the North Carolina Medical Care Commission pursuant to a $20,000,000 First Mortgage Revenue Bond, Series 2016, to refinance capital projects. Proceeds from this offering have been used to fund a construction reserve to pay costs related to capital improvements at the Communities, and to pay the expenses incurred in connection with the issuance of the bonds.

NOTE 4 - LONG-TERM DEBT (Continued)

On September 29, 2016, Brightspire entered into a Loan and Security Agreement with the North Carolina Medical Care Commission pursuant to a $48,690,837 First Mortgage Revenue Refunding Bond, Series 2016B, to refinance part of the Series 2006A existing indebtedness of Brightspire. This is a single bond which qualifies as Bank Qualified Debt and was purchased by BB&T Bank. Proceeds from this offering have been used to pay the expenses incurred in connection with the issuance of the bonds.

On September 29, 2016, Brightspire entered into a Loan and Security Agreement with the North Carolina Medical Care Commission pursuant to a $29,220,000 bond offering, Series 2016C, to refinance the remaining Series 2006 A and B existing indebtedness of Brightspire. A portion of the proceeds from this offering have been used to pay a portion of the bond maturities due October 1, 2016, to fund a debt service reserve fund for the bonds and to pay the expenses incurred in connection with the issuance of the bonds.

The loan agreements contain certain required deposits, payments and covenants, which include limitations on liens, incurrence of additional indebtedness, certain long-term debt service coverage ratios, occupancy percentage, property transfer restrictions, limitations on use to finance operating deficits, and various other covenants and restrictions. All such required deposits are shown as assets limited as to use under bond agreement and are pledged on the loans.

Security for the bonds consists of a pledge and assignment to the trustee of all rights, title and interest in and to Brightspire, Glenaire, Inc. and The Presbyterian Homes Foundation, Inc.'s ("Obligated Group") promissory notes, which evidences the Obligated Group's obligation to repay the North Carolina Medical Care Commission ("Commission") dated July 15, 2015, April 1, 2016 and September 29, 2016. In addition, the Commission assigned to the Trustee its rights as beneficiary under the Obligated Group's deed of trust, which grants the trustee first priority deed of trust on the site and any buildings or improvements, and assigns its rights as a secured party with respect to its security interest.

The Series 2016 bonds maturing on or after October 1, 2024, 2025 and 2026, are subject to redemption by the Commission, at the direction of the Obligated Group, at an option of 102%, 101% and 100% of par value, respectively. Additionally, the terms of the bonds maturing in 2031 and 2036 are subject to mandatory redemption without premium beginning in 2028 and 2032, respectively.

On June 28, 2018, Brightspire entered into a credit agreement with Branch Banking and Trust Company to finance the expansion and a renovation to the Wellness Center and Healthcare Center at River Landing at Sandy Ridge. The Entrance Fee Project loan, in the amount of $20,426,000, will be used to finance a portion of the construction of 58 independent living units. The Construction Project Loan, in the amount of $34,574,000, will be used to finance the costs of various expansion projects including a maintenance/transportation building; a clubhouse with dining facilities, meeting space, and a golf pro-shop; an expansion of the existing wellness space; and renovation of the existing healthcare center to convert the physical layout and spaces to the household model.

NOTE 4 - LONG-TERM DEBT (Continued)

On October 1, 2020, Brightspire entered into Loan and Security agreements with the North Carolina Medical Care Commission pursuant to a $96,035,000 First Mortgage Revenue Bond, Series 2020A, and an $80,000,000 First Mortgage Revenue Bond, Series 2020B to finance capital projects at Glenaire, Inc. The Series 2020A bonds have a final maturity of October 1, 2055. The Series 2020B bonds have a final maturity of October 1, 2025 and will be repaid from the entry fees received from the new independent living units. Proceeds from the debt have been used to fund a construction reserve to pay cost of the expansion and to pay the expenses incurred in connection with the issuance of the bonds.

Bonds payable to the North Carolina Medical Care Commission and Bank Qualified Debt as of October 1, 2023 are expected to be as follows:

Series 2015	
Fixed rate of 3.42% per annum due July 1, 2031	$ 5,565,226
Series 2016A	
Variable rate swapped to fixed rate of 2.395% due April 1, 2027	$ 7,205,737
Series 2016B	
Variable rate swapped to fixed rate of 2.176% due October 1, 2027	$23,322,660
Series 2016C	
Term bonds at rates between 3 and 5% due October 1, 2037	$29,220,000
Series 2020A	
Term bonds at rates between 4 and 5% due October 1, 2055	$96,035,000
Series 2020B	
Entrance Fee Loan at variable rate 79% LIBOR plus 1.0665% subject to a LIBOR floor of 1.4615%	$73,908,497
Construction Loan	
Forward rate swap agreement of 4.152% due July 1, 2035	$28,839,707

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Under the terms of the initial contributions that were used to establish the endowments, only the income earned by the assets may be spent. The Investment Committee of the Board of Governors may buy, sell or otherwise change investments, but all proceeds from any sale are required to be reinvested.

NOTE 6 - CURRENT ASSETS AND CURRENT LIABILITIES

Balances in receivables and other assets and payables and accrued expenses are based on balances at September 30, 2023, adjusted for increases in revenues and expenses.

NOTE 7 - PROPERTY AND EQUIPMENT

The following table summarizes the activity related to property and equipment during the forecast period as follows (in thousands of dollars):

	2024	2025	2026	2027	2028
Beginning balance, cost	$ 550,167	$ 572,726	$ 589,503	$ 595,404	$ 601,548
Purchases:					
Routine	7,566	11,277	5,901	6,144	9,631
Glenaire Projects	12,500	5,500	-	-	-
Scotia Projects	2,493	-	-	-	-
Property and equipment, cost	572,726	589,503	595,404	601,548	611,179
Accumulated depreciation	149,469	164,085	179,062	194,149	209,327
	$ 423,257	$ 425,418	$ 416,342	$ 407,399	$ 401,852

NOTE 8 - EXPENSES BY NATURE AND FUNCTION

Expenses by nature and functions (excluding depreciation and amortization, bond and note interest) consist of the following for the forecasted periods:

