



# ALDERSGATE

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3800 Shamrock Drive  
Charlotte, North Carolina, 28215-3220  
704-532-7000

## DISCLOSURE STATEMENT

May 29, 2025

Revised June 20, 2025

IN ACCORDANCE WITH CHAPTER 58, ARTICLE 64 OF THE NORTH CAROLINA GENERAL STATUTES:

- This Disclosure Statement may be delivered until revised, but not after May 30, 2026.
- Delivery of this Disclosure Statement to a contracting party before execution of a contract for continuing care is required.
- The Disclosure Statement has not been reviewed or approved by a government agency or representative to ensure accuracy or completeness of the information set out.

Dear Prospective Aldersgate Member,

Aldersgate started from humble beginnings in the 1940's as The Methodist Home, a place where retired Methodist ministers and their widows could live out their lives in peace, comfort, and prayer. Today, Aldersgate has grown to 230+ acres offering a vast diversity of culture and service. A full continuum of health services and living facilities are available including independent living, assisted living, memory care, skilled nursing, home care, a wellness clinic, and short-term rehabilitation after a surgery or medical event.

We are very focused on our mission: Celebrating and respecting the value of each individual within an inclusive and vibrant Aldersgate community. Our residents and their quality of life are of primary importance to us, and yet we recognize the significant role we play in projecting these values to the broader community around us as well. Stewardship forms the foundation for our relationships and our actions, and it permeates throughout our leadership, our staff, and our residents. In particular, you will find our residents to be very engaged in committees, boards, activities, and other capacities in support of this mission.

In 2023, the North Carolina Department of Insurance ("Department") did raise concerns regarding operating and financial practices at Aldersgate. In response, the Aldersgate leadership team, in collaboration with the Board and third-party consultants, developed and implemented a comprehensive Corrective Action Plan ("CAP"). Factors such as strategic initiatives impacted by external economic conditions including the pandemic, rising interest rates, wage inflation, and construction cost escalations also contributed to the challenges identified by the Department. This plan was accepted by the Department and upon Aldersgate's request now has been succeeded by an Operational Improvement Plan (OIP) also approved by the Department. The current OIP focuses on the six Issues and Causes of the previous CAP. We are pleased to report that substantial progress has been made, leading from the CAP to the OIP, and the Board and leadership continue to focus on operational improvements that positively impact the short-term liquidity of Aldersgate and ensure the financial stability of the organization.

In the fall of 2024, the Board of Directors decided to pursue a strategic affiliation with another not-for-profit continuing care retirement organization with the assistance of strategic advisors including Herbert J Sims and Pearl Creek Advisors. The Board's primary goals in affiliation were improving the financial strength of Aldersgate, ensuring strong governance and leadership for Aldersgate, and ensuring the continuation of the mission and values of Aldersgate. The Board involved resident leadership, NCDOI and key leadership in the thorough process of affiliation exploration and ultimately identified Givens Communities, Inc. (Givens) as the ideal affiliation partner. The Boards of Aldersgate and Givens approved the key terms of their affiliation and signed definitive agreements June 20, 2025 with an expectation that they will close on the affiliation in fall 2025.

Aldersgate has had a positive operating margin for all the months of 2025 but has still had limited liquidity to make significant headway in catching up Entrance Fee refund payments currently due, keep vendors paid timely, and investing in capital expenditures beyond the critical unit renovations for new residents. Through this affiliation with Aldersgate, Givens is committed to provide financial support to Aldersgate to ensure Entrance Fee refunds are timely, vendor payments are timely, and investments are made in capital expenditures and operational improvement areas to ensure Aldersgate's continued improvement.

As Aldersgate prepares for the transition to the affiliation with Givens, transparency and accountability continue to be central to our approach. We will update the Aldersgate Disclosure Statement later in 2025 once the affiliation with Givens has been finalized. In the meantime, we continue to work closely with key stakeholders and advisors to improve operational performance and rectify all concerns, with progress regularly communicated to stakeholders including residents, team members, directors, regulators, and bondholders.

For your convenience, we have made available copies of the Consent Order of Amended Supervision, our most recent unaudited financial statements, and management's financial statements through March 31, 2025 through your sales counselor. Should you have any questions or require further information, I am available to assist you, as well as our Chief Financial Officer, Cherie Grisso. Please do not hesitate to reach out to Sarah Crockford, at 704-532-3170 (or via email at [sarahc@aldersgateliving.org](mailto:sarahc@aldersgateliving.org)), who can facilitate communication with either Cherie or me. For inquiries directed to the Department, Jeffrey Trendel, Deputy Commissioner, can be reached at 919- 807-6148 (or via email at [jeff.trendel@ncdoi.gov](mailto:jeff.trendel@ncdoi.gov)).

We are proud of our heritage and our future and are excited about the prospect of welcoming you to our community. Recent surveys have shown that an unprecedented 94% of our current residents would recommend Aldersgate to a friend or prospective resident. We hope you will consider joining them and allowing us to serve your senior living needs within our vibrant Aldersgate community.

Regards

David Middleton

Interim President and Chief Executive Officer

Aldersgate United Methodist Retirement Community, Inc.

## TABLE OF CONTENTS

### Organization Introduction and Information

|   |   |
|---|---|
| Narrative Description of the Organization, Nonprofit Status and Affiliation.. | 5 |
| Accreditation.....  | 5 |

### Facility Introduction and Information

|  |    |
|--|----|
| Narrative Description of the Facility and its Operation .....              | 5  |
| Identification/Background of Board of Directors and Management Staff ..... | 9  |
| Criminal Violation Statement.....  | 12 |
| Location and Description of Physical Property .....                        | 13 |
| Estimated Number of Residents.....   | 13 |

### Policies

#### **Admission**

|   |    |
|---|----|
| Contract Options .....                              | 14 |
| Health Requirements.....                            | 14 |
| Financial and Insurance Criteria.....               | 14 |
| Age Requirements .....                              | 15 |
| Termination of Membership/Cancellation/Refund ..... | 15 |
| Change of Accommodations.....                       | 19 |
| Marriages .....                                     | 20 |
| Inability to Pay .....                              | 21 |
| Lease Option .....                                  | 21 |

### Services

|   |    |
|---|----|
| Standard Services & Services Available at Extra Charge..... | 22 |
| Health Care Services .....                                  | 23 |

### Fees

|  |    |
|--|----|
| Reservation Fee .....  | 25 |
| Entrance Fee & Monthly Fee, Notification of Fee Increase ..... | 25 |
| Changes in Fees for the Previous Five Years .....              | 31 |

### Financial Information & Related Attachments

|  |     |
|--|-----|
| Financial Information Overview Statement .....   | 33  |
| Audited Financial Statements for December 31, 2024 (Attachment I) .....  | 34  |
| Management's Interim, Unaudited Financial Package for the Three Months<br>Ending March 31, 2025 (Attachment II)..... | 75  |
| Forecasted Financial Statements Three Years Ending<br>December 31, 2026 (Attachment III) .....                       | 86  |
| Residency & Related Attachments (Attachment IV).....   | 104 |

This Disclosure Statement is provided in compliance with the requirements of Chapter 58, Article 64 of the General Statutes of North Carolina. Its purpose is to give prospective residents, their families, and their advisors facts about Aldersgate United Methodist Retirement Community, Inc. and the people who operate it.

## ORGANIZATION INTRODUCTION AND INFORMATION

### Narrative Description of the Organization, Nonprofit Status and Affiliations

The name of this organization is Aldersgate United Methodist Retirement Community, Inc., herein generally referred to as "Aldersgate" or the "Community". Aldersgate's business address is 3800 Shamrock Drive, Charlotte, North Carolina 28215-3220. Aldersgate is a North Carolina nonprofit corporation, and it is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"). Aldersgate is a Continuing Care Retirement Community (CCRC). The term Life Plan Community, which may be used in our marketing materials, is interchangeable with CCRC.

Aldersgate is affiliated with the Western North Carolina Conference of the United Methodist Church (the "Conference"). The extent of the affiliation between Aldersgate and the Conference is set out in a Statement of Relationship executed by them, and a copy of that Statement is available, without charge, upon request to Aldersgate.

Aldersgate is also the sole member of Aldersgate at Home, Inc. ("Home Services"), a North Carolina nonprofit corporation, Home Services has been recognized by the IRS as exempt from the payment of federal income taxes under Section 501(c)(3) of the Code. The Board of Directors of Home Services is elected independently as described in their bylaws which are available, without charge, upon request to Aldersgate.

None of the entities affiliated with Aldersgate, including the Conference and Home Services, are responsible for the financial and contractual obligations of Aldersgate.

### Accreditation

Aldersgate is licensed as a continuing care retirement facility by the North Carolina Department of Insurance. Aldersgate maintains EAGLE accreditation and is currently in "Candidate" status with CARF to be re-evaluated in 2025. By achieving CARF and EAGLE accreditation, Aldersgate is held to higher standards than the state minimum. These accreditations allow Aldersgate to share and spotlight best practices in the industry. CARF is an independent, nonprofit organization focused on advancing the quality of services providers use to meet their needs for the best possible outcomes. Aldersgate continues to operate according to CARF standards and seeks to hold this certification continually.

EAGLE's mission is to provide a voluntary program utilizing principles and goals that promotes, pursues, and recognizes excellence in the holistic, Christian mission and ministry of an organization.

## FACILITY INTRODUCTION AND INFORMATION

**Aldersgate is a beautifully expansive life-plan community located at 3800 Shamrock Drive in Charlotte, North Carolina. Resident membership affords gracious retirement living with the peace of mind that a continuum of care is available as needed.**

Aldersgate provides a wide range of residential options, including Independent Living cottages, apartments, and villas, as well as Assisted Living, Memory Care, long-term Health Care, and short-term Rehabilitative Services. Residents enjoy diverse dining options, wellness programs, and an active resident-led association with many volunteer opportunities. The community offers access to walking trails, a lake, a greenhouse, and a community garden. Spanning over 230 acres, the campus features beautiful landscaping, a 3-hole golf course, the historic Hezekiah Alexander Homesite, and the Charlotte History Museum.

### ***Overview of the Residences***

**Epworth Place:** This eight-story residential facility features 122 units, including 44 Parker Terrace Assisted Living suites, and offers convenient access to "The Commons" where residents can enjoy a variety of dining options. The Independent Living apartments range from 585 to 1,170 square feet. Each floor includes community kitchens and laundry facilities, ensuring practical amenities and easy access to essential services for residents.

**Francis Residential Building:** This three-story apartment building features 74 residences with 1- and 2-bedroom floor plans ranging from 750 to 1,660 square feet. Nestled amidst lush nature and mature trees, residents can savor scenic views from their private outdoor living spaces. The building is seamlessly connected to the community center, where residents can unwind in the shared living room, participate in art classes, swim in the indoor pool, and engage in a diverse array of activities.

**Azalea View Cottages:** A charming neighborhood of 33 distinctive single-family homes, ranging from 1,082 to 1,976 square feet. These inviting cottages boast picturesque views of the golf course and provide convenient access to the community garden. As the inaugural homes built on the Aldersgate campus, they offer a unique blend of historic charm and modern comfort.

**Lake Ridge Cottages:** Nestled on the east side of the lake, these 16 charming cottages range from 1,598 to 1,867 square feet. Each cottage features two bedrooms, two bathrooms, a spacious living room, a well-appointed kitchen, outdoor living areas, and a garage. Residents benefit from direct access to the lake's paved walking path, opportunities for fishing in the stocked waters, RC boat racing, and bird watching, with the lake serving as home to a majestic blue heron.

**Wesley Glen Cottages:** Situated on the east side of the campus, these lovely homes range from 1,546 to 2,039 square feet and feature 2 bedrooms, up to 2.5 bathrooms, a den, breakfast nook, formal dining area, outdoor living space, and a 2-car garage. The community currently boasts 42 beautifully designed homes, with 8 additional lots in pre-construction phase available for reservation, offering future residents the opportunity to join this distinguished neighborhood.

**Magnolia View Apartments:** These 38 luxury apartments offer seven floor plans, ranging from 851 to 1,456 square feet, with outdoor spaces that provide stunning views of the rose garden. Designed with open floor plans and state-of-the-art kitchens, the apartments are available in 1- and 2-bedroom options. The neighborhood includes a gathering room with a prep kitchen for hosting events, a community terrace, and underground parking with additional storage space for residents.

**Lake View Villas and Park View Villas:** Both of these three-story luxury buildings feature 12 residences each, with 1- and 2-bedroom floor plans ranging from 985 to 1,475 square feet. Conveniently situated next to the Magnolia Building and The Commons, residents can enjoy picturesque views of the lake or the community park. Each building includes a community terrace and underground parking with additional storage space for residents.

**The Commons:** This building is the central hub of the campus, serving the entire community with a wide range of amenities. It features diverse dining venues, a salon and spa, activity and media rooms, and an inviting outdoor terrace. Residents can enjoy a bocce court, a state-of-the-art wellness facility, an aquatic center, and dedicated therapy suites. Additional amenities include business offices, a trading post, a card and billiards room, a pavilion bar, and numerous outdoor communal spaces for relaxation and socializing.

**Dining Venues:** Aldersgate features a range of dining venues catering to various tastes and preferences. On Common Grounds is the ideal spot for a light, quick breakfast, coffee, or a refreshing smoothie. The Market Cafe offers a casual, friendly atmosphere for breakfast, lunch, and dinner. For crafted beers, fine wines, craft cocktails, and pub fare served throughout the evening, The Rose & The Ivey Pub is the place to be. The Gatehouse Dining Room provides an upscale, full-service dining experience with restaurant-style meals and includes The Gatehouse Bar for a sophisticated touch. Residents can also request catering services for their events and special occasions.

**Salon and Spa:** Aldersgate offers an on-site, full-scale Salon & Spa with a comprehensive list of services including haircuts and styles, color treatments, massage therapy, manicures/pedicures, waxing and tinting, esthetician services, and other specialized beauty enhancements to create the perfect look for you.

**The Wellness Program:** At Aldersgate, we encourage a positive mindset toward aging that touches on all eight dimensions of wellness. We don't believe health and wellness should stop and start at the threshold of the gym. Instead, it should be incorporated into all spheres of life—mind, body and spirit. The Wellness Program features instructor-led exercise classes, yoga, Tai Chi, water-balanced classes, and access to the Wellness Gym with personal training services available, weight machines, free weights, bikes, ellipticals, and treadmills. There are also miles of walking and biking trails for those who prefer to exercise outdoors. Additionally, Aldersgate provides opportunities for spiritual and social gatherings, lifelong learning, and volunteerism, as well as spaces for resident-directed gaming, woodworking and crafting, and gardening. Residents also engage in community theater, arts and music programming, and community excursions.

**Volunteer Opportunities:** At Aldersgate, we have a deep passion for volunteering and impacting our community. Our residents have unique opportunities to volunteer for non-profit organizations located on our campus! Aldersgate supports these impactful organizations by providing rentable space below the market rental rate, which allows the respective organizations to further impact the community and better fulfill their mission. Currently, ourBRIDGE for Kids, GenOne Charlotte, Carolina Migrant Network, Refugee Support Services, Feel the Vibe, and Charlotte Community Health Clinic occupy space owned by Aldersgate. As a result, our residents tutor, mentor and read to immigrants and help ensure kids who will

become the first in their families to attend college have a needed hand up. Furthermore, the Charlotte Community Health Clinic and Carolina Migrant Network are a part of Charlotte is Home, which is the only medical and resource collaborative of its kind in the state of North Carolina. Our residents have also proudly and consistently volunteered for over 100 non-profit organizations outside our campus, including Habitat for Humanity Charlotte Region, Crisis Assistance Ministries, Charlotte Mecklenburg Schools, the YMCA, the Wounded Soldier Project, among others.

**Wellness Clinic:** Aldersgate provides comprehensive health services through the Onsite Clinic, in collaboration with Curana. The clinic is open on weekdays and staffed by experienced professionals, offering routine medical care and triage nursing for emergency situations during weekends. Residents have access to a range of services, including prescription refills, phlebotomy services, EKG's, and injectable medicine administration.

**Ray Hall Community Center:** Includes a chapel/multi-purpose center, a two-story living room with a fireplace, balcony, courtyard with gardens, outdoor walking paths, and shaded seating areas.

**Parker Terrace Assisted Living:** A 42-bed assisted living community within Epworth Tower, offering private one-bedroom and studio apartments, private dining room, patios, living rooms, and various enrichment activities.