	2024	2025	2026	2027	2028
Salaries and wages	$ 45,441	$ 47,094	$ 48,978	$ 50,860	$ 52,802
Payroll taxes and employee benefits	11,202	11,610	12,074	12,538	13,017
Supplies	3,832	3,971	4,130	4,289	4,453
Contracted outside services	2,449	2,539	2,640	2,742	2,846
Raw food and nourishments	5,426	5,624	5,849	6,073	6,305
Repairs and maintenance, equipment	474	492	511	531	551
Repairs and maintenance, buildings	1,377	1,427	1,484	1,541	1,600
Repairs and maintenance, grounds	440	456	474	492	511
Gas	376	390	405	421	437
Electricity	1,640	1,700	1,768	1,836	1,906
Water	760	788	819	851	883
Telephone	130	135	140	145	151
Dues and subscriptions	152	157	164	170	176
Insurance, general	1,513	1,568	1,631	1,694	1,758
Printing	177	184	191	199	206
Promotions	273	283	294	306	317
Postage	68	70	73	76	79
Legal and accounting	206	213	222	230	239

NOTE 8 - EXPENSES BY NATURE AND FUNCTION (Continued)

Expenses by nature and functions (excluding depreciation and amortization, bond and note interest) consist of the following for the forecasted periods (Continued):

	2024	2025	2026	2027	2028
Consultant's fees	$ 485	$ 502	$ 522	$ 542	$ 563
Travel and seminars	282	292	304	316	328
Employee recruitment and retention	435	451	469	487	506
Meetings and special events	198	205	213	222	230
Purchased medical	2,670	2,670	2,670	2,670	2,670
Outside services	2,066	2,141	2,227	2,312	2,400
Rent, buildings and equipment	166	173	179	186	193
Miscellaneous	742	767	801	829	862
Total expenses by function	$ 82,980	$ 85,902	$ 89,232	$ 92,558	$ 95,989

Expenses by function for the forecasted periods is expected to be utilized by nature as 40% for direct services and 60% for general and administration.

Exhibit C

Glenaire, Inc.

An Affiliate of The Presbyterian Homes, Inc.

RESIDENCE AND CARE AGREEMENT

THIS RESIDENCE AND CARE AGREEMENT ("Agreement"), is made and entered into this ______ day of ___________________, 20____, by and between ____ resident(s) of ___________________ County, State of ______________________, hereinafter referred to as "Resident" (if husband and wife, or two other persons enter into this Agreement, the term "Resident" shall apply to them collectively unless the context otherwise requires) and GLENAIRE, INC., a North Carolina non-profit corporation, hereinafter referred to as "Corporation."

WITNESSETH:

WHEREAS, Corporation is affiliated with The Presbyterian Homes Inc. (the "Parent"). The Presbyterian Homes, Inc. is associated with the Synod of the Mid-Atlantic of the Presbyterian Church (U.S.A.) (the "Synod") by a covenant relationship. The covenant relationship provides that the Synod on behalf of the church offers its encouragement in The Presbyterian Homes, Inc.'s ministry. The Presbyterian Homes, Inc. affirms its purpose and commitment to its mission of services to older adults on behalf of the church; and

WHEREAS, the Resident agrees to pay to Corporation an initial entrance fee and other fees upon the terms and conditions as provided in this Agreement; and

WHEREAS, Corporation, in consideration of the foregoing and the execution of this agreement by Resident, agrees that the Resident may occupy a Living Accommodation (as hereafter defined) for residential purposes only at the continuing care retirement community known as "Glenaire" located at 4000 Glenaire Circle, Cary North Carolina (hereafter "Glenaire") and Resident may use and enjoy the facilities, programs and services provided at Glenaire subject to the terms and conditions of this Agreement; and

WHEREAS, Corporation is certified in the Medicare/Medicaid Programs, Corporation reserves the right to withdraw from one or both programs if deemed advisable by Corporation. Additionally, the provisions of this Agreement are subject to changes in State and Federal Law, as may be applicable.

NOW, THEREFORE, Resident and Corporation agree as follows:

1. **ACCOMMODATIONS AND SERVICES**

Subject to the terms and conditions set forth in this Agreement including Corporation's right to change such Living Accommodation as provided herein, Corporation agrees to provide the Resident the Living Accommodation, services and programs at Glenaire described as follows:

(a) **Living Accommodation**.

Type: ____
Residence Number: _________________________________
Description: _______________________________________

(b) **Utilities**. Corporation will furnish heating, air conditioning, water, sewer, electricity, and trash removal to all Residents in apartment buildings. Residents in cottages will be responsible for the cost of heating, air conditioning, and electricity. The Resident is responsible for any telephone installation charge and the cost of telephone services.

(c) **Furnishings**. Corporation will provide standard flooring in the Living Accommodation, a television system, emergency signal equipment, and other fixtures and appliances as described in the literature published by Corporation regarding Glenaire. All other furniture and furnishings for the Living Accommodation shall be provided by the Resident.

(d) **Meals**. Corporation will make available to Residents three nutritionally well-balanced meals each day. Corporation provides a meal allowance to each Resident in Independent Living which is subject to change from time to time as determined by Corporation. The meal allowance is included in the Monthly Charge. The amount of the meal allowance for each Resident may vary depending on where the Resident resides in Independent Living. The meal allowance will be charged each month based on meals consumed by the Resident at the current prevailing meal prices as published or posted for Residents. If Resident exceeds the meal allowance in any given month, the additional cost incurred by Resident above the current meal allowance will be added to Resident's next monthly statement in addition to the standard Monthly Charge. Any unused portion of the meal allowance remaining at the end of any month is forfeited and cannot be carried over to subsequent months. An extra charge may be made at Corporation's discretion for special dietary meals.

In the event the Resident resides outside Corporation's facilities for a period of fourteen (14) or more consecutive days, Corporation shall provide a meal credit beginning with the 15th day. The amount of credit shall be determined by Corporation.

(e) **Housekeeping Services**. Corporation will provide housekeeping services such as vacuum cleaning, dusting, cleaning of baths and kitchens, and trash removal on a weekly basis.

(f) **Laundry**. Corporation will change Resident's bed and bath linens on a regular basis. Convenient laundry facilities will be provided free of charge for personal laundry.

(g) **Maintenance and Repairs**. Corporation will maintain and keep in repair the improvements, furnishings and equipment owned by Corporation. The Resident will be responsible for the cost of repairing any damage to property of Corporation caused by the negligence or other act of the Resident or any guest or invitee of the Resident, ordinary wear and tear excepted. Any structural or physical change or redecoration of any kind to the Living Accommodation will require the written approval of Corporation.

The cost of any change, including any subsequent cost to return the Living Accommodation to its original condition in the event of such change, or cost of redecoration, will be paid by the Resident upon ten (10) days written notice. Any such improvement or change will be owned by Corporation and will not be considered in determining the amount of any refund to the Resident upon termination of this Agreement.

(h) **Groundskeeping**. Corporation will furnish basic groundskeeping service for the grounds of Glenaire, including lawn, tree, and shrubbery care. Subject to approval by Corporation, Resident may plant and maintain certain areas designated by Corporation for such purpose.

(i) **Parking**. Corporation will provide parking areas for the Residents' personal vehicle (limited to one vehicle for each individual Resident) and parking for guests.

(j) **Common Facilities**. Corporation will provide common facilities for the use and benefit of all Residents such as a central dining room, central kitchen, living room, post office, multi-purpose room, Chapel, lounges, and sitting areas.

(k) **Transportation**. Corporation will provide limited local transportation for residents on a regular, scheduled basis. Certain charges may apply depending on the destination. Additional charges may be made for transportation for special, personal, or group trips.

(l) **Activities**. Social, recreational, spiritual, educational, and cultural activities will be planned for the Residents.

(m) **Nursing and Health Care**. Corporation will provide nursing and health care for each Resident as follows:

(i) A Health Center will be provided for the benefit of the Residents. The Health Center will consist of accommodations, equipment, and staffing necessary for assisted living and skilled nursing care. The Corporation will use its best efforts to provide private accommodations when available when the Resident requires assisted living care. Depending on availability, private or semi-private accommodations will be provided when the Resident requires skilled nursing care. Notwithstanding the foregoing, Corporation reserves the right from time to time to temporarily place Resident in reasonably comparable healthcare facilities outside of Glenaire in the event either assisted living or skilled nursing accommodations are not currently available due to demand.

(ii) A twenty-four (24) hour nursing staff will be maintained in the Health Center. The Health Center is staffed to provide general duty nursing care which means that nurses and other staff must attend to multiple residents with various needs. The nursing care is not intended to provide individual attention to any one specific Resident on a regular basis or for prolonged periods of time. The Resident, subject to approval of Corporation, is responsible for acquiring (hiring, termination, and compensation) the assistance of private duty sitters or nurses if the Resident requires or prefers individual and/or full-time care and assistance. Private duty sitters, nurses, or other third parties hired by Resident must abide by all rules and regulations of the Corporation and Corporation reserves the right to bar any such parties from Corporation's facilities at any time.

(iii) The overall coordination and provision of health care services by Corporation will be provided by a Medical Director who will be a licensed physician selected by Corporation.

(iv) Charges for Health Care accommodations and services in this Paragraph shall be set forth in Paragraph 2(e) of this Agreement. Other health care services will be made available to the Resident at the Resident's expense including, but not limited to, pharmacy services, laboratory tests, physical therapy, occupational therapy, and rehabilitative treatments.

(v) Glenaire has open staff privileges and a Resident may select a duly licensed physician of their choice; however, a Medical Director is provided by the facility for those wishing to use their services. Resident is responsible for all charges for services provided by the Medical Director or any other physicians.

(vi) Residents have the right by law (NC General Statute 90-21.16(6)) to elect the officially recognized "Do Not Resuscitate Order" as certified by the Resident's attending physician.

2. FINANCIAL ARRANGEMENTS

(a) **Entrance Fee Options.** Resident agrees to pay Corporation an Entrance Fee as a condition of becoming a Resident at Glenaire. Resident shall choose one of the following options, amounts, and amortization schedules as to the Entrance Fee to be paid:

Entrance Fee Option	Amount of Entrance Fee	Amortization Schedule
1. Standard	$__________________	2% per month for 48 months less a 4% non-refundable fee
2. 50% Refundable	$__________________	2% per month for 23 months

		less a 4% non-refundable fee. Refund never less than 50%, except for those possible offsets and reductions described in this Agreement.
3. 90% Refundable	$__________________	1% per month for 6 months less a 4% non-refundable fee. Refund never less than 90%, except for those possible offsets and reductions described in this Agreement.

Resident agrees to pay Corporation an Entrance Fee deposit of **$_______________** which shall be ten percent (10%) of the required Entrance Fee as designated above. The Entrance Fee deposit will be due and payable upon signing of this Agreement. The balance of the Entrance Fee will be due and payable no later than ten (10) days prior to Residents projected Admission Date. Residents projected Admission Date is______________________, 20_____. Resident must take occupancy of the Living Accommodation no later than **thirty (30)** days after the projected Admission Date.

(b) **Monthly Charge**. In addition to the Entrance Fee and any other charges provided for under this Agreement, Resident agrees to pay a monthly charge during the term of this Agreement which shall be payable in advance by the 15th day of each month ("Monthly Charge"). As of the date of this Agreement, Corporation projects that the Monthly Charge associated with the Living Accommodation will be approximately **$___________** per month, and an additional **$__________** per month if a second Resident occupies the Living Accommodation. The Monthly Charge may be adjusted by Corporation prior to occupancy of the Living Accommodation by the Resident if changes in the projected costs of providing the services at Glenaire so require. The Monthly Charge is also subject to change during the term of this Agreement as described in Paragraph 2(c) below.

(c) **Adjustments in the Monthly Charge**. The Monthly Charge is assessed to provide the Living Accommodations, facilities, meals, programs and services described in this Agreement and is intended to meet the cost of insurance, maintenance, administration, staffing, and other expenses including debt service associated with the operation and management of Corporation and Glenaire. Corporation shall have the authority to adjust the Monthly Charge from time to time during the term of this Agreement as Corporation in its discretion deems necessary in order to reflect changes in the costs of providing the facilities, programs and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. Corporation shall have the right to adjust the Monthly Charge pursuant to this Agreement notwithstanding Resident's voluntary or involuntary absence from the facility. In the event that it should be determined that Corporation is required to pay ad valorem taxes upon its property, the Monthly Charge may be adjusted to reflect the amount of such taxes. Any increase in the

Monthly Charge may be made by Corporation upon thirty (30) days written notice to the Resident. In the event Resident resides outside of Corporation's facilities for a period of fourteen (14) or more consecutive days, Corporation shall provide credit for meals. The amount of credit shall be determined by Corporation in its sole discretion.