**Cuthbertson Village Memory Support Center:** A 61-room facility for dementia and memory support, divided into four neighborhoods with all private rooms, kitchens and dining room, living room, activity room, and a bright, open-air Town Center with a movie theater, chapel, and outdoor garden courtyard.

**Asbury Health & Rehabilitation Center:** A 120-bed nursing care facility with private rooms, a chapel, kitchen, beauty/barber shop, therapy services, community living areas, and a dialysis wing operated by Fresenius Kidney Care. It also includes hospice care through The Levine & Dickson Hospice House at Aldersgate, offering six resident rooms, a family room, a chapel, a garden, and a kitchen.

Aldersgate also offers on-site outpatient physical, occupational and speech therapy and also hosts partnerships to provide services to our residents including:

- Truist Bank onsite banking services;
- Hospice Services provided by The Levine & Dickenson Dickson Hospice House at Aldersgate;
- Fresenius Kidney Care offering dialysis services;
- British Swim Club provides aquatic programs and swim lessons;
- Notary Services upon request.

## **Board of Directors and Management Staff**

The members of the Board of Directors of Aldersgate are listed below. Officers and Directors serve as volunteers and have relevant business or operational experience benefiting Aldersgate, although they may have no specific professional experience in the operation and management of facilities like Aldersgate.

No officer or any member of the Board of Directors has an interest of ten percent or more in any professional service firm, association, trust, partnership, or corporation that may currently serve as a provider of goods or services to Aldersgate or its residents at an aggregate value of more than \$500 within any year. No professional service firm, association, trust or partnership, or corporation has ten percent or greater interest in any officer or board member that will provide services of \$500 or more to Aldersgate or its residents. This would include a person employed by a company that provided services to Aldersgate or residents.

### **Board of Directors:**

**Greg Cole**, Chair, Director

**Doug Ghidina**, Vice Chair, Director

**Vincent DeBiase\*\***, Secretary, Director, Resident

**Heath Gilbert**, Director

**Amanda Grimes**, Director

**Rev. Dr. James Howell**, Director

**Sammy Jackson**, Finance Committee Chair, Director

**Rev. Tosh Jenkins**, Director

**Roger Shaul**, Director

**Judy Wiesner\*\***, Director, Resident

**Denton Wilson**, Director

The Directors can be reached at 3800 Shamrock Dr, Charlotte, NC 28215 or by emailing

[aldersgateboard@aldersgateliving.org](mailto:aldersgateboard@aldersgateliving.org)

\*\*Residents, elected by the Resident Association, are represented on the Board of Directors and all operating committees of the Board.

## Management Staff

**David Middleton** – Interim Chief Executive Officer David Middleton joined Aldersgate in February 2024. David has been leading entrepreneurial and nonprofit organizations for over three decades. He is a gifted communicator, listener, and strategist who has served as CEO of two firms ultimately acquired by other companies, led strategic planning initiatives, fostered organizational growth and been a catalyst for change in numerous capacities. David founded EPCOR Business Centers, a shared workspace firm that grew into the leading provider in North Carolina and central Virginia before being acquired by Office Suites Plus (now Regus). He went on to form Mid-Eye Marketing which was acquired by French/West/Vaughan, and he served as FWV's chief marketing officer. His background across the nonprofit and private business landscape runs from international to local and includes: serving as EVP of the International Alliance Business Centers Network, interim CEO with Carolina Raptor Center, interim CEO with Mustard Seed Community Health, chair of Special Olympics North Carolina and Special Olympics World Game board member, leading strategic planning for an international event (Special Olympics World Games), rebranding and growth (Global Workspace Association), growing an Exploring program (Occoneechee Council/Scouting), and strategic plan and executive transition (Nevins Inc. of Mecklenburg County).

**M. Kathlene Hendrick** – Senior Director of Human Resources & Compliance has been on staff since 2000. Ms. Hendrick began her career in the Finance Department but recognized her desire to work with the employees of Aldersgate and subsequently transferred to the Human Resources department in 2003. Ms. Hendrick became the Director of Human Resources in 2010. Ms. Hendrick's background includes more than twenty years of experience in recruitment, human resource management, training and development, compensation, and labor and employee relations. Ms. Hendrick holds a bachelor's degree in business administration from Montreat College. Ms. Hendrick has served as a coach for the LeadingAge North Carolina Leadership Academy and participates on the Education Committee for LeadingAge North Carolina as well. She is a graduate of both the LeadingAge National and State Leadership Academies and is a graduate of the Leadership Development Initiative through Community Building Initiative of Charlotte...

**Cherie Grisso** - Chief Financial Officer joined Aldersgate July 2023. Ms. Grisso became a licensed Certified Public Accountant in 1993 while working as a KPMG auditor and began a career focused in healthcare and not-for-profit organizations. After working in healthcare education for fourteen years and completing graduate studies at UNC Kenan-Flagler Business School, Ms. Grisso began consulting healthcare organizations in start-up or turnaround status. She found passion in the senior living industry the last fifteen years serving several organizations as CFO or CEO and brings experience in building strong business services teams, organizational strategy and governance, financial strategies, internal controls, risk management, and affiliations.

**Brad Speight** - Director of Sales & Marketing – Independent Living, joined Aldersgate in 2025. With over a decade of dedicated service in the senior living industry, Brad Speight brings a wealth of experience and heartfelt commitment to enriching the lives of older adults. His career journey spans a wide range of roles—from early days in dining services to key operational leadership positions and as Regional Vice President of Sales. Brad's hands-on approach and deep understanding of community life have made him a trusted guide for families navigating the transition into senior living. Known for his passion for service, Brad is driven by a personal mission to help seniors find not just a place to live, but a lifestyle they deserve. His leadership is marked by compassion, connection, and a relentless focus on quality and integrity.

**Brooke Patterson Hodge, BSN, RN, LNHA, ALA** – Executive Director has been with Aldersgate for over twelve years. Mrs. Hodge has served in various roles at Aldersgate, such as Staff Development Coordinator, Assistant Director of Nursing, Director of Nursing, and Director of Health Services. She pursued her Nursing Home Administrator's license in 2018 and became the Director of Health Services in 2019. Mrs. Hodge became the Executive Director for Aldersgate in 2021. In addition to her Nursing Home Administrator licensure, she also holds an Assisted Living Administrator's license. In 2019, she received the LeadingAge NC Emerging Leader Award. In 2023, she graduated from the LeadingAge Larry Minnix Leadership Academy. She has participated in various vaccination and healthcare education programs in Belize and England, where she lived for several years. She has a Bachelor of Science in Healthcare Administration from St. Christopher's School of Medicine in England and a Bachelor of Science in Nursing from Queens University of Charlotte.

**Elise Swanger Morren, BSW** - Director of Assisted & Independent Living Health Services started as a Social Worker Intern in 2009 and later joined the Aldersgate team permanently in 2011. She has served in a number of roles during her tenure at Aldersgate including the Assisted Living Social Worker and Admissions Coordinator as well as the Interim Director of Assisted Living. Ms. Swanger is a licensed Assisted Living Administrator and she is undergoing her Administrator in Training program to be a licensed Nursing Home Administrator. She is also currently in the Novare Leadership Development program and she serves as a member of the Diversity, Inclusion, and Equity Council at Aldersgate. Ms. Morren is a native of Charlotte, NC and graduated from the University of North Carolina at Charlotte with her bachelor's degree in social work.

### **Criminal Violation Statement**

None of the officers, directors, any person having a ten percent or greater equity or beneficial interest in the facility, or any person who will be managing the facility on a day-to-day basis 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 for any felony or civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property. None of the officers, directors, any person having a ten percent or greater equity or beneficial interest in the facility, or any person who will be managing the facility on a day-to-day basis listed above is subject to a currently effective injunctive or restrictive court order. Within the past five years, none of the officers, directors, any person having a ten percent or greater equity or beneficial interest in the facility, or any person who will be managing the facility on a day to-day basis has had any State or federal license or permit suspended or revoked as a result of an action brought about by a government agency or department, if the action arose out of or related to the business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Article 64 of Chapter 58 of the North Carolina General Statutes (Continuing Care Retirement Communities) or a similar law in another State.

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## **Location and Description of Physical Property**

Aldersgate is located on a beautifully expansive site at 3800 Shamrock Drive in Charlotte, North Carolina. The campus includes a lake available for fishing, beautiful azalea gardens and acres of land for walking, relaxing and enjoying nature. Among the many options offered on campus, residents may utilize the services of physicians who maintain regular office hours at Aldersgate. Resident membership affords gracious retirement living with the peace of mind that if health care is ever needed, it is available on the campus.

## **Estimated Number of Residents**

As of December 31, 2024 the approximate number of continuing care retirement community residents of Aldersgate was 540. The mix of single and double occupancies will affect the total number of residents at any given time. In addition to its members, Aldersgate serves residents admitted directly to Cuthbertson Village Memory Support, Parker Terrace Assisted Living, and to Asbury Health & Rehabilitation Center from the community. These persons do not necessarily have continuing care contracts as do the resident members but may simply pay on a monthly fee/per diem basis for services rendered.

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## **POLICIES AND ADMISSION**

### **Contract Options**

Prospective residents who desire to become Members will submit specific health and financial information, execute a Reservation Agreement, and pay a deposit to reserve a particular residence. See Attachment IV for a sample of the Reservation Agreement. Upon acceptance as Members, residents will execute the Residence and Services Agreement and set an occupancy date.

Specific accommodations are also available for lease without admission to membership in the Community.

### **Health Requirements**

Prior to entrance to Aldersgate, the prospective resident (“Applicant”) shall submit a report of a physical examination made by a physician selected by the Applicant within thirty (30) days prior to occupancy. The cost of the examination will be borne by the Applicant. The report will become an integral part of the Member’s record. It will serve as a baseline of information for Aldersgate staff and the Member’s physician as they begin to assist the Member in maintaining optimum health and enjoyment of the Aldersgate community experience. Aldersgate offers various levels of care and access to services to best meet the progressive needs of its Members.

### **Financial and Insurance Criteria**

#### **Financial**

To be accepted as a Member and for residency to continue, the Applicant must agree to pay the Entrance Fee, monthly fees, and charges associated with the accommodation and level of care required by the Applicant. Aldersgate requests that the Applicant provide a financial statement. Applicants with inadequate financial resources to carry them through their projected life expectancy are considered for admission if family member(s) or other sponsors who do have adequate financial resources provide guaranties of payment or if the Applicant qualifies for financial assistance within the provisions of Aldersgate’s financial assistance policy.

In consideration of admission to and continuing care in Aldersgate, the Member agrees as follows:

- a. To furnish to Aldersgate accurate information with regard to the nature and extent of his or her assets (now owned or hereafter acquired). The Member must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations of the Member and to meet ordinary living expenses of the Member;
- b. To manage those assets to the best of his or her ability in such a way as to permit the payment of the fees set forth;
- c. To furnish, if requested, a financial statement to indicate current financial status. Such statement shall include all assets and guaranteed income;
- d. To pay an Entrance Fee;
- e. To pay the monthly or daily fees for the accommodations utilized from time to time;
- f. To abide by all other terms and provisions of the Residence and Services Agreement and the Resident Handbook.

### **Health Insurance**

The Member agrees that he or she will enroll for Basic and Supplementary coverage under the federal Medicare program, if not so enrolled at the time of admission. If so enrolled, Member agrees to continue participation in these programs.

The following rules shall apply to payments made by the Medicare program on behalf of any Member at any time during which Aldersgate is eligible to receive Medicare reimbursement for services provided to Members:

- a. Any reimbursement received for Medicare Part A services provided to the Member by Aldersgate shall be accepted by Aldersgate as payment in lieu of daily service fees that otherwise would apply while living in the Health Care Facility, to the extent permitted under applicable Federal and State laws and regulations governing Medicare reimbursement.
- b. Any reimbursement received for Medicare Part B services provided to the Member by Aldersgate will be applied as a credit to Aldersgate's fees for those services to the extent permitted under applicable State and Federal laws and regulations governing Medicare reimbursement.

Should the Member or the Member's legally authorized representative apply for assistance under the Medicaid program, or any successor program of a similar nature, the Member's contract will be terminated.

### **Age Requirements**

The Applicant must be at least sixty-two years of age or older; for couples, one Applicant must be at least sixty-two years of age.

### **Termination of Membership/Cancellation/Refund**

The Residence and Services Agreement ("Agreement") included as Attachment IV of this Disclosure Statement makes the following provisions for terminations, cancellations, and refunds:

#### **A. Right to Rescind Agreement**

The Member shall have the right to rescind the Agreement within thirty days after executing the Agreement or receipt of the Disclosure Statement, if later, as required by law. The Member shall not be required to occupy the chosen residence at the Community before expiration of the thirty-day period. Upon rescission, the Community shall refund to the Member, or the Member's legally-authorized representative, any portion of Entrance Fees the Member paid to the Community less (i) per diem or monthly charges specified in the Agreement for the Member's residence applicable to the period the residence was actually occupied by the Member; (ii) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and not to exceed the greater of two percent of the Entrance Fee or \$1,000. Any such refund shall be paid by the Community within sixty days following receipt of written notification of such termination.

**B. Termination by Member Prior to Occupancy Based on Change in Health Status** If the Member dies before occupying his or her residence or becomes incapable of meeting the physical, mental, or financial requirements for admission before such occupancy, the Agreement shall be automatically canceled. In such case, the Community shall refund to the resident, the resident's estate, or the resident's legally- authorized representative, any portion of Entrance Fees the Member paid to the Community less (i) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and (ii) the greater of two percent of the Entrance Fee or \$1,000.00. Any such refund shall be paid by the Community within sixty days following receipt of written notification of such termination.

**C. Termination by Member Prior to Occupancy Based on Change in Health Status**

Once the thirty-day rescission period described in "A" above has expired, but before Member takes occupancy, the Member may terminate this Agreement for any reason not covered by "B" by giving written notice to the Community. For rescinded or canceled contracts under this section, the resident or the resident's legal representative shall receive a refund of all money or property transferred to the provider, less (i) those nonstandard costs specifically incurred by the provider or facility at the request of the resident and described in the contract or any contract amendment signed by the resident; (ii) nonrefundable fees, if set out in the contract; and (iii) a reasonable service charge, if set out in the contract, not to exceed the greater of two percent of the Entrance Fee or \$1,000. Any such refund shall be paid by the Community within sixty days following receipt of written notification of such termination.

**D. Termination by Member After Occupancy**

Once the thirty-day rescission period described above has expired, and after the Member takes occupancy, the Member may, at any time upon ninety days' notice in writing to the Community, terminate his or her membership. Upon termination, a portion of the Entrance Fee may be refunded to the withdrawing Member, as described in the Agreement Section VI, G.

**E. The Community's Right to Terminate Agreement**

The Community shall have the right at any time, upon thirty days' notice in writing to the Member, to terminate his or her membership because the Member has failed to meet his or her obligations under the Agreement, including but not limited to:

- a. Member has not paid monthly fees and other charges on a timely basis;
- b. Member engages in behavior that unreasonably interferes with the quiet enjoyment of other Members; or
- c. Member has failed to abide by the provisions of the Community's Resident Handbook.

The following may result in immediate termination of membership and discharge:

- a. Member engages in behavior that negatively impacts or threatens the health, safety or welfare of other Members, staff, or visitors.

Such notice shall specify the obligation which the Member has failed to perform. Upon such termination, the Member may be entitled to a refund of a portion of the Entrance Fee paid, as described in the Agreement Section VI, G.

**F. Termination Upon Death**

Death of a Member shall be treated as a termination of membership on the date of death.

The refund due, if any, shall be computed as described in the Agreement Section VI, G.

**G. Refund Upon Termination**

Upon contract termination, the Member may be entitled to a refund of a portion of the Entrance Fee paid, as follows:

- 1. 0% Refundable Entrance Fee Option** For Members who have chosen the 0% Refundable Entrance Fee Option, the refund due, if any, shall be the Entrance Fee paid, less: (i) ten percent for any termination occurring in months one through five after occupancy, (ii) two percent for each month that has elapsed between month six and the date of withdrawal up to month fifty; (iii) a fee of \$1,000; and (iv) any amount due to the Community for monthly care or other unpaid services. No part of the 0% Refundable Entrance Fee is refundable after a Member has resided at the Community for fifty months. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid the related Entrance Fee.
  