(d) **Monthly Statement.** Corporation will furnish the Resident with a monthly statement on or about the tenth of the month showing the total amount of fees and other charges owed by the Resident, which shall be payable by the 15th day of the month. Corporation may charge interest at the rate of 1½% per month (18% APR) or the maximum annual rate as allowed by law on any unpaid balance owed by the Resident thirty (30) days after the monthly statement is furnished.

(e) **Health Center Fees and Charges**

(i) Corporation shall establish and publish per diem rates for accommodations and services in the Health Center, such rates will take into account rates being charged in other comparable nursing centers and the costs of operation of Glenaire.

(ii) If a Resident is transferred to the Health Center for nursing care, Resident shall continue to pay the Monthly Charge associated with the type of Living Accommodation described in Paragraph 1(a) of this Agreement for the first 14 days (whether or not consecutive) of occupancy (to be known as "grace days") in the Health Center each year (the term "year" as used herein means each applicable calendar year during the continuance of this Agreement). During such 14-day period ("grace days"), the Resident will not be required to pay a per diem charge for occupancy in the Health Center but shall pay for other services not normally covered by the Monthly Charge or by the per diem charge for Residents. Credit for any unused portion of the 14 "grace days" per year may not be carried forward to successive years. However, in those circumstances where Resident has insurance (including but not limited to Medicare) that will pay the per diem charge for occupancy in the Health Center, Resident shall first be required to use all applicable insurance benefits to satisfy the customary per diem charge for occupancy prior to the application of any grace days in any given year.

(iii) In the event that a Resident shall occupy an accommodation for nursing care within the Health Center for more than 14 "grace days" in any year, then upon the expiration of such 14 "grace days", Resident shall thereafter pay 80 percent of the amount of the published per diem rate for nursing care accommodation occupied by the Resident, plus charges for other services not included in such per diem rate. Following the 14 "grace days", the Resident shall have the option of surrendering the Living Accommodation, at which time the Monthly Charge shall be terminated. If the Living Accommodation is not surrendered, the Resident shall be responsible for both the Living Accommodation Monthly

Charge and the applicable per diem rate for the nursing care accommodations. The Resident shall have no right to occupy the Living Accommodation more than ninety (90) days after the expiration of the 14 "grace days" without the approval of Corporation and Resident agrees to surrender the Living Accommodation to Corporation upon request on or after such ninety (90) day period unless otherwise approved by Corporation. If required to vacate the Living Accommodation, as determined in the sole discretion of Corporation, Resident agrees to fully cooperate in relocating his/her personal property and effects from such residence. Should Corporation subsequently determine upon the opinion of the Medical Director and the Executive Director of Glenaire that Resident can resume occupancy in a residential living accommodation, the Resident will have priority to a comparable accommodation, as determined by Corporation, as soon as it becomes available. When one of two Residents occupying the same Living Accommodation is transferred to the Health Center, the Resident remaining in the Living Accommodation shall continue to pay the Monthly Charge in effect associated with such Living Accommodation based on single occupancy.

(f) **Non-Refundable Pet Fee**. Resident agrees to abide by Glenaire's rules and regulations concerning pets as amended or adopted from time to time. Resident agrees that if Resident is entitled to have a pet in their Living Accommodation and elects to do so, Resident agrees to pay Corporation a $500.00 non-refundable pet fee ("Pet Fee") for purposes of refurbishing the Living Accommodation after termination of this Agreement. The Pet Fee shall be due and payable at the time Resident is required to pay the balance of their Entrance Fee.

3. ADMISSIONS REQUIREMENTS

A Resident will become qualified for admission to Glenaire upon satisfaction of the following provisions:

(a) **Age**. The admission requirements for residence at Glenaire are nondiscriminatory except as to age, and Glenaire is open to both married and single men and women of all races and religions and without regard to place of former residence. Admission is restricted to persons sixty-two (62) years of age or older, except that in the case of a married couple or roommates, one spouse / roommate must have attained the age of at least sixty-two (62) years old and the other spouse / roommate must have attained the age of at least fifty-five (55) years old.

(b) **Personal Interview**. Resident agrees to interview with representatives of Glenaire prior to consideration for residency at Glenaire. Upon review of all information required to be furnished under this Agreement, additional personal interviews may be requested by Corporation and Resident agrees to fully cooperate with Corporation's representatives and employees during such process.

(c) **Application, Health History, and Financial Statement**. Resident shall submit within 30 days of execution of this Agreement for review by the Admissions Committee appointed by Corporation, an Application for Admission, a Personal Health History, and a Confidential Financial Statement, all on forms furnished by Corporation. During the term of this Agreement, Corporation reserves the right to require Resident and Resident agrees to provide Corporation with an updated Confidential Financial Statement within 60 days upon written request, provided however, Corporation will not require Resident to provide an updated Confidential Financial Statement more than one time in any 12-month period.

(d) **Notification**. Corporation shall review the Application for Admission, the Personal Health History, the Confidential Financial Statement, and the results of the personal interviews and will notify Resident whether Resident meets the admission requirements as determined in Corporation's sole discretion. If Resident does not meet Corporation's admissions requirements, this Agreement shall be null and void and Resident shall receive a refund of any Entrance Fee deposit previously paid.

(e) **Health Requirements**. Prior to admission for residency at Glenaire, Resident shall submit a report of a physical examination of the Resident made by a physician selected by the Resident within sixty (60) days of the projected occupancy date. Such report shall include a statement by such physician that the Resident is in good health and is able to take care of himself or herself in normal living activities. Corporation may require the Resident to have another physical examination by the Medical Director or by another physician approved by Corporation. The Resident shall be responsible for the costs of such physical examinations. If the health of Resident as disclosed by such physical examination differs materially from that disclosed in any Resident's Application for Admission or Personal Health History, Corporation shall have the right to decline admission of the Resident and/or to terminate this Agreement, or at the discretion of Corporation, permit Resident to take occupancy at Glenaire in suitable accommodations to the needs of Resident.

(f) **Financial Requirements**. The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations of the Resident under this Agreement and to meet ordinary living expenses of the Resident. Corporation may require the Resident to furnish current financial information at any time prior to occupancy.