- 2. 50% Refundable Entrance Fee Option** For Members who have chosen the 50% Refundable Entrance Fee Option, the refund due shall be the Entrance Fee paid less: (i) ten percent for any termination occurring in months one through ten after occupancy; (ii) one percent for each month that has elapsed between month eleven and the date of withdrawal up to month fifty; (iii) a fee of \$1,000; and (iv) any amount due to the Community for monthly care or other unpaid services. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid the related Entrance Fee.

If the Member is not alive when a refund becomes due, any refund shall be paid to the estate of the deceased Member, to a beneficiary identified in advance by the Member, or pursuant to Estate documents.

## **H. Condition of Residence**

At the effective date of termination of the Agreement, the Member shall vacate the Residence and shall leave it in good condition except for normal wear and tear. The Member shall be liable to the Community for any cost incurred in restoring the Residence to good condition except for normal wear and tear. Such costs will be deducted from any refund due to the Member under the terms of the Agreement.

## **I. Use of Refundable Entrance Fee Option for Health Care Expenses at Aldersgate**

1. Should a Member who has chosen the 50% Refundable Entrance Fee Option vacate his or her Residence by transferring permanently to a Health Care Facility at the Community, the Member may then draw against his or her refund to supplement payment of his or her health care costs at Aldersgate but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at Aldersgate as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on his or her health care.
2. The following conditions apply when "the Member" is used in the Agreement to apply to two married individuals in an Independent Living Residence who have chosen the 50% Refundable Entrance Fee Option:
  - a. The Entrance Fee relates to the Members identified in the Agreement, not to either individual Member alone. As such, as long as one of the Members remains in the Community, no refund of the Entrance Fee is due to either Member, even if one member vacates the community for any reason.
  - b. Should both Members vacate their Residence by transferring permanently to a Health Care Facility at the Community, either or both Member(s) may then draw against the 50% Refundable Entrance Fee to supplement payment of their health care costs at Aldersgate but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The 50% Refundable Entrance Fee option can be accessed exclusively for health care services at Aldersgate as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid the related Entrance Fee.

- c. Should one Member vacate their Residence by transferring to a Health Care Facility at the Community, and the other Member vacates the Residence by transferring to an independent accommodation that carries a lesser Entrance Fee, the Member who has transferred to the Health Care Facility may then draw against the 50% Refundable Entrance Fee to supplement payment of their health care costs at Aldersgate, up to the difference between the original Entrance Fee, and the then-current Entrance Fee (Revised Entrance Fee) for the new independent accommodation, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The Member would still be entitled to receive any applicable Member discount on their health care. Should the Member residing in the independent living accommodation vacate said accommodation by transferring to Assisted Living or the Health Care Facility at the Community, that Member may then draw upon the refundable portion of the Revised Entrance Fee to supplement payment of their health care costs at Aldersgate, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at Aldersgate. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at Aldersgate. The 50% Refundable Entrance Fee can be accessed exclusively for health care services at Aldersgate as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid the related Entrance Fee.
- d. Utilization of the 50% Refundable Entrance Fee option may be made to supplement payment of health care costs at Aldersgate only. Contingent upon a financial review of the Member's income and assets, Aldersgate reserves the right to determine the amount of the 50% Refundable Entrance Fee that may be used to supplement the Member's health care fees at Aldersgate.

### **Change of Accommodations**

The Member may request a change in type of accommodation from time to time, subject to permission of Aldersgate and the availability of the type requested. If such a change is made, the following rules apply:

- a. If the Entrance Fee for the new accommodation is higher than the Entrance Fee paid for the accommodation to be vacated, the Member will pay the difference between the Entrance Fee for the new accommodation and the Entrance Fee paid for the prior accommodation. In the event of termination, the amount of the refund, if any, will be based on the total Entrance Fees paid.

- b. Member will be responsible for any costs associated with the change of accommodation, including moving expenses as well as a \$15,000 transfer fee to change accommodations.

In the best interests of the entire Aldersgate community and in consultation with the Member and/or his or her responsible party, Aldersgate may request the Member change accommodations. If agreement cannot be reached, Aldersgate may initiate mediation or arbitration for resolution. Any such resultant accommodation shall be subject to the provisions set forth in the Agreement, except that no greater Entrance Fee may be required of the Member.

Transfer of the Member to any of the health care facilities of Aldersgate, which currently includes Asbury Health & Rehabilitation Center, Parker Terrace Assisted Living, and Cuthbertson Village Memory Support, does not constitute a change of accommodation for these purposes.

### **Marriages**

If a Member marries while residing at Aldersgate, the spouse of the Member is expected to follow Aldersgate's normal admission procedure. Among the basic factors for approval are:

- a. Behavioral characteristics must be appropriate for group living at Aldersgate;
- b. There must be sufficient financial resources to enable the couple to meet financial obligations, or their circumstances must be such as to qualify for financial assistance within Aldersgate's policies and ability to provide;
- c. Such married Member will be required to enter into the then-current Residence and Services Agreement, which will supersede any and all previous contracts or agreements.

If the applying spouse is approved for residency at Aldersgate and is to live in the same residential accommodation with the Member, an additional Entrance Fee is required for the second occupant. If the applying spouse is to live in a separate unit, a regular Entrance Fee is required for that separate unit. Regular monthly (daily in nursing care) service fees and other charges would be in accordance with Aldersgate's regular schedule for double or individual occupancy, as appropriate.

If the applying spouse should not meet the requirements of residency, the applying spouse would not be able to reside at Aldersgate and the Member may terminate the Agreement in the same manner as provided in Section VI of the Agreement with respect to a voluntary termination.

If a Member, while occupying a residence, marries a person who is also a Member, the two Members may occupy the residence of either Member if it is a residence designed for occupancy of two persons. Such married Members will be required to enter into the then-current Residence and Services Agreement, which will terminate any and all previous contracts or agreements with Aldersgate. Such married Members will pay the Monthly Fee for double occupancy associated with the Residence occupied by them. In the event that a Member shall marry a person who is not a Member of the Community, the spouse may become a Member if such spouse meets all

the then current requirements to reside in the Community and both Members of the couple enter into a then current version of the Residence and Services Agreement with the Community. The Member and spouse shall then pay the Monthly Fee for double occupancy associated with the Residence occupied by them.

### **Cohabitation Policy**

If a Member cohabitates with another Member while residing at Aldersgate, the Member who vacates his/her unit to move will be treated as a "related" non-married second occupant. The Member who is moving will be subject to his / her own Entrance Fee, the second person monthly fee with all rights and duties attendant to a "related" second person occupant. The Member who is moving will receive any applicable refundable Entrance Fee from the unit he/she/they are vacating. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid the related Entrance Fee.

### **Inability To Pay**

If a Member should encounter financial difficulty while residing at Aldersgate, the Member may apply for financial assistance. Aldersgate has limited financial assistance resources for this purpose. In a number of cases, there are guaranty agreements between Aldersgate and a Member's family or other sponsor that make possible the Member's continued residency at Aldersgate. Continued residency is contingent upon payment in some manner of all fees and charges associated with residency. Aldersgate is unable to guarantee initial or continuing allocations of financial assistance to a Member.

### **Lease Option**

Aldersgate also offers a lease option through which an individual can enter the community by signing a thirteen-month lease agreement. The lease agreement does not require payment of an Entrance Fee but does require payment of a monthly fee at a higher rate than Members who have paid an Entrance Fee. This option provides lessees access to the same services and amenities as Members, except for health care services. Lessees shall be charged direct admit rates for any higher levels of care. This lease option is available only in specified residences.

## **SERVICES**

### **Standard Services & Services Available At Extra Charge – Effective January 1, 2025**

For the monthly fee paid by the Member, Aldersgate shall provide to the Member the use of the accommodation selected, board, utilities, meal options, housekeeping services, grounds keeping, maintenance and repairs, transportation services, security and activities in accord with the practices of Aldersgate as they may be in effect from time to time and the religious, social and creative life of Aldersgate. All Independent Living residents have a meal plan which is included within the Monthly Service Fee, equating to \$400 in value of the monthly service fee per month per resident. Meal credits operate on a declining balance over the course of the month, with any overages accounted for on resident's monthly statement. Each resident can have a maximum of \$100 carryover per month.

The current daily/monthly fee does not include items such as physicians' fees, outside hospitalization, therapies, drugs, medical supplies, dry cleaning, funeral or burial expenses, all of which remain the sole responsibility of the Member. The Community offers various services as a convenience to residents who need support such as transportation, specialty cleaning or laundry, spa and salon services, technology support or specialty maintenance. Ancillary Charges are updated as needed with 30-days' notice provided to residents. Examples of other services currently available at an additional charge are those shown in the table below but refer to the Ancillary Booklet of Charges for a complete list of Ancillary services and related charges:

| <u>Service</u>                       | <u>Fees</u>                      |
|--------------------------------------|----------------------------------|
| Spa & Salon                          | \$0 - \$225 per specific service |
| Telephone                            | \$40 per month                   |
| Information Technology Services      | \$40 per hour                    |
| Meal Delivery Service                | \$5 per delivery                 |
| Extra Meals                          | Menu Pricing                     |
| Guest Rooms*                         | \$110- 130 per day               |
| Guest Meals                          | Menu Pricing                     |
| Group Outings                        | Per person – event specific      |
| Event Catering                       | Per person – event specific      |
| Independent Living Unit Transfer Fee | \$15,000 per transfer            |

\*Family members of residents in Parker Terrace, Cuthbertson Village, and Asbury Health & Rehabilitation are entitled to the Guest Room rate of \$110 per day.

## **Health Care Services**

If it is determined that the Member requires assisted living services or nursing care, the Community will provide assisted living services in its assisted living or memory support centers as described in the Agreement and subject to changes in law. The Community will admit the Member on a temporary or permanent basis as needed. Use of these nursing services requires the certification of such need by the Member's attending physician and shall be subject to the availability of an appropriate accommodation at the Community.

If an appropriate accommodation is not available upon determination that a permanent transfer is required, the Community will arrange and pay for Member's care in his/her Residence by a certified home care agency of the Community's choice, if reasonably possible, until an appropriate accommodation becomes available at Aldersgate. If home health care is not medically possible, the Community will arrange and pay for the member's care in another facility of the Community's choice that can provide the same care that the Community would have otherwise provided until space becomes available. The Community will pay for care in another facility to the same extent as if the Community provided it. The Member will pay monthly or daily service fees to Aldersgate as if the Member were living at Aldersgate.

## **Fees and Charges**

The Community will provide assisted living services or nursing care in exchange for payment of the applicable monthly or daily service fee to the extent that it is not covered by Member's insurance, Medicare or any other governmental programs or entitlements which Member is required to maintain under the Agreement, subject to the following: Effect on Monthly Service Fee

- a. **Temporary Transfers** A transfer is considered temporary when the condition that requires the Member's transfer has the potential to be resolved in a manner which may allow the Member to return to the Residence. The Member's Residence will be held for the Member's return.
  - a. **Single Occupancy** Should the Member have a temporary need for Assisted Living or Health Care Facility services while still occupying a Residence, the Member will continue to pay both the then-current Monthly Service Fee for the Residence and the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.
  - b. **Double Occupancy** Should one or both Residents have a temporary need for Assisted Living or Health Care Facility services while still occupying the Residence, the Resident will continue to pay the then-current Monthly Service Fee less the then-current second person Monthly Service Fee for the Residence.
  - c. Additionally, each Resident requiring temporary care provided in Assisted Living or Health Care Facility, will be required to pay the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.

- d. Temporary utilization of Assisted Living or Health Care Facility services does not constitute a change of accommodations subject to the provisions of Section IV.M of the Agreement.
- b. **Permanent Transfers** A transfer is considered permanent when a condition requires a move to one of the levels of Healthcare and will not allow the Resident to return to their Residence and the Residence has been vacated. A move from Independent Living to another Independent Living residence due to health circumstances, upon approval, will be subject to a Transfer Fee of \$15,000. The exact amount may vary depending on the circumstances, which will be evaluated at the time of transfer approval. Aldersgate reserves the right to waive or modify such transfer charges.
  - a. **Single Occupancy** Should the Member have a permanent need for Assisted Living or Health Care Facility services, the Resident will be required to release the Residence as provided in Section V of the Agreement. The monthly fee will be the current monthly fee for the accommodation the Member is moving to (See Exhibit A of Resident and Services Agreement).
  - b. **Double Occupancy** Should one Resident have a permanent need for Assisted Living or Health Care Facility services, the Monthly Service Fee will be equal to the then-current Monthly Service Fee for the Residence for one person plus the Member rate for the Assisted Living Facility or Health Care Facility referenced in Exhibit A. Should both Residents have a permanent need for Assisted Living or Health Care Facility services, Resident will be required to release the Residence as provided under Section V of the Agreement. The Monthly Service Fee will be initially adjusted to two times the Monthly Service rate for the Assisted Living Facility or Health Care rate listed in Exhibit A.
- c. **Additional Charges** Residents will be responsible for all costs and charges associated with Assisted Living or the Health Care Facility that are not covered by the monthly or daily rates for such care then in effect. These may include drugs, supplies, ancillary charges, and level of care fees, if applicable. In the event of a temporary or permanent transfer, the member will be responsible for all relocation costs.

Should the Member require health care services, the Member may utilize such services as provided at Aldersgate. Use of these health care services shall require the certification of such need by the Member's attending physician and shall be subject to the availability of appropriate accommodation.

Should the Member or the Member's legally authorized representative apply for and receive assistance under the Medicaid program, or any successor program of a similar nature, the Member's contract will be terminated. Temporary utilization of the assisted living services and nursing services does not constitute a change of accommodations as referred to under "Change of Accommodations" in the Agreement.

## **FEES**

### **Reservation Fee**

\$1,000 refundable reservation fee followed by 10% of the selected Entrance Fee.

### **Entrance Fee & Monthly Fee, Notification of Fee Increase**

Members of Aldersgate pay:

1. A One-time Entrance Fee, which is based upon the accommodation chosen and is payable when a contract is signed and provides lifetime access to the community as long as the conditions and terms of the Residence Services Agreement are met;
2. A Monthly Services Fee, which covers costs associated with living at Aldersgate.

Rates are subject to change by approval of the Board of Directors, and thirty days' notice is required prior to implementation.

Residents may request Living Accommodation customizations or renovations. Such customizations or renovations must be approved by Aldersgate. The costs of renovations and maintenance of such features are the responsibility of the Resident.