(g) **Representations**. The Resident affirms that the representations made in the Application for Admission, Personal Health History and Confidential Financial Statement are true, correct, and complete and will be relied upon by Corporation as a basis for entering into this Agreement.

4. TERMS OF RESIDENCY

(a) **Rights of Resident**. The Resident has the right to occupy and enjoy the Living Accommodation described in Paragraph 1(a) of this Agreement subject to Resident's transfer to the Health Center pursuant to Paragraphs 2(e) and 5(a), or the termination provisions of this Agreement, or any other term or condition of this Agreement. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by Corporation other than the right to use or occupy the Living Accommodation in accordance with the terms hereof. The Resident agrees that the rights of the 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 Corporation or its affiliates creating a lien on any property of Corporation.

(b) **Rules and Regulations**. The Resident will abide by Corporation's rules and regulations and such reasonable amendments, modifications, and changes of the rules and regulations as may hereafter be adopted by Corporation in the exercise of its sole discretion. . Resident acknowledges that the Corporation has a "Tobacco Free Campus Policy" which prohibits the use of tobacco products anywhere on the Corporation's campuses including Resident's Living Accommodation.

(c) **Changes in Living Accommodations**. Corporation has the right to change the Living Accommodation to meet the requirements of any applicable statutes, laws, rules or regulations. The Living Accommodation may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.

(d) **Visitors**. Except for short term visitors or guests, no person other than the Resident may reside in the Living Accommodation without the written approval of Corporation.

(e) **Loss of Property**. Corporation shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. It is understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss.

(f) **Occupancy by Two Residents**. In the event that two Residents occupy a Living Accommodation under the terms of this Agreement, upon the permanent transfer to the Health Center or the death of one such Resident, or in the event of the termination of this Agreement with respect to one of such Resident, the Agreement shall continue in effect as to the remaining or surviving Resident. The remaining Resident may request a transfer to another type of living accommodation, subject to availability, pursuant to Paragraph 5(e) of this Agreement. The remaining or surviving Resident will thereafter pay the Monthly Charge for one Resident associated with the independent Living Accommodation occupied by the Resident.

(g) **Medical Insurance**. The Resident shall maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to Corporation with evidence of such coverage to be provided to Corporation upon execution of this Agreement and thereafter from time to time upon request.

(h) **Marriage During Occupancy**. If a Resident while occupying a Living

Accommodation marries another Resident or elects to share a Living Accommodation with a person who is also a Resident, the two Residents may occupy the Living Accommodation of either Resident and shall surrender the Living Accommodation not to be occupied by them. No refund will be payable with respect to the Living Accommodation surrendered. Such Residents will pay the Monthly Charge for double occupancy associated with the Living Accommodation occupied by them. In the event that a Resident shall marry or elect to share a Living Accommodation with a person who is not a Resident of Glenaire, the non-resident spouse/cohabitant may become a Resident if such spouse/cohabitant meets all of the then current requirements for admission to Glenaire, enters into a then current version of the Residence and Care Agreement with Corporation and pays an Entrance Fee in an amount determined by Corporation in its discretion but in any event no more than two-thirds (2/3) of the then current Entrance Fee associated with the type of Living Accommodation to be occupied by the Resident and non-resident spouse/cohabitant. If the Resident's spouse/cohabitant shall not meet the requirements of Glenaire for admission as a Resident, the current Resident may terminate this Agreement pursuant to Paragraph 7.

(i) **Right of Entry**. Resident hereby authorizes Corporation, including its employees and agents of Glenaire, to enter the Living Accommodation for purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency.

5. **TRANSFER OR CHANGES IN LEVELS OF CARE**

(a) **Transfer to Health Center**. The Resident agrees that Corporation shall have the authority to determine whether the Resident should be transferred from the Resident's Living Accommodation to the Health Center or from one level of care to another level of care within the Health Center. Such determination shall be based on the professional opinion of Glenaire's Medical Director and the Executive Director of Glenaire and shall be made only after consultation to the extent practical with the Resident, a representative of the Resident's family or the sponsor of the Resident, and Resident's attending physician.

(b) **Transfer to Hospital or Other Facility**. If it is determined that the Resident needs care beyond that which can be provided by the facility and personnel of Glenaire, the Resident may be transferred to a hospital, center or institution equipped to give such care, which care will be at the expense of the Resident. Such transfer of the Resident will be made upon orders from Glenaire's Medical Director after consultation to the extent possible with the Resident, a representative of the Resident's family or the sponsor of the Resident, and the Resident's attending physician.

(c) **Surrender of Living Accommodation**. If a determination is made by Corporation that any transfer described in Paragraph 5(a) or 5(b) is permanent, the Resident agrees to surrender the Living Accommodation or the accommodation in the Health Center occupied by the Resident upon 30 days prior written notice from Corporation to Resident. If Corporation subsequently determines upon the opinion of the Medical

Director and the Executive Director that the Resident can resume occupancy in accommodations comparable to those occupied by the Resident prior to such transfer, the Resident shall have priority to such accommodations as soon as they become available.

(d) **No Refund for Changes in Levels of Care**. Resident acknowledges and agrees that any transfer from one level of care to another within Glenaire (including without limitation a transfer from Resident's current Living Accommodation to assisted or skilled nursing) shall not be deemed a termination of this Agreement nor entitle Resident to a refund or partial refund of their Entrance Fee.

(e) **Requests for Moves Within Independent Living**. The Corporation will evaluate and consider a Resident's request to move from one Living Accommodation to another within Independent Living. The determination to allow a Resident to move is within the sole discretion of the Corporation.

6. **RIGHT OF RESCISSION**

(a) **First Thirty Days**. Notwithstanding anything herein to the contrary, Resident may rescind this Agreement within thirty (30) days following the execution of this Agreement (the "Rescission Period"), in which event Resident shall receive a refund of any money paid to Corporation except for any such other nonstandard charges the Resident and Corporation agree in advance shall be nonrefundable. Resident acknowledges that he/she has received, prior to execution of this Agreement, a copy of Glenaire's current Disclosure Statement that meets the requirements of Section 58-64-20, et seq. of the North Carolina General Statutes. Resident is not required to move into the Living Accommodation before the expiration of the Rescission Period. If Resident moves into the Living Accommodation during the Rescission Period and rescinds this Agreement during such thirty (30) day period, Resident will receive a refund of any money paid to Corporation less a service charge as follows:

(i) **Entrance Fee**. Resident shall receive a refund of the Entrance Fee paid to Corporation less a service charge as determined by Corporation not to exceed the greater of one thousand dollars ($1,000) or two percent (2%) of the Entrance Fee.

(ii) **Monthly Charge**. Resident's refund shall be further reduced by the prorated Monthly Charge applicable for the period Resident occupied his/her Living Accommodation.

(iii) **Nonstandard Costs**. Resident's refund shall be further reduced by any nonstandard costs, if any, specifically incurred by Corporation at the request of Resident consistent with terms and conditions of this Agreement.

Any refund due under this paragraph 6(a), shall be paid within sixty (60) days of termination of this Agreement.

7. TERMINATION AND REFUND PROVISIONS

(a) **Termination After Rescission Period, Prior to Occupancy**. This Agreement may be terminated by Resident at any time for any reason prior to Resident taking occupancy at Glenaire and after the Rescission Period as set forth in Paragraph 6 by Resident giving written notice to Corporation. This Agreement may be terminated by Corporation at any time prior to the date that the Resident takes occupancy if Corporation determines that the Resident does not meet the physical, mental, or financial requirements for admission. In the event of such termination, Resident shall receive a refund of the Entrance Fee paid by the Resident, less four percent (4%) of the total Entrance Fee as described in Paragraph 2(a) which is the nonrefundable portion of the Entrance Fee: However, if the Resident or the Resident's spouse or roommate dies prior to occupancy, or if on account of illness, injury, incapacity, or financial reversal is precluded from occupying the living accommodation, the contract is automatically terminated. In the event of such termination the full amount of the Entrance Fee paid will be refunded. Any refund due under this paragraph 7(a), shall be paid within sixty (60) days of termination of this Agreement.

(b) **Termination During Residency Trial Period**. The first sixty (60) days of residency at Glenaire will be considered to be on a trial basis. During such sixty (60) day period, the Resident will have the right to terminate this Agreement by giving Corporation written notice of such termination and Resident shall receive a refund of the Entrance Fee paid less four percent (4%) thereof as a non-refundable fee. During such sixty (60) day period, Corporation shall have the right to terminate this Agreement based on Corporation's determination that Resident's physical or mental condition or emotional adjustment will not permit adaptation to the living environment at Glenaire. In the event of such termination by Corporation as previously described, Corporation will refund the full Entrance Fee Resident paid to Corporation within sixty (60) days after the Living Accommodation has been vacated.

(c) **Termination After Trial Period**. At any time after the expiration of the first sixty (60) days of residence at Glenaire, the Resident may terminate the Agreement by giving Corporation thirty (30) days prior written notice of such termination. In the event of such termination, the Resident may be entitled to receive a partial refund. Any partial refund shall be determined and paid as follows: Resident shall receive a refund in an amount equal to the Entrance Fee paid to Corporation less the applicable Amortization percentage set forth in Paragraph 2(a) for the type of Entrance Fee Option selected by Resident thereof for each full calendar month or portion thereof which has elapsed from Resident's Admission Date to the effective date of termination and less four percent (4%) which is the nonrefundable portion of the Entrance Fee. For avoidance of doubt, all Entrance Fee refunds are calculated assuming and based upon full calendar months. Any portion of a calendar month (whether relating to the month of Resident's Admission Date or the month of

Resident's termination date of this Agreement) shall be deemed to be full and separate calendar months for purposes of calculating any Entrance Fee refund. The refund shall be made in accordance with the terms set forth in Paragraph 7(f) below. Subject to Paragraph 7(g), Residents who selected the 50% or 90% Refund Option shall receive a refund of no less than 50% or 90%, as applicable, of the Entrance Fee paid to Corporation.

(d) **Termination Upon Death**. This Agreement shall automatically terminate upon the death of the Resident, provided, however, in the event that two Residents occupy a Living Accommodation under the terms of this Agreement, the Agreement shall continue in effect as to the remaining or surviving Resident. A refund, if applicable, shall be determined in accordance with Paragraph 7(c) above and shall be paid to the Estate of the Resident in accordance with Paragraph 7(f) below.

(e) **Termination By Corporation**. Corporation may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History or Confidential Financial Statement; if a material change in the Resident's health takes place before occupancy (Admission Date); if the Resident fails to make payment to Corporation of any fees or charges due Glenaire within sixty (60) days of the date when due; if the Resident does not abide by the rules and regulations adopted by Corporation as determined by Corporation; or Resident breaches any of the terms and conditions of this Agreement. In the event of termination for any of such causes the Resident may be entitled to a partial refund of the Entrance Fee paid by the Resident determined in accordance and paid in the same manner as provided in Paragraph 7(c) above.

(f) **Refund After Living Accommodation Reserved.** Any refund due the Resident under Paragraphs 7(c), 7(d), or 7(e) above will be made at such time as such Resident's Living Accommodation shall have been reserved by a prospective Resident and such prospective Resident shall have paid to Corporation such prospective Resident's Entrance Fee. No interest shall be due or payable on any amount refunded pursuant to this Paragraph 7.

(g) **Monthly Charge & Nonstandard Costs**. Resident's refund under Paragraphs 7(a) through 7(e) shall be reduced and offset by the amount of all unpaid Monthly Charges and other amounts due and owing Corporation applicable for the period Resident occupied his/her Living Accommodation. Resident's refund shall also be reduced by any nonstandard costs, if any, specifically incurred by Corporation at the request of Resident consistent with terms and conditions of this Agreement. Notwithstanding the termination of this Agreement, Resident (including a deceased Resident) shall be deemed to occupy their Living Accommodation so long as Resident's possessions remain in their Living Accommodation and Resident's Monthly Charge shall continue to accrue as normal. In the event of the death of a Resident, Resident's family or sponsor shall have no more than sixty (60) days to remove Resident's possessions from the Living Accommodation.

(h) **<u>Condition of Accommodation</u>**. At the effective date of termination of this Agreement, the Resident shall vacate the Living Accommodation and shall leave it in good condition except for normal wear and tear. The Resident shall be liable to Corporation for any cost incurred in restoring the Living Accommodation to good condition, except for normal wear and tear, and such cost may at the election of Corporation be offset against any refund due, if any.