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# Refundable Entrance Fee Schedule Existing Independent Living Residences

## - Effective January 1, 2025

| Residence Type                                    | Approx. Sq. Ft | 0% Refundable Plan    | 50% Refundable Plan   |
|---|----------------|-----------------------|-----------------------|
| <b>Apartments</b>                                 |                |                       |                       |
| <b>Epworth</b>                                    |                |                       |                       |
| 1 Bedroom (Knock-Out Rose)                        | 585            | \$125,664 - \$148,410 | \$254,280 - \$308,880 |
| 1 Bedroom/Kitchen (Iris)                          | 585            | \$148,410 - \$162,894 | \$308,880 - \$323,648 |
| 2 Bedroom (Tulip)                                 | 782            | \$171,666 - \$186,150 | \$350,688 - \$365,456 |
| 2 Bedroom/Kitchen (Lotus)                         | 1,060          | \$209,100             | \$405,080             |
| 2 Bedroom/Kitchen (Lily)                          | 1,067          | \$186,150 - \$203,184 | \$365,456 - \$394,576 |
| 2 Bedroom/Kitchen (Lilac)                         | 1,130          | \$222,360 - \$233,223 | \$430,768 - \$460,356 |
| 2 Bedroom/Kitchen (Gardenia)                      | 1,170          | \$222,360 - \$236,844 | \$449,280 - 464,048   |
| <b>Francis</b>                                    |                |                       |                       |
| 1 Bedroom/1 Bath (Cherry)                         | 750            | \$182,580 - \$205,393 | \$353,704 - \$376,963 |
| 1 Bedroom/1.5 Bath (Mimosa)                       | 955            | \$223,584 - \$252,552 | \$442,000 - \$471,536 |
| 2 Bedroom/2 Bath/Balcony (Dogwood)                | 1,050          | \$249,900 - \$278,868 | \$484,120 - \$513,656 |
| 2 Bedroom/2 Bath/Balcony (Holly)                  | 1,075          | \$249,900 - \$257,142 | \$484,120 - \$491,920 |
| 2 Bedroom/2 Bath/Dining (Magnolia)                | 1,150          | \$275,502 - \$293,607 | \$527,072 - \$545,532 |
| 2 Bedroom/2 Bath/Dining (Willow)                  | 1,180          | \$275,502             | \$527,072             |
| 2 Bedroom/2 Bath/Dining/Balcony (Sycamore)        | 1,250          | \$294,321 - \$313,151 | \$574,652 - \$593,851 |
| 2 Bedroom/2 Bath/Den/Dining/Balcony (Birch)       | 1,400          | \$300,900             | \$582,920             |
| 2 Bedroom/2 Bath/Den/Dining/Balcony (Chestnut)    | 1,500          | \$351,900             | \$675,075             |
| 2 Bedroom/2.5 Bath/Den/Dining/Balcony (White Oak) | 1,660          | \$388,722 - \$406,827 | \$757,224 - \$775,684 |
| <b>Cottages/Executive Homes</b>                   |                |                       |                       |
| <b>Azalea View</b>                                |                |                       |                       |
| 2 Bedroom   | 1,362          | \$184,800 - \$263,985 | \$357,808 - \$458,388 |
| 3 Bedroom   | 1,754          | \$209,528 - \$322,350 | \$426,930 - \$624,131 |
| <b>Lake Ridge</b>                                 |                |                       |                       |
| 2 bedroom/2 Bath/Garage (Maple)                   | 1,598          | \$369,240 - \$405,450 | \$719,472 - \$756,392 |
| 2 Bedroom/2 Bath/Den/Garage (Walnut)              | 1,740          | \$403,308             | \$781,310             |
| 2 Bedroom/2 Bath/Den/Garage (Hickory)             | 1,867          | \$414,018 - \$450,228 | \$843,440 - \$880,360 |
| <b>Wesley Glen</b>                                |                |                       |                       |
| 2 Bedroom/2 Bath (Cedar)                          | 1,548          | \$383,010 - \$397,494 | \$741,988 - \$756,756 |
| 2 Bedroom/2 Bath (Myrtle)                         | 1,650          | \$402,135 - \$416,619 | \$801,840 - \$816,608 |
| 2 Bedroom/2.5 Bath/Den (Poplar)                   | 1,880          | \$437,784 - \$445,434 | \$851,552 - \$859,352 |
| 2 Bedroom/2.5 Bath/Den (Redwood)                  | 2,035          | \$441,456 - \$455,940 | \$873,392 - \$888,160 |

# Refundable Entrance Fee Schedule Existing Independent Living Residences - Effective January 1, 2025

| Residence Type                        | Approx. Sq. Ft | 0% Refundable Plan    | 50% Refundable Plan   |
|---------------------------------------|----------------|-----------------------|-----------------------|
| <b>Apartments</b>                     |                |                       |                       |
| <b>Magnolia View</b>                  |                |                       |                       |
| 1 Bedroom/1.5 bath (Catawba)          | 851            | \$291,576             | \$564,840             |
| 1 Bedroom/1.5 bath (Elk)              | 950            | \$301,818             | \$584,699             |
| 1 Bedroom/1.5 bath (Linville)         | 1002           | \$291,567 - \$312,630 | \$564,840 - \$605,644 |
| 1 Bedroom/1.5 bath (Elk Deluxe)       | 1034           | \$315,384             | \$610,980             |
| 2 Bedroom/2.5 bath (Mitchell)         | 1,192          | \$366,435             | \$709,878             |
| 2 Bedroom/2.5 bath (Pamlico)          | 1,280          | \$382,398             | \$740,803             |
| 2 Bedroom/2.5 bath (South Fork)       | 1,376          | \$392,700 - \$402,900 | \$780,000 - \$790,400 |
| 2 Bedroom/2.5 bath/FP (Uwharrie)      | 1376           | \$398,820 - \$409,020 | \$784,992 - \$795,392 |
| 2 Bedroom/2.5 bath/Fireplace (Yadkin) | 1456           | \$438,600 - \$443,700 | \$850,928 - \$856,128 |
| <b>Lake View and Park View</b>        |                |                       |                       |
| 1 Bedroom/1.5 Bath (Badin)            | 985            | \$318,240             | \$616,512             |
| 2 Bedroom/2.5 Bath (James)            | 1,285          | \$398,412             | \$771,826             |
| 2 Bedroom/2.5 Bath (Jordan)           | 1,352          | \$397,800 - \$408,000 | \$761,280 - \$771,680 |
| 2 Bedroom/2.5 Bath /FP (Norman)       | 1,352          | \$429,420 - \$439,620 | \$882,536 - \$832,936 |
| 2 Bedroom/2.5 Bath (Tillery)          | 1,475          | \$416,670 - \$426,870 | \$843,856 - \$854,256 |
| 2 Bedroom/2.5 Bath/Fireplace (Wylie)  | 1,475          | \$437,172 - \$447,372 | \$857,792 - \$868,192 |

2025 Second Person Fee: \$47,500

Fees shown above apply to single occupancy. The rates for double-occupancy include an additional entrance fee of \$47,500 regardless of residence type.

If a member is 85 years of age or older at the time of the full payment of the entrance fee, a 10% premium is added to the entrance fee up to the age of 90. If a resident is 90 years of age or older at the time of full payment of the entrance fee, a 10% premium is added to the entrance fee, and they are limited to the 0% refundable entrance fee option.

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# Monthly Service Fee Schedule Existing Independent Living Residences - Effective January 1, 2025

| Residence Type                                    | Approx. Sq. Ft | 0% Refundable Plan | 50% Refundable Plan |
|---|----------------|--------------------|---------------------|
| <b>Apartments</b>                                 |                |                    |                     |
| <b>Epworth</b>                                    |                |                    |                     |
| 1 Bedroom (Knock-Out Rose)                        | 585            | \$3,692            | \$2,921             |
| 1 Bedroom/Kitchen (Iris)                          | 585            | \$3,712            | \$2,971             |
| 2 Bedroom (Tulip)                                 | 782            | \$3,794            | \$3,032             |
| 2 Bedroom/Kitchen (Lotus)                         | 1,060          | \$3,736            | \$2,987             |
| 2 Bedroom/Kitchen (Lily)                          | 1,067          | \$3,928            | \$3,143             |
| 2 Bedroom/Kitchen (Lilac)                         | 1,130          | \$3,983            | \$3,185             |
| 2 Bedroom/Kitchen (Gardenia)                      | 1,170          | \$4,098            | \$3,278             |
| <b>Francis</b>                                    |                |                    |                     |
| 1 Bedroom/1 Bath (Cherry)                         | 750            | \$4,250            | \$3,398             |
| 1 Bedroom/1.5 Bath (Mimosa)                       | 955            | \$4,761            | \$3,808             |
| 2 Bedroom/2 Bath/Balcony (Dogwood)                | 1,050          | \$5,272            | \$4,217             |
| 2 Bedroom/2 Bath/Balcony (Holly)                  | 1,075          | \$5,442            | \$4,355             |
| 2 Bedroom/2 Bath/Dining (Magnolia)                | 1,150          | \$5,612            | \$4,488             |
| 2 Bedroom/2 Bath/Dining (Willow)                  | 1,180          | \$5,781            | \$4,626             |
| 2 Bedroom/2 Bath/Dining/Balcony (Sycamore)        | 1,250          | \$6,124            | \$4,899             |
| 2 Bedroom/2 Bath/Den/Dining/Balcony (Birch)       | 1,400          | \$6,635            | \$5,307             |
| 2 Bedroom/2 Bath/Den/Dining/Balcony (Chestnut)    | 1,500          | \$6,975            | \$5,580             |
| 2 Bedroom/2.5 Bath/Den/Dining/Balcony (White Oak) | 1,660          | \$7,483            | \$5,988             |
| <b>Cottages/Executive Homes</b>                   |                |                    |                     |
| <b>Azalea View</b>                                |                |                    |                     |
| 2 Bedroom   | 1,362          | \$5,012            | \$4,015             |
| 3 Bedroom   | 1,754          | \$5,279            | \$4,221             |
| <b>Lake Ridge</b>                                 |                |                    |                     |
| 2 bedroom/2 Bath/Garage (Maple)                   | 1,598          | \$6,281            | \$5,026             |
| 2 Bedroom/2 Bath/Den/Garage (Walnut)              | 1,740          | \$6,398            | \$5,118             |
| 2 Bedroom/2 Bath/Den/Garage (Hickory)             | 1,867          | \$6,641            | \$5,310             |
| <b>Wesley Glen</b>                                |                |                    |                     |
| 2 Bedroom/2 Bath (Cedar)                          | 1,548          | \$6,065            | \$4,852             |
| 2 Bedroom/2 Bath (Myrtle)                         | 1,650          | \$6,468            | \$5,174             |
| 2 Bedroom/2.5 Bath/Den (Poplar)                   | 1,880          | \$6,849            | \$5,482             |
| 2 Bedroom/2.5 Bath/Den (Redwood)                  | 2,035          | \$7,180            | \$5,741             |

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| Residence Type                        | Approx. Sq. Ft | 0% Refundable Plan | 50% Refundable Plan |
|---------------------------------------|----------------|--------------------|---------------------|
| <b>Apartments</b>                     |                |                    |                     |
| <b>Magnolia View</b>                  |                |                    |                     |
| 1 Bedroom/1.5 bath (Catawba)          | 851            | \$4,584            | \$3,673             |
| 1 Bedroom/1.5 bath (Elk)              | 950            | \$5,079            | \$4,059             |
| 1 Bedroom/1.5 bath (Linville)         | 1,002          | \$5,157            | \$4,122             |
| 1 Bedroom/1.5 bath (Elk Deluxe)       | 1,034          | \$5,318            | \$4,261             |
| 2 Bedroom/2.5 bath (Mitchell)         | 1,192          | \$6,143            | \$4,923             |
| 2 Bedroom/2.5 bath (Pamlico)          | 1,280          | \$6,382            | \$5,109             |
| 2 Bedroom/2.5 bath (South Fork)       | 1,376          | \$6,638            | \$5,309             |
| 2 Bedroom/2.5 bath/FP (Uwharrie)      | 1,376          | \$6,638            | \$5,309             |
| 2 Bedroom/2.5 bath/Fireplace (Yadkin) | 1456           | \$7,040            | \$5,634             |
| <b>Lake View and Park View</b>        |                |                    |                     |
| 1 Bedroom/1.5 Bath (Badin)            | 985            | \$5,241            | \$4,200             |
| 2 Bedroom/2.5 Bath (James)            | 1,285          | \$6,429            | \$5,140             |
| 2 Bedroom/2.5 Bath (Jordan)           | 1,352          | \$6,716            | \$5,371             |
| 2 Bedroom/2.5 Bath/FP (Norman)        | 1,352          | \$6,716            | \$5,371             |
| 2 Bedroom/2.5 Bath (Tillery)          | 1,475          | \$7,040            | \$5,634             |
| 2 Bedroom/2.5 Bath/Fireplace (Wylie)  | 1,475          | \$7,040            | \$5,634             |

Rates shown above apply to single occupancy. The rates for double occupancy include an additional \$1,605 per month, regardless of residence type

\$400 dining dollars per month are included in rates for Independent Living Residents with an option for additional dining dollars to the plan at an additional charge.

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**Monthly Service Fee Schedule Existing and New Health Care Beds– Effective January 1, 2025**

| Residence Type  | Direct Admit                    | Member- With Health Care Benefit | Member                          |
|---|---------------------------------|----------------------------------|---------------------------------|
| Parker Terrace (Assisted Living)<br>Studio<br>- Tier 1<br>- Tier 2<br>- Life Care Rate  | \$7,163/month<br>\$8,597/month  | \$6,277/month                    | \$7,129/month<br>\$8,556/month  |
| One Bedroom Apartment<br>- Tier 1<br>- Tier 2<br>- Life Care Rate   | \$7,441/month<br>\$8,878/month  | \$6,277/month                    | \$7,406/month<br>\$8,837/month  |
| Cuthbertson Village Memory Support (Assisted Living) One Bedroom Apartment<br>- Tier 1<br>- Tier 2<br>- Life Care Rate                      | \$8,762/month<br>\$10,120/month | \$6,277/month                    | \$8,721/month<br>\$10,073/month |
| Asbury Health and Rehabilitation (Health Care Facility)<br>- Tier 1<br>- Tier 2<br>- Life Care Rate   | \$433/day<br>\$489/day          | \$6,277/month                    | \$431/day<br>\$487/day          |
| Asbury Health and Rehabilitation (Health Care Facility)<br>- Home for the Aged - Tier 1<br>- Home for the Aged - Tier 2<br>- Life Care Rate | \$330/day<br>\$373/day          | \$6,277/month                    | \$329/day<br>\$371/day          |

Rates for residents of Asbury Health & Rehabilitation Center, Cuthbertson Village, and Parker Terrace Assisted Living include three meals per day.

Temporary absence of the resident from Aldersgate for vacation, travel, business, medical care, or otherwise, does not change the resident's obligation to pay the full monthly fee.

The per diem/monthly fee does not include items such as physicians' fees, outside hospitalization, therapies, drugs, medical supplies, dry cleaning, funeral, or burial expenses, all of which remain the sole responsibility of the resident. For those residents covered under Medicare Part A and/or Medicaid, services will be provided consistent with those of Medicare and/or Medicaid billing program. There may be services for which the resident is billed that are not covered by these programs.

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### Changes in Fees for the Previous Five Years

| Independent Living |                       |                      |
|--------------------|-----------------------|----------------------|
| Effective Date     | % Per Month (Average) | \$ Per Day (Average) |
| 1/1/2020           | 3.0%                  | \$102.00             |
| 1/1/2021           | 3.0%                  | \$108.00             |
| 1/1/2022           | 6.0%                  | \$336.00             |
| 1/1/2023           | 10.0%                 | \$403.00             |
| 1/1/2024           | 8.0%                  | \$431.00             |
| 1/1/2025           | 5.5%                  | \$250.00             |

| Assisted Living |                       |                        |
|-----------------|-----------------------|------------------------|
| Effective Date  | % Per Month (Average) | \$ Per Month (Average) |
| 1/1/2020        | 4.0%                  | \$205.00               |
| 1/1/2021        | 4.0%                  | \$213.00               |
| 1/1/2022        | 5.0%                  | \$260.00               |
| 1/1/2023        | 6.5%                  | \$407.00               |
| 1/1/2024        | 8.0%                  | \$524.00               |
| 1/1/2025        | 6.5%                  | \$403.00               |

| Memory Support |                       |                        |
|----------------|-----------------------|------------------------|
| Effective Date | % Per Month (Average) | \$ Per Month (Average) |
| 1/1/2020       | 4.0%                  | \$242.00               |
| 1/1/2021       | 4.0%                  | \$263.00               |
| 1/1/2022       | 5.0%                  | \$324.00               |
| 1/1/2023       | 6.5%                  | \$490.00               |
| 1/1/2024       | 7.0%                  | \$550.00               |
| 1/1/2025       | 6.5%                  | \$476.00               |

### Changes in Fees for the Previous Five Years

| Skilled Nursing |                     |                      |
|-----------------|---------------------|----------------------|
| Effective Date  | % Per Day (Average) | \$ Per Day (Average) |
| 1/1/2020        | 4.5%                | \$ 9.00              |
| 1/1/2021        | 3.0%                | \$ 4.00              |
| 1/1/2022        | 5.0%                | \$ 17.00             |
| 1/1/2023        | 6.5%                | \$ 23.00             |
| 1/1/2024        | 7.0%                | \$ 28.00             |
| 1/1/2025        | 6.5%                | \$ 21.00             |

## FINANCIAL INFORMATION

### Financial Overview Statement

Aldersgate has relied upon gifts, pledges, bequests, and funds received from trust balances to cover a portion of the cost of construction, equipment, landscaping, other extraordinary expenses, and debt service. Aldersgate has long-term debt arising from tax-exempt bond issuance in July 2021, the proceeds of which were used to refund the Series 2013 and 2010 bonds and in October 2015, the proceeds of which were used for project related costs for the New Memory Care Suites, the Town Center, and the New Nursing Center. In 2017, Aldersgate issued tax-exempt bonds and two bank loans to construct a new Commons (community center) and sixty-two new independent living units. In March 2023, Aldersgate refinanced its taxable bonds into tax-exempt bonds with various maturities.

General Statutes Chapter 58, Article 64 requires Aldersgate to establish and maintain an operating reserve equal to twenty-five percent of the total operating costs projected for the twelve-month period ending December 31, 2025, or fifty percent of such total operating costs if occupancy at Aldersgate, based on a 12-month rolling average, is less than ninety percent (the "Operating Reserve Requirement"). Aldersgate's occupancy rate did drop below ninety percent in December 2024 based on the 12-month rolling average. Aldersgate has equivalent assets to cover the increase in the Operative Reserve Requirement. The twenty-five percent of total operating costs for the twelve-month period ending December 31, 2025 is \$10,574,376, as defined by statute, and is covered by cash and equivalents. With 12-month rolling occupancy for independent living dropping below 90%, NCDOI increased the statutory occupancy requirement an additional twenty-five percent and approved this additional requirement to be met by restrictions on the use of excess land assets, outside the Obligated Group, valued at \$12.4M. This valuation is sufficient to cover the additional twenty-five percent or \$10.574M requirement.

Aldersgate's operating reserve consists of cash, cash equivalents, and marketable securities, principally mutual funds. A more detailed discussion of long-term debt is contained in Note 7 to the Audited Financial Statements in Attachment I. The Finance and Investment Committee of the Board of Directors determines how Aldersgate's funds are invested. The funds are invested in a diversified portfolio of marketable securities, including cash, cash equivalents, bonds, stocks, mutual funds, and other permitted instruments.

Aldersgate operates on a fiscal year ending on December's last day. The financial records of the facility are audited annually by an independent certified public accountant. Audited Financial Statements for the years ended December 31, 2024 are included in Attachment I. Management's Interim, unaudited Financial Package for the quarter ending March 31, 2025 is included as Attachment II. The independent Forecasted Financial Statements for the Three Years Ending December 31, 2026 are included in Attachment III.

**Attachment I**  
**Consolidated Audited Financial**  
**Statements for the Year ended**  
**December 31, 2024**

**ALDERSGATE UNITED METHODIST  
RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](http://CLAconnect.com)

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2024**

|  |           |
|--|-----------|
| <b>INDEPENDENT AUDITORS' REPORT</b>                    | <b>1</b>  |
| <b>CONSOLIDATED FINANCIAL STATEMENTS</b>               |           |
| <b>CONSOLIDATED BALANCE SHEET</b>                      | <b>4</b>  |
| <b>CONSOLIDATED STATEMENT OF OPERATIONS</b>            | <b>6</b>  |
| <b>CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS</b> | <b>7</b>  |
| <b>CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES</b>   | <b>8</b>  |
| <b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>            | <b>9</b>  |
| <b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>      | <b>11</b> |
| <b>SUPPLEMENTARY INFORMATION</b>                       |           |
| <b>CONSOLIDATING BALANCE SHEET</b>                     | <b>36</b> |
| <b>CONSOLIDATING STATEMENT OF OPERATIONS</b>           | <b>38</b> |



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Aldersgate United Methodist Retirement Community, Inc.  
and Affiliates  
Charlotte, North Carolina

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

#### *Opinion*

We have audited the accompanying consolidated financial statements of Aldersgate United Methodist Retirement Community, Inc. and Affiliates (a nonprofit corporation), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statement of operations, changes in its net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aldersgate United Methodist Retirement Community, Inc. and Affiliates as of December 31, 2024, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

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

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Aldersgate United Methodist Community Inc. and Affiliates' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

Board of Directors  
Aldersgate United Methodist Retirement Community, Inc.  
and Affiliates

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 36-38 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
April 25, 2025

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
CONSOLIDATED BALANCE SHEET  
DECEMBER 31, 2024**

**ASSETS**

**CURRENT ASSETS**

|   |                    |
|---|--------------------|
| Cash and Cash Equivalents                 | \$ 2,011,580       |
| Investments                               | 4,919,237          |
| Accounts Receivable                       | 5,120,344          |
| Allowance for Credit Losses               | <u>(1,828,489)</u> |
| Accounts Receivable, Net                  | 3,291,855          |
| Entrance Fees Receivable                  | 43,140             |
| Prepaid Expenses and Other Current Assets | <u>911,369</u>     |
| Total Current Assets                      | 11,177,181         |

**PROPERTY, PLANT, AND EQUIPMENT, NET**

103,339,320

**ASSETS LIMITED AS TO USE**

|  |                  |
|--|------------------|
| Designated for Statutory Operating Reserve | 10,144,250       |
| Held Under Bond Agreements                 | 8,773,585        |
| Board Designated                           | 1,119,297        |
| Donor Restricted                           | <u>1,962,765</u> |
| Total Assets Limited as to Use             | 21,999,897       |

**ASSETS UNDER INTEREST RATE SWAP AGREEMENTS**

3,484,052

**OTHER ASSETS**

|                               |                       |
|-------------------------------|-----------------------|
| Deferred Marketing Costs, Net | 376,970               |
| Total Other Assets            | <u>376,970</u>        |
| Total Assets                  | <u>\$ 140,377,420</u> |

See accompanying Notes to Consolidated Financial Statements.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
CONSOLIDATED BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2024**

**LIABILITIES AND NET ASSETS (DEFICIT)**

**CURRENT LIABILITIES**

|   |                   |
|---|-------------------|
| Accounts Payable and Accrued Expenses       | \$ 6,970,110      |
| Entrance Fee Deposits on Unoccupied Units   | 174,420           |
| Current Portion of Long-Term Debt           | 3,455,000         |
| Current Portion of Refundable Entrance Fees | <u>1,929,535</u>  |
| Total Current Liabilities                   | <u>12,529,065</u> |

**LONG-TERM DEBT, NET** 96,700,726

**OTHER LONG-TERM LIABILITIES** 1,603,680

**DEFERRED ENTRANCE FEES, NET** 28,436,383

**REFUNDABLE ENTRANCE FEES, NET** 46,911,525

Total Liabilities 186,181,379

**NET ASSETS (DEFICIT)**

Without Donor Restrictions:

|  |                     |
|--|---------------------|
| Undesignated                               | (48,886,021)        |
| Designated by the Board for Endowment Fund | <u>1,119,297</u>    |
| Total Without Donor Restrictions           | <u>(47,766,724)</u> |
| With Donor Restrictions                    | <u>1,962,765</u>    |
| Total Net Deficit                          | <u>(45,803,959)</u> |

Total Liabilities and Net Assets (Deficit) \$ 140,377,420

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2024**

**REVENUE, GAINS, AND OTHER SUPPORT**

|   |                |
|---|----------------|
| Resident Service Revenue                                    | \$ 42,410,466  |
| Home and Community Based Services                           | 4,105,186      |
| Amortization of Deferred Entrance Fees                      | 4,138,354      |
| Investment Income, Net                                      | 247,072        |
| Other Support   | 1,259,997      |
| Net Assets Released from Restrictions for Use in Operations | 170,569        |
| Contributions   | <u>130,861</u> |
| Total Revenue, Gains, and Other Support                     | 52,462,505     |

**EXPENSES**

|                              |                   |
|------------------------------|-------------------|
| Nursing and Related Services | 18,568,877        |
| Dietary                      | 6,386,786         |
| Housekeeping and Laundry     | 1,743,084         |
| Plant Operations             | 5,045,351         |
| Administration               | 12,872,472        |
| Interest Expense             | 4,054,459         |
| Amortization                 | 37,399            |
| Depreciation                 | <u>7,381,106</u>  |
| Total Expenses               | <u>56,089,534</u> |

**OPERATING LOSS**

(3,627,029)

**NONOPERATING INCOME (LOSS)**

|  |                |
|--|----------------|
| Change in Net Unrealized Gains on Investments    | 1,804,957      |
| Loss on Disposal of Fixed Assets                 | (1,593,447)    |
| Change in Value of Interest Rate Swap Agreements | <u>71,573</u>  |
| Total Nonoperating Income                        | <u>283,083</u> |

**DEFICIT OF REVENUES, GAINS, AND OTHER  
SUPPORT UNDER EXPENSES**

(3,343,946)

Net Assets from Affiliates

(295,465)

**DECREASE IN NET ASSETS WITHOUT  
DONOR RESTRICTIONS**

\$ (3,639,411)

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2024**

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

|   |                    |
|---|--------------------|
| Deficit of Revenues, Gains, and Other Support |                    |
| Under Expenses                                | \$ (3,343,946)     |
| Net Assets from Affiliates                    | <u>(295,465)</u>   |
|   | <u>(3,639,411)</u> |

**NET ASSETS WITH DONOR RESTRICTIONS**

|  |               |
|--|---------------|
| Contributions                          | 445,403       |
| Net Assets Released from Restrictions  | (170,569)     |
| Change in Value of Beneficial Interest |               |
| With Donor Restrictions                | <u>52,858</u> |

**INCREASE IN NET ASSETS WITH  
DONOR RESTRICTIONS**

327,692

**DECREASE IN NET ASSETS**

(3,311,719)

Net Deficit - Beginning of Year

(42,492,240)

**NET DEFICIT - END OF YEAR**

\$ (45,803,959)

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

|                               | Program<br>Services      | Management<br>and<br>General | Fundraising<br>and<br>Development | Total                    |
|-------------------------------|--------------------------|------------------------------|-----------------------------------|--------------------------|
| Salaries and Wages            | \$ 21,839,256            | \$ 721,517                   | \$ -                              | \$ 22,560,773            |
| Employee Benefits             | 2,091,853                | 955,742                      | -                                 | 3,047,595                |
| Payroll Taxes                 | 1,687,105                | 177,012                      | -                                 | 1,864,117                |
| Professional Services         | 83,750                   | 526,173                      | -                                 | 609,923                  |
| Advertising and Promotion     | (375)                    | 616,706                      | -                                 | 616,331                  |
| Office Expenses               | 84,793                   | 652,633                      | -                                 | 737,426                  |
| Travel                        | 43,083                   | 182,529                      | -                                 | 225,612                  |
| Conferences and Meetings      | 2,054                    | 13,922                       | -                                 | 15,976                   |
| Interest                      | 4,038,039                | 16,420                       | -                                 | 4,054,459                |
| Insurance                     | 353,812                  | 534,255                      | -                                 | 888,067                  |
| Supplies                      | 3,452,841                | -                            | -                                 | 3,452,841                |
| Management Fees               | 607,436                  | 1,392,466                    | -                                 | 1,999,902                |
| General and Administrative    | 4,203,180                | 708,545                      | -                                 | 4,911,725                |
| Depreciation and Amortization | 6,973,424                | 445,081                      | -                                 | 7,418,505                |
| Equipment Expenses            | 785,882                  | 785,882                      | -                                 | 1,571,764                |
| Dues and Subscriptions        | 209,542                  | 156,816                      | -                                 | 366,358                  |
| Other                         | <u>1,451,814</u>         | <u>296,346</u>               | <u>-</u>                          | <u>1,748,160</u>         |
| <br>Total Expenses            | <br><u>\$ 47,907,489</u> | <br><u>\$ 8,182,045</u>      | <br><u>\$ -</u>                   | <br><u>\$ 56,089,534</u> |

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                  |
|--|------------------|
| Decrease in Net Assets                           | \$ (3,311,719)   |
| Adjustments to Reconcile Change in Net Assets to |                  |
| Net Cash Provided by Operating Activities:       |                  |
| Proceeds from Non-refundable Entrance Fees       | 6,038,533        |
| Depreciation                                     | 7,381,106        |
| Amortization of Deferred Marketing Costs         | 31,167           |
| Amortization of Bond Discount                    | 6,232            |
| Amortization of Debt Issuance Costs              | 89,006           |
| Provision for Credit Loss                        | 1,077,792        |
| Loss on the Disposal of Assets                   | 1,593,447        |
| Change in Value of Interest Rate Swap Agreements | (71,573)         |
| Amortization of Deferred Entrance Fees           | (4,138,354)      |
| Net Unrealized Gains on Investments              | (1,804,957)      |
| Net Realized Gains on Investments                | (37,375)         |
| Non-cash Impact of Net Assets from Affiliates    | (190,314)        |
| Changes in Operating Assets and Liabilities:     |                  |
| Accounts Receivable, Net                         | (56,823)         |
| Due (to)/From Related Party                      | 845,845          |
| Prepaid Expenses and Other Current Assets        | (134,665)        |
| Entrance Fee Deposits on Unoccupied Units        | (1,035,734)      |
| Accounts Payable and Accrued Expenses            | 53,897           |
| Net Cash Provided by Operating Activities        | <u>6,335,511</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |                    |
|---|--------------------|
| Purchases of Property, Plant, and Equipment           | (2,647,740)        |
| Net Sales of Investments and Assets Limited as to Use | <u>1,105,812</u>   |
| Net Cash Used by Investing Activities                 | <u>(1,541,928)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|  |                    |
|--|--------------------|
| Repayment of Long-Term Debt            | (3,360,000)        |
| Proceeds from Refundable Entrance Fees | 2,302,007          |
| Entrance Fees Refunded                 | <u>(4,727,285)</u> |
| Net Cash Used by Financing Activities  | <u>(5,785,278)</u> |

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**

|  |                            |
|--|----------------------------|
| <b>NET DECREASE IN CASH, CASH EQUIVALENTS,<br/>AND RESTRICTED CASH</b>                         | \$ (991,695)               |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year                                | <u>3,811,866</u>           |
| <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH -<br/>END OF YEAR</b>                           | <u><u>\$ 2,820,171</u></u> |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND<br/>RESTRICTED CASH TO THE BALANCE SHEETS</b> |                            |
| Cash and Cash Equivalents  | \$ 2,011,580               |
| Restricted Cash included in Assets Limited as to Use   | <u>808.591</u>             |
| Total Cash, Cash Equivalents, and Restricted Cash  | <u><u>\$ 2,820,171</u></u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>  |                            |
| Cash Paid for Interest   | <u><u>\$ 3,969,202</u></u> |

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Aldersgate United Methodist Retirement Community, Inc. (Aldersgate at Shamrock) is a North Carolina nonprofit corporation affiliated with the Western North Carolina Conference of The United Methodist Church (the Conference). Aldersgate at Shamrock is a continuing care retirement community located in Charlotte, North Carolina. Its campus includes independent living apartments and cottages, assisted living apartments including memory- support, and a skilled nursing facility offering long-term care and Medicare and Medicaid certified skilled nursing and rehabilitation services.

Aldersgate Holdings, Inc. (Holdings), a nonprofit corporation, is consolidated with Aldersgate at Shamrock as Aldersgate at Shamrock has an economic interest in Holdings and common control exists. Holdings holds land for the sole support of Aldersgate at Shamrock.

Aldersgate Life Plan Services, Inc. (ALPS) is an affiliate of Aldersgate at Shamrock. ALPS was incorporated in 2016 as a North Carolina nonprofit corporation. The purpose of ALPS is to hold land, through its subsidiaries, and support mission-aligned projects outside the Obligated Group. ALPS is the sole member of ALPS MGP, LLC (ALPS MGP), ALPS Real Estate Holdings A, LLC (Holdings A), and ALPS Real Estate Holdings B, LLC (Holdings B). Prior to 2024, ALPS was the sole member of Aldersgate at Shamrock. As part of restructuring that occurred in 2024, as of July 2024, ALPS and its sole members became affiliates of Aldersgate at Shamrock.

Other related organizations of Aldersgate at Shamrock include Aldersgate at Home, Inc. (Aldersgate at Home), Aldersgate at Shalom Park, Inc. dba: Generations at Shalom Park (Generations at Shalom Park), and Aldersgate Foundation, Inc. (Foundation). Generations at Shalom Park and the Foundation are dormant organizations as of December 31, 2024. Effective December 31, 2024, as part of the restructuring, the operations of Aldersgate at Home were officially merged with the operations of Aldersgate at Shamrock and Aldersgate at Home was dissolved.

**Principles of Consolidation**

At December 31, 2024, the consolidated financial statement information of Aldersgate at Shamrock includes the operations of Aldersgate at Shamrock as the parent organization, Holdings, Aldersgate at Home, and ALPS (collectively, Aldersgate). ALPS financial information includes the activity of ALPS, ALPS MGP, Holdings A, and Holdings B. Significant intercompany balances and transactions between the consolidated organizations have been eliminated.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Basis of Presentation**

Aldersgate reports in accordance with the industry audit and accounting guide for Health Care Entities issued by the American Institute of Certified Public Accountants. These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America to present balances and transactions according to the existence or absence of donor-imposed restrictions. This is accomplished by classification of net assets and transactions into two classes which are with donor restrictions and without donor restrictions.

*Net Assets With Donor Restrictions* – Net assets with donor restrictions are net assets subject to donor-imposed stipulations that are either restricted in perpetuity, time restricted, or restricted for certain purposes. Generally, the donor of these assets will permit Aldersgate to use all or part of the income earned on related investments for general or specific purposes.