(i) **<u>Additions and/or Renovations to Facility; Facility Closing</u>**. From time to time, Corporation may require additions and/or renovations to the Glenaire facility. Corporation will use reasonable efforts to minimize the disturbance to its residents, provided however, Resident agrees to cooperate with Corporation in such efforts and if necessary relocate to substantially comparable living accommodations under the terms and conditions of this Agreement. In addition, if it shall become necessary to close or otherwise cease ordinary operations at the Glenaire facility, as determined in the sole discretion of Corporation's management, Resident agrees to allow Corporation to relocate Resident to substantially comparable facilities managed by Corporation within the same general locality and Resident agrees that this Agreement shall remain in full force and effect with respect to such continuing care retirement facility. Resident agrees that any transfer of residency under this paragraph 7(i) shall not cause a termination of this Agreement nor entitle Resident to a full or partial refund of their Entrance Fee.

8. **FINANCIAL ASSISTANCE**

(a) **<u>Policy</u>**. Corporation declares that it is the policy of Corporation that this Agreement will not be terminated solely because of the Resident's financial inability to continue to pay the Monthly Charge or other charges payable hereunder by reasons of circumstances beyond the Resident's control, provided, however, this declaration shall not be construed as qualifying the right of Corporation to terminate this Agreement in accordance with the terms hereof. In the event that a Resident presents facts which in the sole opinion of Corporation justify special financial consideration, Corporation will give careful consideration to subsidizing in whole or in part the Monthly Charge and other charges payable by the Resident hereunder so long as such subsidy can be made without impairing the ability of Corporation to attain its objectives while operating on a sound financial basis. Any determination by Corporation with regard to the granting of financial assistance shall be within the sole discretion of Corporation as set forth under a separate written agreement between Corporation and the Resident regarding such financial assistance. If Corporation requests, Resident agrees to apply for Medicaid, public assistance, or any other reasonably available public benefit program to offset Resident's Monthly Charge or other charges payable hereunder.

(b) **<u>Endowment</u>**. Corporation has an endowment fund, the income of which will be used to assist Residents who would otherwise not be able to live at Glenaire because of financial considerations. The income from such fund may be used for the purposes of providing financial assistance in accordance with the provision of this section.

9. **MISCELLANEOUS PROVISIONS**

(a) **Will, Durable Power of Attorney**. Resident is responsible for having made and executed a valid will providing for the distribution of his/her assets and personal effects, such will or other document of instruction shall include adequate provisions regarding proper burial or cremation. Resident shall notify the Executive Director of Glenaire as to the name, address, and telephone number of his/her personal representative. Resident further agrees to execute a valid continuing durable Power-of-Attorney and a health care Power-of-Attorney. Resident shall notify the Executive Director as to the name, address, and telephone number of such designated Attorney(s)-in-Fact.

(b) **Assignment**. The rights and privileges of the Resident under this Agreement to the facilities, services and programs of Glenaire are personal to the Resident and may not be transferred or assigned by the Resident or otherwise. Corporation reserves the right to transfer or assign this Agreement without the consent of Resident. Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Corporation and the heirs, executors, personal representatives, any Attorney-In-Fact, and administrators of the Resident.

(c) **Management of Glenaire**. The absolute rights of management of Glenaire are reserved by Corporation, its Board of Governors and its administrators as delegated by said Board of Governors. Corporation reserves the right to accept or reject any person for residency. Residents do not have the right to determine admissions or terms of admission of any other Resident.

(d) **Entire Agreement**. This Agreement constitutes the entire agreement between Corporation and Resident relating to the subject matter hereof and supersedes all prior negotiations and agreements relative thereto. This Agreement may not be modified or amended except in writing signed by each of the parties. Corporation shall not be liable or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent Corporation, unless such statements, representations or promises are set forth in this Agreement.

(e) **Waiver**. Any provision herein may be waived only in writing signed by the party or parties against whom or which enforcement of such waiver is sought. The failure of either party at any time to require the performance by the other party of any provision shall in no way affect the full right to require such performance at any time thereafter, nor shall the waiver by either party of a breach of any provision be taken or held to be a waiver of any succeeding breach of such provision or a waiver of the provision itself or a waiver of any other provision of this Agreement.

(f) **Guardianship**. If the Resident becomes legally incompetent, or is unable to properly care for himself or herself or his or her property, and if the Resident has made no other designation of a person or legal entity to serve as his or her guardian, then the

Resident hereby agrees that Corporation 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 Corporation and its designee any attorneys' fees and other expenses incurred in connection with any such guardianship upon demand.

(g) **Transfer of Property**. The Resident agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.

(h) **Attorney's Fees, Costs of Collection**. Resident acknowledges and agrees that he/she shall be obligated to reimburse Corporation for all costs associated with collection of any charges or fees due pursuant to this Agreement, including the cost of reasonable attorney's fees incurred by Corporation as allowed by applicable law.

(i) **Savings Clause**. If any provision of this Agreement in any way contravenes the laws of any state or jurisdiction, such provision shall be deemed not to be a part of this Agreement in that jurisdiction and Resident agrees to remain bound by all remaining provisions. If any portion of this Agreement shall be deemed to be illegal or should it violate public policy, it is agreed that it shall be interpreted to be legally binding and enforceable to the maximum reasonable extent allowed by law.

(j) **Survival**. The termination of this Agreement shall not affect the rights and remedies of Corporation and the obligations of Resident under this Agreement incurred prior to such termination, all of the foregoing shall survive such termination including but not limited to all payment obligations of Resident.

(k) **Governing Law; Venue**. This Agreement shall be governed by the laws of the State of North Carolina. Resident agrees that venue for any legal action or proceeding relating to this Agreement shall be solely in the state or federal courts sitting in Wake County, North Carolina, and Resident hereby knowingly and voluntarily submits to the jurisdiction of each such court in any such action or proceeding.

(l) **Notices**. Any notices, consents, or other communications to Corporation (collectively "notices") shall be in writing and addressed as follows:

Glenaire, Inc.
Attn: President
2109 Sandy Ridge Road
Colfax, NC 27235

The address of Resident for purposes of giving notice is the address appearing after the signature of the Resident below prior to Resident taking occupancy of the Living Accommodation. Following occupancy, Resident's notice address shall be the address of the Living Accommodation as set forth in Paragraph 1(a).

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

GLENAIRE, INC.