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are net assets which represent resources generated from operations, contributions received without donor-imposed restrictions, and contributions with donor-imposed restrictions that have been met by actions of Aldersgate and/or the passage of time.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates made by Aldersgate relate primarily to the life expectancies used to amortize deferred revenue from entrance fees, the collectability of accounts receivable and the economic lives of depreciating assets. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Aldersgate considers all cash, money market funds, and highly liquid investments with a stated maturity of three months or less when purchased to be cash and cash equivalents unless classified as assets limited as to use.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Allowance for Credit Losses**

The carrying amount of accounts receivable has been reduced by an allowance using management's estimate of the amounts that will not be collected. Payment for services is required upon receipt of invoice or claim submitted. The allowance for credit losses is based on historical experience, management's estimate of the likelihood of collectability of resident accounts considering payor source and the age of the account, and future economic conditions and market trends. Accounts past due are also individually analyzed for collectability. Management believes the composition of receivables and roll-forward of allowance at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. Aldersgate believes all receivables net of the allowance for credit losses of approximately \$1,828,000 are collectible as of December 31, 2024.

Changes in allowance for credit losses for the year ended were as follows:

|                                |                       |
|--------------------------------|-----------------------|
| Balance, Beginning of the Year | (1,849,989)           |
| Provisions and Adjustments     | (1,176,888)           |
| Write-offs, Net of Recoveries  | <u>1,198,388</u>      |
| Balance, End of Period         | <u>\$ (1,828,489)</u> |

**Investments**

Investments are held as available for sale and are stated at fair value in the consolidated balance sheets. Investment income (including realized gains and losses on investments, interest, and dividends) is included in the deficit of revenues, gains, and other support under expenses unless restricted by donors or law. Unrealized gains and losses on investments are excluded from investment income and included as nonoperating income, as appropriate.

**Beneficial Interest in Assets Held by Others**

Aldersgate holds a beneficial interest in assets held by the Foundation for the Carolinas. These funds are administered by an independent trustee and are carried at fair value. During the year ended December 31, 2024, the assets held were perpetual and the funds were reported as perpetually restricted net assets with donor restrictions.

**Assets Limited as to Use**

Assets limited as to use are stated at fair value in the consolidated balance sheets and include assets required by statute, held under bond agreements, held under donor restrictions, or designated by the board of directors for financial assistance to residents. The board may, at its discretion, subsequently use assets it has designated for other purposes.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost, net of accumulated depreciation. Assets contributed to Aldersgate are recorded at fair market value at the date of contribution. Aldersgate capitalizes all assets over \$1,000 with a useful life greater than two years.

Expenditures which materially increase values, change capacities, or extend useful lives are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years.

**Debt Issuance Costs**

Debt issuance costs have been incurred in connection with the issuance of Aldersgate's long-term debt. These costs are amortized using the straight-line method over the term of the related indebtedness, which approximates the effective interest method. Debt issuance costs, net of accumulated amortization, was approximately \$1,147,000 at December 31, 2024.

In accordance with generally accepted accounting principles (GAAP), Aldersgate presents debt issuance costs as a direct deduction from the face amount of the related borrowings, amortizes debt issuance costs over the life of the debt, and records the amortization as a component of interest expense.

**Entrance Fees**

Entrance fees represent initial payments made by residents in exchange for membership at Aldersgate. Membership includes the use and privileges of amenities at the community and discounted fees for certain residents when using health care accommodations. Entrance fees are based upon the accommodation chosen by the member. Aldersgate offers four types of lifecare residency agreements distinguished by the extent to which the entrance fee is refundable:

*Standard Contract* – Entrance fees are refundable less a processing fee and less 2% per month for each of the first 50 months of residency, unless refunded within the first five months, in which case the refund is the entrance fee paid less a processing fee and 10% of the entrance fee paid.

*95% Refundable Contract* – Entrance fees are refundable less a processing fee and less 5%. This contract option was available only for certain new charter members.

*90% Refundable Contract* – Entrance fees are refundable less a processing fee and less 10%.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Entrance Fees (Continued)**

**50% Refundable Contract** – Entrance fees are refundable less a processing fee and less 1% per month for each of the first 50 months of occupancy, unless refunded within the first 11 months, in which case the refund is the entrance fee paid less a processing fee and 10% of the entrance fee paid. After 50 months of occupancy, the refund is 50% of the entrance fee paid.

The defined health care benefit for these contracts is an equalized rate that residents would pay while in either assisted living or nursing, regardless of the type of independent unit they occupy.

The refundable portion of entrance fees is recorded as Refundable Entrance Fees until such time as the agreement is terminated. The nonrefundable portion of entrance fees is recorded as Deferred Entrance Fees and amortized into income using the straight-line method over the remaining life of the member, actuarially adjusted annually, beginning with the date of each member's occupancy.

**Financial Assistance**

Aldersgate has a financial assistance policy to identify residents who are unable to pay and use certain funds designated for financial assistance to subsidize the entrance fees and services provided to those residents. A resident who enters Aldersgate and later becomes unable to pay some or all of their charges after receiving care, through no fault of their own, may apply for financial assistance from Aldersgate's Financial Assistance Program. The policy governing this program has established a committee consisting of management and members of the board of directors to accept and consider applications for assistance.

Aldersgate has estimated its direct and indirect costs of providing financial assistance under its Financial Assistance Program. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the cost to provide services to residents and amounts charged to residents. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing financial assistance. Using this methodology, Aldersgate has estimated the costs for services under Aldersgate's financial assistance policy to be approximately \$196,000 for the year ended December 31, 2024.

Aldersgate received approximately \$496,000 to subsidize the costs of providing financial assistance under its policy for the year ended December 31, 2024.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Donor-Restricted Contributions**

Conditional promises to give and indications of intentions to give cash and other assets to Aldersgate are reported at fair value at the date the contribution is received. The contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the consolidated statement of operations as net assets released from restrictions if used for services, and are reported as changes in net assets without donor restrictions if used for purchase of property and equipment. Donor-restricted contributions, whose restrictions are met within the same year as received, are reported as other income in the accompanying consolidated statement of operations.

**Deficit of Revenues, Gains and Other Support Under Expenses**

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

**Income Taxes**

Aldersgate at Shamrock, Holdings, Aldersgate at Home, and ALPS are exempt from federal income taxes under Section 501(c)(3) and 501(c)(2), respectively, of the Internal Revenue Code (IRC). Accordingly, Aldersgate at Shamrock, Holdings, Aldersgate at Home, and ALPS have made no provision for income taxes in the consolidated financial statements.

Aldersgate at Shamrock, Holdings, Aldersgate at Home, and ALPS are not aware of any activities that would jeopardize their tax-exempt status. Aldersgate at Shamrock, Holdings, Aldersgate at Home, and ALPS follow accounting guidance regarding recognition and measurement of uncertain tax positions. As of December 31, 2024, management is not aware of any uncertain tax positions.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Fair Value of Financial Instruments**

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

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

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

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

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

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

**Deferred Marketing Costs**

Deferred marketing costs of approximately \$533,000 are being amortized using the straight-line method. Total accumulated amortization was approximately \$156,000 as of December 31, 2024.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Functional Allocation of Expenses**

The costs of programs and supporting services activities have been summarized on a functional basis in the consolidated statement of operations. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

**Subsequent Events**

In preparing these consolidated financial statements, Aldersgate has evaluated events and transactions for potential recognition or disclosure through April 25, 2025, the date the consolidated financial statements were available to be issued.

**NOTE 2 STATUTORY OPERATING RESERVE**

Assets limited as to use designated for the statutory operating reserve represent an amount set aside to meet the requirements of North Carolina General Statute Chapter 58, Article 64. Under this legislation, Aldersgate is required to maintain an operating reserve at least equal to 25% (50% if occupancy is less than 90%) of projected operating costs as defined by the statute. During the year ended December 31, 2024, Aldersgate's occupancy dropped below 90% resulting in an increased operating reserve requirement. The North Carolina Department of Insurance, approved Aldersgate to utilize the value of excess, unencumbered land held by Holdings A and Holdings B, outside of Aldersgate at Shamrock, valued at approximately \$12,400,000, to meet the increased requirement. This land is reflected in property plant and equipment on the consolidated balance sheet. Aldersgate has designated approximately \$10,144,000 of unrestricted cash and investments, along with the land, to meet the reserve requirement at December 31, 2024.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3 RISKS AND UNCERTAINTIES**

**Concentrations of Credit Risks**

Financial instruments, which potentially subject Aldersgate to concentration of credit risk, consist principally of cash equivalents, investments, assets limited as to use, and receivables. Aldersgate limits the amount of credit exposure to each individual financial institution and places its temporary cash and investments with high credit quality financial institutions. At times, such cash and investments may be in excess of Federal Deposit Insurance Corporation limits. Management believes these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.

**Regulatory Matters**

Aldersgate is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, Medicare and Medicaid program participation requirements and reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Since August 2023, Aldersgate has operated under consent orders of administrative supervision with the North Carolina Department of Insurance. This supervision requires additional reporting and approval from the North Carolina Department of Insurance for certain spending and business transactions. Aldersgate management is not aware of any noncompliance with the consent orders. Aldersgate is expected to be under these orders until a determination is made by the North Carolina Department of Insurance that Aldersgate is in the appropriate financial condition.

**Insurance**

Aldersgate purchases commercial insurance policies for general and professional liability, director and officer, workers' compensation, property, and other general business coverage with minimal deductibles. Adequate provision has been made for amounts expected to be paid under each policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

On July 1, 2016, Aldersgate changed from a fully insured health insurance plan for its employees to a self-insured arrangement. From the employee perspective, the elements of the self-insured plan are identical to what had been in place under the fully insured plan, but the risk for payment of all claims is now borne by Aldersgate rather than an insurance company. Effective October 1 2023, Aldersgate joined the Heritage Captive to remain self-funded, but under the risk sharing model of the captive. Aldersgate has engaged Cigna as third-party administrator, giving employees access to the Cigna network and negotiated fees. Aldersgate also has purchased specific stop loss protection from BCBSNC for all claims over \$100,000, and aggregate stop loss protection for aggregated claims which exceed \$1,000,000 over the policy period of 12 months.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4 INVESTMENTS**

Investments consist of the following as of December 31, 2024:

|  |                            |
|--|----------------------------|
| Commonfund Contingent Asset Portfolio                | \$ 114,431                 |
| Commonfund Institutional High Quality Bond Fund, LLC | 1,747,582                  |
| Commonfund Vanguard Russell 3000 Index Fund          | 2,679,538                  |
| Commonfund City National Rochdale Government MM Fund | 1,757                      |
| Commonfund Fidelity Global ex U.S. Index Fund        | <u>375,929</u>             |
| Total  | <u><u>\$ 4,919,237</u></u> |

Realized gains and losses on sales of investments and assets limited as to use are calculated using the specific identification method. Investment income included in net assets is comprised of the following:

|                                     |                            |
|-------------------------------------|----------------------------|
| Revenues, Gains, and Other Support: |                            |
| Interest and Dividends              | \$ 143,639                 |
| Realized Net Gains on Investments   | <u>115,687</u>             |
| Total                               | <u>259,326</u>             |
| Less: Investment Fees               | <u>(12,254)</u>            |
| Investment Income, Net              | <u>247,072</u>             |
| Nonoperating Income:                |                            |
| Unrealized Net Gains on Investments | <u>1,804,957</u>           |
| Total Investment Income             | <u><u>\$ 2,052,029</u></u> |

**NOTE 5 PROPERTY, PLANT, AND EQUIPMENT**

The components of property, plant, and equipment at December 31, 2024 were as follows:

|                                    |                              |
|------------------------------------|------------------------------|
| Land and Improvements              | \$ 14,382,249                |
| Buildings and Improvements         | 174,082,113                  |
| Furniture, Fixtures, and Equipment | 20,466,426                   |
| Vehicles                           | <u>546,075</u>               |
| Subtotal                           | <u>209,476,863</u>           |
| Less: Accumulated Depreciation     | <u>(107,380,860)</u>         |
| Subtotal                           | <u>102,096,003</u>           |
| Construction in Progress           | <u>1,243,317</u>             |
| Property and Equipment, Net        | <u><u>\$ 103,339,320</u></u> |

Depreciation expense for the year ended December 31, 2024 totaled approximately \$7,381,000. The majority of the construction in progress at December 31, 2024, relates to campus upgrades and unit renovations in independent living.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 6 ASSETS LIMITED AS TO USE**

Assets limited as to use are comprised of the following at December 31, 2024:

|   |                      |
|---|----------------------|
| Cash and Cash Equivalents                     | \$ 808,591           |
| Mutual Funds                                  | 11,603,437           |
| Money Market Funds                            | 7,964,993            |
| Beneficial Interests in Assets Held by Others | 1,622,876            |
| Total   | <u>\$ 21,999,897</u> |

**NOTE 7 LONG-TERM DEBT**

Long-term debt consists of the following at December 31, 2024:

North Carolina Medical Care Commission:

|  |                      |
|--|----------------------|
| Retirement Facilities Revenue Bonds, Series 2015               | \$ 49,240,000        |
| Retirement Facilities Revenue Refunding Bonds,<br>Series 2017A | 17,015,000           |
| Retirement Facilities Revenue Refunding Bonds,<br>Series 2021B | 13,620,000           |
| Retirement Facilities Revenue Refunding Bonds,<br>Series 2023  | <u>21,515,000</u>    |
| Subtotal   | 101,390,000          |
| Less: Current Portion  | (3,455,000)          |
| Less: Unamortized Bond Discount                                | (90,906)             |
| Less: Unamortized Debt Issuance Costs                          | <u>(1,143,368)</u>   |
| Total  | <u>\$ 96,700,726</u> |

In October 2013, the North Carolina Medical Care Commission issued its \$38,025,000 Retirement Facilities First Mortgage Revenue Refunding Bonds Series 2013 (the 2013 Bonds). The proceeds of the 2013 Bonds were used to refund the then outstanding 2009 and 2010 Bonds, to fund a debt service reserve fund, and to pay certain costs incurred in connection with the authorization and issuance of the 2013 Bonds. Principal payments on the 2013 Bonds began in July 2014 and were to extend through July 2035. Interest on the 2013 Bonds was paid semi-annually with interest rates ranging from 2% to 6.25%. The 2013 Bonds were refinanced in 2021 with the proceeds of the North Carolina Medical Care Commission Taxable Retirement Facilities Revenue Refunding Bonds, Series 2021A.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

In November 2015, the North Carolina Medical Care Commission issued its \$49,240,000 Retirement Facilities First Mortgage Revenue Bonds Series 2015 (the 2015 Bonds). The proceeds of the 2015 Bonds were for the purpose of providing funds to Aldersgate at Shamrock to be used to finance the cost of an approximately 140,000 square-foot replacement 125-bed nursing home, to refinance the cost of the completion of, and the additions and improvements to, the existing memory care support facility, renovation and reconfiguration of the existing memory support town center, and to pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds. Principal payments on the 2015 Bonds begin in July 2032 and extend through July 2045. Interest on the 2015 Bonds is paid semi-annually with interest rates ranging from 4.7% to 5%.

In September 2016, Aldersgate at Shamrock entered into a loan agreement with a financial institution for an amount not to exceed \$16,400,000. An initial advance of approximately \$2,878,000 was provided at closing to refund outstanding debt. Additional advances on the loan were made by the financial institution at the request of Aldersgate at Shamrock as needed for construction. Interest was payable monthly beginning October 2016 at a rate of LIBOR plus a credit spread (ranging from 2.2% to 2.9%) depending on Aldersgate at Shamrock's debt to capitalization ratio. The outstanding balance was paid from the proceeds related to the issuance of the North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2017A.

In May 2017, the North Carolina Medical Care Commission issued its \$19,080,000 Retirement Facilities First Mortgage Revenue Refunding Bonds Series 2017A (the 2017A Bonds). The proceeds of the 2017A Bonds were to refund the outstanding 2016 bank loan, finance the costs of constructing, renovating, equipping, and furnishing an approximately 43,000 square foot community center, to acquire a parcel of land, to fund a debt service reserve fund, and to pay certain expenses incurred in connection with the issuance of the Series 2017A Bonds. Principal payments on the 2017A Bonds began in July 2020 and extend through July 2047. Interest on the 2017A Bonds is paid semi-annually with interest rates ranging from 2.5% to 4.5%.

In May 2017, the North Carolina Medical Care Commission issued its \$15,712,645 Retirement Facilities First Mortgage Revenue Bonds Series 2017B (the 2017B Bonds). The proceeds of the 2017B Bonds were used to construct, equip, furnish, and market 62 new independent living units, fund routine capital improvements to buildings throughout Aldersgate at Shamrock's campus and to pay certain expenses incurred in connection with the issuance of the Series 2017B Bonds. Principal payments on the 2017B Bonds began in July 2019 and were to extend through June 2044. The 2017B Bonds were a draw down loan. Monthly interest payments began July 2017 at a variable rate based upon 67% of the sum of the 30-day LIBOR, calculated on the basis of an actual 360-day year, plus a credit spread. The 2017B Bonds were refinanced in 2021 with the proceeds of the North Carolina Medical Care Commission Tax- Exempt Retirement Facilities Revenue Refunding Bonds, Series 2021B.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

In July 2021, the North Carolina Medical Care Commission issued its \$28,685,000 Taxable Retirement Facilities Revenue Refunding Bonds (the 2021A Bonds). The proceeds of the 2021A Bonds were to refund the outstanding 2013 Bonds, fund interest due on the 2013 Bonds through the bond call date, and pay certain expenses incurred in connection with the issuance of the 2021A Bonds. Interest funded through the call date of \$2,990,978 was recognized as part of the loss on the early extinguishment of debt in 2021. Principal payments on the 2017A Bonds begin in July 2022 and extend through June 2035. Monthly interest payments began September 2021 and are paid semi-annually with interest rates ranging from 2.2% to 2.7%. In March 2023, the 2021A Bonds were converted to tax- exempt bonds and reissued at the remaining principal balance of \$25,665,000 (the 2023 Bonds).

In July 2021, the North Carolina Medical Care Commission issued its \$15,340,000 Retirement Facilities Revenue Refunding Bonds (the 2021B Bonds). The proceeds of the 2021B Bonds were to refund the outstanding 2017B Bonds, terminate the interest rate swap agreement used to hedge the 2017B Bonds and pay certain expenses incurred in connection with the issuance of the 2021B Bonds. Principal payments on the 2017B Bonds began in December 2021 and extend through June 2044. Monthly interest payments began September 2021 and is paid semi-annually with interest rate of 2.6%

In July 2021, Aldersgate entered into an interest rate swap agreement related to a portion of the outstanding Series 2021A Bonds. The swap agreement is with a financial institution and has an original notional amount of \$28,685,000, with a trade date and effective date of July 28, 2021, and a termination date of April 3, 2023. Under the swap agreement, the interest on the Aldersgate 2021A Bonds variable rate borrowings are effectively converted to 1.95%.

In July 2021, Aldersgate entered into an interest rate swap agreement related to a portion of the outstanding Series 2021A Bonds. The swap agreement is with a financial institution and has an original notional amount of \$25,470,000, with a trade date of July 28, 2021, and a forward effective date of April 2, 2023, and a termination date of July 1, 2033. Under the swap agreement, the interest on the Aldersgate 2021A Bonds variable rate borrowings are effectively converted to 2.66%. Aldersgate recognized the fair value of the of its interest rate swap on the consolidated balance sheets, representing an asset of approximately \$1,696,000 at December 31, 2024.

In July 2021, Aldersgate entered into an interest rate swap agreement related to a portion of the outstanding Series 2021B Bonds. The swap agreement is with a financial institution and has an original notional amount of \$15,340,000, with a trade date and effective date of July 28, 2021, and a termination date of July 1, 2033. Under the swap agreement, the interest on the Aldersgate 2021B Bonds variable rate borrowings are effectively converted to 1.58%. Aldersgate recognized the fair value of the of its interest rate swap on the consolidated balance sheets, representing an asset of approximately \$1,788,000 at December 31, 2024.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

Aldersgate at Shamrock has certain requirements as well as other financial covenants contained in its bond agreements. At December 31, 2024, Aldersgate at Shamrock did not meet certain financial covenants contained within its bond agreements. The series 2015, 2017A, 2021B, and 2023 Bonds are collateralized by certain property of Aldersgate.

Scheduled annual principal maturities of long-term debt are as follows:

| <u>Maturity Date</u> | <u>Principal Amount</u>      |
|----------------------|------------------------------|
| 2025                 | \$ 3,455,000                 |
| 2026                 | 3,550,000                    |
| 2027                 | 3,645,000                    |
| 2028                 | 3,750,000                    |
| 2029                 | 3,855,000                    |
| Thereafter           | <u>83,135,000</u>            |
| Total                | <u><u>\$ 101,390,000</u></u> |

**NOTE 8 ENTRANCE FEES**

Deferred entrance fee revenue by contract type as of December 31, 2024 was as follows:

|                |                      |
|----------------|----------------------|
| Standard       | \$ 16,009,720        |
| 95% Refundable | 93,244               |
| 90% Refundable | 1,309,735            |
| 50% Refundable | 11,023,684           |
| Total          | <u>\$ 28,436,383</u> |

Refundable entrance fees by contract type as of December 31, 2024 were as follows:

|                |                      |
|----------------|----------------------|
| Standard       | \$ 466,646           |
| 95% Refundable | 4,048,364            |
| 90% Refundable | 25,547,406           |
| 50% Refundable | 18,778,644           |
| Total          | <u>\$ 48,841,060</u> |

As of December 31, 2024, approximately \$1,930,000 of refundable entrance fees were contractually past due.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 9 NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2024:

|  |                            |
|--|----------------------------|
| Subject to Expenditure for Specific Purpose:               |                            |
| Financial Assistance to Residents                          | \$ 707,903                 |
| Woodshop   | 5,275                      |
| Suzanne H. Pugh Leadership Development                     | 2,000                      |
| Scholarship for Women                                      | 2,000                      |
| Art  | 21,178                     |
| LEAF   | 53,669                     |
| Chapel Fund  | 15,133                     |
| Other  | 9,412                      |
| Subtotal   | <u>814,570</u>             |
| Subject to Aldersgate's Spending Policy and Appropriation: |                            |
| Endowment Funds  | 1,148,195                  |
| Total Net Assets With Donor Restrictions                   | <u><u>\$ 1,962,765</u></u> |

There was approximately \$171,000 of releases from restrictions for the year ended December 31, 2024.

Aldersgate's net assets with donor restrictions include individual endowments established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Aldersgate complies with the North Carolina Uniform Prudent Management of Institutional Funds Act (the Act). Aldersgate has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. Aldersgate classifies as net assets with donor restrictions the original value of gifts with donor-imposed restrictions and the portion of income derived from the gift, if any, that the donor requires to be kept in perpetuity. The portion of income derived from the gift, if any, that the donor does not require to be kept in perpetuity is classified in the consolidated balance sheets as net assets with donor restrictions until those amounts are appropriated for expenditure by Aldersgate in a manner consistent with the donor's stipulation and the standard of prudence prescribed in the Act. Unless a donor explicitly stipulates otherwise, unrealized net appreciation in market value of the original gift is maintained as net assets with donor restrictions until those amounts are appropriated for expenditure by Aldersgate in a manner consistent with the donor's stipulation and the standard of prudence prescribed in the Act. Any unrealized net depreciation that causes total market value to decline below the amount of the original gift is reported in net assets without donor restrictions.

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may experience temporary unfavorable market declines which may cause a fund to fall below the level that was donated to Aldersgate. No deficiencies of this nature existed as of December 31, 2024 and 2023.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 9 NET ASSETS (CONTINUED)**

Endowment net asset composition by type and fund was as follows as of December 31, 2024:

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| Board-Designated Endowment Funds   | \$ 1,119,297                  | \$ -                       | \$ 1,119,297        |
| Donor-Restricted Endowment Funds:  |                               |                            |                     |
| Original Donor-Restricted Gift Amount<br>and Amounts Required to be Maintained<br>in Perpetuity by Donor | -<br>1,148,195                | 1,148,195                  | 1,148,195           |
| Total  | <u>\$ 1,119,297</u>           | <u>\$ 1,148,195</u>        | <u>\$ 2,267,492</u> |

The following are the changes in endowment net assets managed by Aldersgate for the year ended December 31, 2024:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Endowment Net Assets - Beginning of Year                                      | \$ 1,009,901                  | \$ 1,115,906               | \$ 2,125,807        |
| Contribution - Income   | -<br>-                        | -<br>(20,569)              | -<br>(20,569)       |
| Distributions   | -<br>-                        | (20,569)                   | (20,569)            |
| Realized Gains/Losses and Change in<br>Unrealized Gains/Losses on Investments | 109,396<br>52,858             | 52,858                     | 162,254             |
| Endowment Net Assets -End of Year   | <u>\$ 1,119,297</u>           | <u>\$ 1,148,195</u>        | <u>\$ 2,267,492</u> |

Aldersgate had board designated endowment funds of \$1,119,297 for the year ended December 31, 2024. These board designated endowment funds are included as a component of net assets without donor restrictions.

**Return Objectives and Risk Parameters**

Aldersgate has adopted an investment policy for donor-restricted gifts that attempts to provide a predictable stream of funding. Such assets are invested in a manner that is intended to maximize income while preserving capital, strive for consistent absolute returns, and preserve purchasing power by striving for returns which exceed fees and inflation without putting the principal value at imprudent risk. Management targets an asset allocation that diversifies investments consistent with commonly accepted industry standards to minimize the risk of large losses and meet Aldersgate's return objectives. Imprudent concentrations in any single asset class or investment vehicle are prohibited.

**Spending Policy**

Aldersgate spends income generated from endowment assets according to stipulations of the donors. Aldersgate's spending policy preserves the value of the original gift of the endowment assets held in perpetuity.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 10 RESIDENT AND HOME AND COMMUNITY BASED SERVICES REVENUE**

Resident and home and community-based services revenue is reported at the amount that reflects the consideration to which Aldersgate expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, Aldersgate bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Aldersgate. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Aldersgate believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services, residents receiving services in the facilities, or as part of the at home program. Aldersgate measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Aldersgate considers monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and Aldersgate does not believe it is required to provide additional goods or services related to that sale.

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

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

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 10 RESIDENT AND HOME AND COMMUNITY BASED SERVICES REVENUE (CONTINUED)**

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

**Medicare and Medicaid**

Aldersgate's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facility was paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and met the coverage guidelines for skilled nursing facility services. The PPS was a per diem price-based system. CMS finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, the underlying complexity and clinical needs of a patient are used as a basis for reimbursement. In addition, PDPM introduced variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

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

Aldersgate's licensed nursing facility participates in the Medicaid program which is administered by the North Carolina Division of Health Benefits. Services rendered to Medicaid program beneficiaries are reimbursed using predetermined per diem rate as defined for each Medicaid provider in North Carolina. Annual cost report filings are required for Medicaid providers, which include the completion of the North Carolina Division of Health Benefit's supplemental schedules. For Continuing Care Retirement Facilities, the Supplemental Schedules do not contain a cost settlement.

**Other**

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

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 10 RESIDENT AND HOME AND COMMUNITY BASED SERVICES REVENUE (CONTINUED)**

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

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. Aldersgate estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the year ended December 31, 2024. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as credit loss expense.

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

The composition of resident and home and community-based services revenue by primary payor for the year ended December 31, 2024 is as follows:

|              |                             |
|--------------|-----------------------------|
| Medicare     | \$ 8,367,607                |
| Medicaid     | 983,438                     |
| Private      | 37,164,607                  |
| <b>Total</b> | <b><u>\$ 46,515,652</u></b> |

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 10 RESIDENT AND HOME AND COMMUNITY BASED SERVICES REVENUE (CONTINUED)**

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

The composition of resident and home and community-based services revenue based on Aldersgate's lines of business, method of reimbursement, and timing of revenue recognition for the year ended December 31, 2024 are as follows:

Service Lines:

|                                   |                             |
|-----------------------------------|-----------------------------|
| Independent Living                | \$ 16,368,858               |
| Assisted Living                   | 3,167,183                   |
| Skilled Nursing Facility          | 15,238,515                  |
| Memory Support                    | 4,862,920                   |
| Home and Community Based Services | 4,105,186                   |
| Other                             | 2,772,990                   |
| <b>Total</b>                      | <b><u>\$ 46,515,652</u></b> |

Method of Reimbursement:

|                        |                             |
|------------------------|-----------------------------|
| Monthly Service Fees   | \$ 32,121,113               |
| <b>Fee for Service</b> | <b><u>14,394,539</u></b>    |
| <b>Total</b>           | <b><u>\$ 46,515,652</u></b> |

Timing of Revenue and Recognition:

|  |                      |
|--|----------------------|
| Health Care Services Transferred Over Time | <u>\$ 46,515,652</u> |
|--|----------------------|

**Financing Component**

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

The opening and closing contract balances were as follows:

|                                 | Accounts<br>Receivable, Net | Deferred<br>Entrance<br>Fees, Net |
|---------------------------------|-----------------------------|-----------------------------------|
| Balance as of January 1, 2024   | \$ 3,918,177                | \$ 27,318,869                     |
| Balance as of December 31, 2024 | 3,291,855                   | 28,436,383                        |

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 10 RESIDENT AND HOME AND COMMUNITY BASED SERVICES REVENUE (CONTINUED)**

**Contract Costs**

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

**NOTE 11 BENEFIT PLAN**

Aldersgate has a defined contribution retirement plan that covers all employees of Aldersgate who have completed 30 days of employment and who are regularly scheduled to work a minimum of 20 hours per week. Employees whose annual compensation hours exceed 1,000 shall be eligible to receive a discretionary annual contribution of a percentage of annual gross compensation subject to approval by the board of directors, depending on the financial performance of Aldersgate. Aldersgate matches 50% of the voluntary contribution of each employee up to a maximum of 4% of annual compensation. Employees vest in employer contributions on a graded scale over a six-year period.

There were no discretionary contributions made to the plan by Aldersgate during the year ended December 31, 2024.

**NOTE 12 FAIR VALUE MEASUREMENTS**

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

All assets have been valued using a market approach, except for funds which are valued based on a net asset value per share (or its equivalent). Alternative funds held by Aldersgate seek long-term capital appreciation and reduction of overall portfolio risk through investing in Commonfund contingent asset, multi-strategy equity, and multi-strategy bond investor portfolios, and directional and nondirectional hedge fund of funds. Aldersgate has an alternative investment valuation procedure in which management validates the fair value reported by the third-party investment manager.

For additional information on how Aldersgate measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table presents the fair value hierarchy for the balances of the assets and liabilities of Aldersgate measured at fair value on a recurring basis, except those measured by using net asset value (NAV) per share as a practical expedient, as of December 31, 2024:

|  | <u>Level 1</u>      | <u>Level 2</u>      | <u>Level 3</u> | <u>Total</u>         |
|--|---------------------|---------------------|----------------|----------------------|
| <b>Assets:</b>                         |                     |                     |                |                      |
| Assets Limited as to Use:              |                     |                     |                |                      |
| Money Market Funds                     | \$ 7,964,993        | \$ -                | \$ -           | \$ 7,964,993         |
| Interest Rate Swap Agreements          | - -                 | 3,484,052           | - -            | 3,484,052            |
| Total Assets Measured<br>at Fair Value | <u>\$ 7,964,993</u> | <u>\$ 3,484,052</u> | <u>\$ - -</u>  | <u>\$ 11,449,045</u> |

Certain alternative investments held by Aldersgate calculate net asset value per share (or its equivalent). The following tables set forth additional disclosures for the fair value measurement of funds that calculate net asset value per share (or its equivalent) for the year ended December 31, 2024:

|   | Net Asset<br>Value   | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice Period |
|---|----------------------|-------------------------|-------------------------|-----------------------------|
| CF Institutional High Quality Bond<br>Fund, LLC | \$ 5,869,755         | \$ -                    | Weekly                  | 5 Days                      |
| CF Contingent Asset Portfolio, LLC              | 384,351              | - -                     | Weekly                  | 5 Days                      |
| Vanguard Russell 3000 Index Fund                | 8,999,997            | - -                     | Monthly                 | 5 Days                      |
| Fidelity Global ex U.S. Index Fund              | 1,262,667            | - -                     | Monthly                 | 5 Days                      |
| City National Rochdale Government<br>MM Fund    | 5,904                | - -                     | Monthly                 | 5 Days                      |
| Endowment Fund                                  | 1,622,876            | - -                     | N/A                     | N/A                         |
| <b>Total Alternative Funds</b>                  | <u>\$ 18,145,550</u> | <u>\$ - -</u>           |                         |                             |

The alternative investment funds are valued at the net asset value (NAV) of units, which are based on market prices of the underlying investments, held by Aldersgate at year-end.