By: ________________________________
Executive Director

____
Witness

RESIDENT(S):

____________________________________(Seal)

Print Name:___________________________

____
Witness

____________________________________(Seal)

Print Name:___________________________

____
Witness

____
Current Address (Number and Street)

____
City, State, Zip Code

____
Telephone Number

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2023
UNAUDITED

Exhibit D

ASSETS		
Current Assets:		
Cash	$	**33,191,560**
Trustee held funds, required for current liabilities		**2,515,244**
Accounts receivable		**8,631,761**
Refundable sales tax		**912,383**
Inventory		**143,661**
Prepaid expenses		**1,472,180**
Total current assets		**46,866,789**
Trustee Held Funds:		
Construction fund		**-**
Principal fund		**5,416**
Interest fund		**13,844**
Total trustee held funds		**19,260**
Investments, Deferred Costs and Other Assets:		
Investments		**158,009,094**
Deferred financing costs		**2,031,809**
Residents' cash deposits		**65,449**
Swap asset		**2,175,805**
Total investments, deferred costs and other assets		**162,282,157**
Property, Plant and Equipment, net		**419,373,842**
Total assets		**$628,542,048**
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current maturities of long-term debt	$	**37,775,015**
Accounts payable		**8,216,998**
Accrued payroll		**760,548**
Accrued PAL		**779,196**
Accrued personnel costs and withholdings		**393,007**
Accrued interest		**1,681,691**
Total current liabilities		**49,606,455**
Long-Term Debt:		
Bonds payable		**190,547,432**
Total long-term debt		**190,547,432**
Deferred Revenue and Other Liabilities:		
Refundable fees		**129,844,652**
Deferred revenue from advance fees		**45,640,301**
Reserve PAL		**2,079,062**
Residents' cash deposits		**65,449**
Swap liability		**-**
Total deferred revenue and other liabilities		**177,629,464**
Total liabilities		**417,783,351**
Net Assets:		
Unrestricted		**205,832,474**
Permanently restricted		**4,926,223**
Total net assets		**210,758,697**
Total liabilities and net assets		**$628,542,048**

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2023
UNAUDITED

Operating Revenue:		
Resident fees, including amortization of Entrance Fees	$	**23,685,697**
Food service income		**173,589**
Reimbursed medical		**824,223**
Golf course		**15,947**
Other		**561,367**
Total operating revenue		**25,260,823**
Operating Expenses:		
Routine services		**5,119,051**
Special services		**452,169**
Dining services		**3,558,685**
Environmental services		**1,117,934**
Maintenance		**2,217,523**
Project and development		**74,287**
Marketing		**491,249**
Administrative		**4,187,700**
Depreciation and other charges		**2,100,716**
Bond and note interest, and amortization		**2,864,545**
Purchased medical services		**728,447**
Miscellaneous, net		**89,642**
Golf course and grounds		**367,000**
Total operating expense		**23,368,948**
Operating income (loss)		**1,891,875**
Nonoperating revenue (expenses):		
Contributions		**866,345**
Net realized investment income		**2,778,039**
Net unrealized appreciation (depreciation) of investments		**10,528,365**
Gain (Loss) on Disposal of Equipment		**7,000**
Change in fair value of interest rate swaps		**(1,723,112)**
Transfers of assets between communities		**-**
Other, net		**4,835**
Total nonoperating revenue (expense)		**12,461,472**
Excess (deficit) of revenue over expenses and nonoperating income (expense)	**$**	**14,353,347**

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2023
UNAUDITED

Cash Flows From Operating Activities	
Operating income (loss)	$ 1,891,875
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Entrance fees received, net of refunds	46,605,165
Amortization of entrance fees	(4,923,816)
Depreciation and amortization	2,100,716
Changes in working capital components:	
(Increase) decrease in:	
Trade and other receivables	(2,199,652)
Other assets	(565,696)
Increase (decrease) in accounts payable and accrued expenses	(222,412)
Net cash provided by (used in) operating activities	**42,686,180**
Cash Flows From Investing Activities	
Purchases of property and equipment	(9,177,101)
Proceeds from sale of property and equipment	7,000
Dividend and interest income	2,609,914
Proceeds from (purchases of) investments	(2,654,988)
Net cash provided by (used in) investing activities	**(9,215,175)**
Cash Flows From Financing Activities	
Net, principal receipts (payments) on long-term borrowings	(48,474,178)
Donations	866,345
Other, net	4,835
Net cash provided by (used in) financing activities	**(47,602,998)**
Net increase (decrease) in cash and cash equivalents	**(14,131,993)**
Cash and cash equivalents:	
Beginning	47,323,553
Ending	$ 33,191,560

Exhibit E

Brightspire

Non-Conflict of Interest Statement

Except with the prior approval of the Board of Governors of Brightspire, no Trustee or Director of an operating division or affiliate of Brightspire or a member of the Board of Governors of Brightspire shall perform for any personal gain or remuneration services for Brightspire or any of its operating divisions or affiliates, directly or indirectly, as a principal, employee, consultant or in any other capacity which promises compensation of any kind.

Except with the prior approval of the Board of Governors of Brightspire, no Trustee or Director of an operating division or affiliate of Brightspire or a member of the Board of Governors of Brightspire shall have any beneficial interest in or substantial obligation to any supplier of goods and services to Brightspire or any of its operating divisions or affiliates.

Except with the prior approval of the Board of Governors of Brightspire, no Trustee or Director of an operating division or affiliate of Brightspire or, Trustee or Director of Brightspire shall accept any gift, entertainment, service, loan or promise of future benefit its from any persons who may either personally or whose employees might benefit or appear to benefit it from such Board of Trustees or Board of Governors connection with Brightspire or any of its operating divisions or affiliates.

This policy statement is not intended to apply to gifts and/or similar entertainment clearly of nominal value that are unquestionably in keeping with good business ethics and do not obligate the recipient.

Any matter or question of interpretation that arises relating to this policy shall be referred to the Board of Governors of Brightspire for a decision. Prior to obtaining the approval of the Board of Governors of Brightspire of a matter described herein, full disclosure of all particulars relating to the matter under consideration shall be made. All parties interested in the matter under consideration shall not participate in or be present during the deliberations of the Board of Governors concerning the matter under consideration, and shall abstain from voting on such matter.

I have read the foregoing non-conflict of interest statement and agree to abide by it.

Print Name: ______________________________

Signature: ________________________________

Date: ____________________________________