**NOTE 13 RELATED PARTY TRANSACTIONS**

As of December 31, 2023, Aldersgate at Shamrock had a net amount due from Aldersgate at Home for expenses paid by Aldersgate at Shamrock on behalf of Aldersgate at Home of approximately \$853,000. The outstanding amount was paid by Aldersgate at Home during the year ended December 31, 2024. As described in Note 1, as part of the restructuring efforts in 2024, the operations of Aldersgate at Home were merged with Aldersgate at Shamrock during 2024. Aldersgate at Home was dissolved effective December 31, 2024.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 13 RELATED PARTY TRANSACTIONS (CONTINUED)**

During the year ended December 31, 2023, ALPS executed and delivered a note payable to Aldersgate at Shamrock for approximately \$5,470,000. The note is for reimbursement of previous expenses paid by Aldersgate at Shamrock on behalf of ALPS. The note is based upon specific triggering events that could occur in the future and therefore this receivable has been fully reserved for as of December 31, 2024 by Aldersgate at Shamrock.

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

Aldersgate is subject to potential litigation arising in the ordinary course of business. The ultimate resolution of these matters is not ascertainable at this time; however, management is of the opinion that any liability or loss in excess of insurance coverage resulting from such litigation will not have a material effect on the financial position of Aldersgate.

**NOTE 15 LIQUIDITY AND AVAILABILITY**

Aldersgate invests cash in excess of short-term requirements in short-term investments, which include asset, equity, and bond portfolios, which are liquid within one week. Certain alternative investments are liquid within one year or less.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, compromise the following:

|   |                      |
|---|----------------------|
| Cash and Cash Equivalents                                   | \$ 2,011,580         |
| Investments and Assets Limited as to Use:                   |                      |
| Operating Investments                                       | 4,919,237            |
| Designated for Statutory Operating Reserve                  | 10,144,250           |
| Board Designated  | <u>1,119,297</u>     |
| Total Investments and Assets Limited as to Use              | 16,182,784           |
| Accounts Receivable, Net                                    | 3,291,855            |
| Entrance Fees Receivable                                    | <u>43,140</u>        |
| Total Financial Assets Available to Meet Liquidity<br>Needs | <u>\$ 21,529,359</u> |

Aldersgate has included amounts designated for the statutory operating reserve as financial assets available in the table above. These amounts are classified as assets limited to use on the balance sheet under the requirements of North Carolina General Statute Chapter 58, Article 64, as noted in Note 2. Under the statute, these amounts would require approval from the state prior to use.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 15 LIQUIDITY AND AVAILABILITY (CONTINUED)**

Over the last few years, operating losses, as well as other conditions that Aldersgate has faced related to meeting certain financial debt covenant requirements, created uncertainty about Aldersgate's ability to continue as a going concern. Management of Aldersgate evaluated these conditions and contracted with an industry consultant in 2023 to perform an operations assessment and to outline a corrective action plan with detailed action steps to address the following:

- Address and correct finance function deficiencies.
- Address and correct accounts payable and accounts receivable deficiencies.
- Address and correct corporate governance deficiencies.
- Review the current corporate structure of the Aldersgate group of related entities and amend as deemed appropriate.
- Review Aldersgate's current mission statement and strategic vision and amend as deemed appropriate and necessary.
- Review current and potential growth initiatives and decide whether such initiatives should continue, be initiated, be postponed, or be abandoned.

The full plan was submitted to certain stakeholders, including the North Carolina Department of Insurance and certain debt holders. North Carolina Department of Insurance placed Aldersgate under Administrative Supervision in August 2023 and has maintained Administrative Supervision through the date of this report. Aldersgate has worked closely with the North Carolina Department of Insurance while under Administrative Supervision and has kept residents and other stakeholders of Aldersgate fully apprised of all developments affecting Aldersgate's financial condition and operations. Management has implemented operational improvement plans and certain growth initiatives to increase revenues. Operational improvements also include addressing staffing levels in all departments and reviewing contracts for expense savings.

During the year ended December 31, 2024, Aldersgate had an operating loss of approximately \$3,627,000 and an overall decrease in its net assets without restrictions of approximately \$3,639,000. As of that date, Aldersgate's current liabilities exceed its current assets by approximately \$1,352,000. Aldersgate has implemented certain items within the corrective action plan, including the corporate restructuring noted within Note 1 that was completed in 2024, in addition to changes made to its corporate governance structure. Aldersgate continues to work through the other initiatives noted above as were outlined within its corrective action plan.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 15 LIQUIDITY AND AVAILABILITY (CONTINUED)**

In addition to the working through the corrective action plan, Aldersgate also explored potential affiliation opportunities with other life plan communities with the goal to bring stability and increased financial health to the organization and its residents. Subsequent to the year ended December 31, 2024, Aldersgate signed a non-binding Letter of Intent (LOI) with the Givens Estates, Inc., a North Carolina nonprofit corporation which owns and operates continuing care retirement communities located in Western NC, to explore a potential member substitution. While both parties have expressed intent to move forward, the affiliation remains subject to due diligence, final approvals, and regulatory approval. As of the date these consolidated financial statements were issued, no binding agreement has been executed.

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

|   | Aldersgate<br>United<br>Methodist<br>Retirement<br>Community,<br>Inc. | Aldersgate<br>at Home | Eliminating<br>Entries | Obligated<br>Group | Aldersgate<br>Holdings,<br>Inc. | Aldersgate<br>Life Plan<br>Services<br>Inc. | Eliminating<br>Entries | Consolidated   |
|---|---|-----------------------|------------------------|--------------------|---------------------------------|---|------------------------|----------------|
|   |   |                       |                        |                    |                                 |   |                        |                |
| <b>ASSETS</b>                                     |   |                       |                        |                    |                                 |   |                        |                |
| <b>CURRENT ASSETS</b>                             |   |                       |                        |                    |                                 |   |                        |                |
| Cash and Cash Equivalents                         | \$ 1,565,815  | \$ 442,536            | \$ -                   | \$ 2,008,351       | \$ -                            | \$ 3,229                                    | \$ -                   | \$ 2,011,580   |
| Investments                                       | 4,919,237   | -                     | -                      | 4,919,237          | -                               | -   | -                      | 4,919,237      |
| Accounts Receivable                               | 4,845,806   | 274,538               | -                      | 5,120,344          | -                               | -   | -                      | 5,120,344      |
| Allowance for Credit Losses                       | (1,729,393)   | (99,096)              | -                      | (1,828,489)        | -                               | -   | -                      | (1,828,489)    |
| Accounts Receivable, Net                          | 3,116,413   | 175,442               | -                      | 3,291,855          | -                               | -   | -                      | 3,291,855      |
| Entrance Fee Receivable                           | 43,140  | -                     | -                      | 43,140             | -                               | -   | -                      | 43,140         |
| Prepaid Expenses and Other Current Assets         | 891,121   | 5,308                 | -                      | 896,429            | -                               | -   | -                      | 896,429        |
| Total Current Assets                              | 10,535,726  | 623,286               | -                      | 11,159,012         | -                               | -   | -                      | 11,177,181     |
| <b>DUE FROM RELATED PARTY</b>                     | 3,078   | 7,500                 | -                      | 10,578             | -                               | 14,940                                      | -                      | 10,578         |
| <b>PROPERTY, PLANT, AND EQUIPMENT, NET</b>        | 101,450,481   | -                     | -                      | 101,450,481        | -                               | -   | (10,578)               | 103,339,320    |
| <b>ASSETS LIMITED AS TO USE</b>                   |   |                       |                        |                    |                                 |   |                        |                |
| Designated for Statutory Operating Reserve        | 10,144,250  | -                     | -                      | 10,144,250         | 350,000                         | 1,538,839                                   | -                      | 10,144,250     |
| Held Under Bond Agreements                        | 8,773,585   | -                     | -                      | 8,773,585          | -                               | -   | -                      | 8,773,585      |
| Board Designated                                  | 1,119,297   | -                     | -                      | 1,119,297          | -                               | -   | -                      | 1,119,297      |
| Donor Restricted                                  | 1,962,765   | -                     | -                      | 1,962,765          | -                               | -   | -                      | 1,962,765      |
| Total Assets Limited as to Use                    | 21,999,897  | -                     | -                      | 21,999,897         | -                               | -   | -                      | 21,999,897     |
| <b>ASSETS UNDER INTEREST RATE SWAP AGREEMENTS</b> | 3,484,052   | -                     | -                      | 3,484,052          | -                               | -   | -                      | 3,484,052      |
| <b>OTHER ASSETS</b>                               |   |                       |                        |                    |                                 |   |                        |                |
| Deferred Marketing Costs, Net                     | 376,970   | -                     | -                      | 376,970            | -                               | -   | -                      | 376,970        |
| Total Other Assets                                | 376,970   | -                     | -                      | 376,970            | -                               | -   | -                      | 376,970        |
|   |   |                       |                        | \$ 138,480,990     | -                               | -   | -                      | \$ 140,377,420 |

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**

|              |                       |                   |             |                   |                     |                    |
|--------------|-----------------------|-------------------|-------------|-------------------|---------------------|--------------------|
| Total Assets | <u>\$ 137,850,204</u> | <u>\$ 630,786</u> | <u>\$ -</u> | <u>\$ 350,000</u> | <u>\$ 1,557,008</u> | <u>\$ (10,578)</u> |
|--------------|-----------------------|-------------------|-------------|-------------------|---------------------|--------------------|

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|   | Aldersgate<br>United<br>Methodist<br>Retirement<br>Community,<br>Inc. | Aldersgate<br>at Home,<br>Inc. | Eliminating<br>Entries | Obligated<br>Group | Aldersgate<br>Holdings,<br>Inc. | Aldersgate<br>Life Plan<br>Services<br>Inc. | Eliminating<br>Entries | Consolidated   |
|---|---|--------------------------------|------------------------|--------------------|---------------------------------|---|------------------------|----------------|
| <b>LIABILITIES AND NET ASSETS (DEFICIT)</b> |   |                                |                        |                    |                                 |   |                        |                |
| <b>CURRENT LIABILITIES</b>                  |   |                                |                        | \$ 6,970,110       |                                 |   |                        | \$ 6,970,110   |
| Accounts Payable and Accrued Expenses       | \$ 6,679,408  | \$ 290,702                     | \$ -                   | 174,420            | \$ -                            | \$ -  | \$ -                   | 174,420        |
| Entrance Fee Deposits on Unoccupied Units   | 174,420   | -                              | -                      | 3,455,000          |                                 |   |                        | 3,455,000      |
| Current Portion of Long-Term Debt           | 3,455,000   | -                              | -                      | 1,929,535          |                                 |   |                        | 1,929,535      |
| Current Portion of Refundable Entrance Fees | 1,929,535   | -                              | -                      |                    |                                 |   |                        |                |
| Total Current Liabilities                   | 12,238,363  | 290,702                        | -                      |                    |                                 |   |                        |                |
| <b>DUE TO RELATED PARTY</b>                 |   |                                |                        | 96,700,726         |                                 | 10,578                                      | (10,578)               | 96,700,726     |
| <b>LONG-TERM DEBT, NET</b>                  | 96,700,726  | -                              | -                      | 103,680            |                                 |   |                        | 1,603,680      |
| <b>OTHER LONG-TERM LIABILITIES</b>          | 103,680   | -                              | -                      | 28,436,383         |                                 | 1,500,000                                   | -                      | 28,436,383     |
| <b>DEFERRED ENTRANCE FEES, NET</b>          | 28,436,383  | -                              | -                      | 46,911,525         |                                 |   |                        | 46,911,525     |
| <b>REFUNDABLE ENTRANCE FEES, NET</b>        | 46,911,525  | -                              | -                      | 184,681,379        |                                 |   |                        | 186,181,379    |
| Total Liabilities                           | 184,390,677   | 290,702                        | -                      |                    |                                 | 1,510,578                                   | (10,578)               |                |
| <b>NET ASSETS (DEFICIT)</b>                 |   |                                |                        | (49,282,451)       |                                 |   |                        | (48,886,021)   |
| Without Donor Restrictions:                 |   |                                |                        |                    |                                 |   |                        |                |
| Undesignated                                | (49,622,535)  | 340,084                        | -                      | 1,119,297          |                                 |   |                        | 1,119,297      |
| Designated by the Board for Endowment Fund  |   |                                |                        | (48,163,154)       | 350,000                         | 46,430                                      | -                      | (47,766,724)   |
| Total Without Donor Restrictions            | 1,119,297   | -                              | -                      | 1,962,765          |                                 |   |                        | 1,962,765      |
| With Donor Restrictions                     |   |                                |                        | (46,200,389)       |                                 |   |                        | (45,803,959)   |
| Total Net Assets (Deficit)                  | 1,962,765   | -                              | -                      |                    |                                 |   |                        |                |
|   | (46,540,473)  | 340,084                        | -                      |                    |                                 |   |                        |                |
|   |   |                                |                        | \$ 138,480,990     | 350,000                         | 46,430                                      | -                      | \$ 140,377,420 |
| Total Liabilities and Net Assets (Deficit)  | \$ 137,850,204  | \$ 630,786                     | \$ -                   |                    | \$ 350,000                      | \$ 1,557,008                                | \$ (10,578)            |                |

**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**

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**ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.  
AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|   | Aldersgate<br>United<br>Methodist<br>Retirement<br>Community,<br>Inc. | Aldersgate<br>at Home | Eliminating<br>Entries | Obligated<br>Group    | Aldersgate<br>Holdings,<br>Inc. | Aldersgate<br>Life Plan<br>Services<br>Inc. | Eliminating<br>Entries | Consolidated          |
|---|---|-----------------------|------------------------|-----------------------|---------------------------------|---|------------------------|-----------------------|
| <b>REVENUE, GAINS, AND OTHER SUPPORT</b>  |   |                       |                        |                       |                                 |   |                        |                       |
| Resident Service Revenue  | \$ 42,410,466   | \$ -                  | \$ -                   | \$ 42,410,466         | \$ -                            | \$ -  | \$ -                   | \$ 42,410,466         |
| Home and Community Based Services   | - 4,105,186   | 4,105,186             | -                      | 4,105,186             | -                               | -   | -                      | 4,105,186             |
| Amortization of Deferred Entrance Fees  | 4,138,354   | -                     | -                      | 4,138,354             | -                               | -   | -                      | 4,138,354             |
| Investment Income, Net  | 247,072   | -                     | -                      | 247,072               | -                               | -   | -                      | 247,072               |
| Other Support   | 1,426,393   | -                     | (166,396)              | 170,569               | -                               | -   | -                      | 170,569               |
| Net Assets Released from Restrictions for<br>Use in Operations                          | 170,569   | -                     | -                      | 129,061               | -                               | 1,800                                       | -                      | 130,861               |
| Contributions   | 129,061   | -                     | (166,396)              | 52,460,705            | -                               | 1,800                                       | -                      | 52,462,505            |
| Total Revenue, Gains, and Other Support   | 48,521,915  | 4,105,186             |                        |                       |                                 |   |                        |                       |
| <b>EXPENSES</b>   |   |                       |                        |                       |                                 |   |                        |                       |
| Nursing and Related Services  | 15,445,878  | 3,122,999             | -                      | 18,568,877            | -                               | -   | -                      | 18,568,877            |
| Dietary   | 6,386,786   | -                     | -                      | 6,386,786             | -                               | -   | -                      | 6,386,786             |
| Housekeeping and Laundry  | 1,743,084   | -                     | -                      | 1,743,084             | -                               | -   | -                      | 1,743,084             |
| Plant Operations  | 5,045,351   | -                     | -                      | 5,045,351             | -                               | -   | -                      | 5,045,351             |
| Administration  | 12,623,040  | 369,670               | (166,396)              | 12,826,314            | -                               | 46,158                                      | -                      | 12,872,472            |
| Interest Expense  | 4,054,459   | -                     | -                      | 4,054,459             | -                               | -   | -                      | 4,054,459             |
| Amortization  | 37,399  | -                     | -                      | 37,399                | -                               | -   | -                      | 37,399                |
| Depreciation  | 7,380,614   | -                     | (166,396)              | 7,380,614             | -                               | 492   | -                      | 7,381,106             |
| Total Expenses  | 52,716,611  | 3,492,669             |                        | 56,042,884            | -                               | 46,650                                      | -                      | 56,089,534            |
| <b>OPERATING INCOME (LOSS)</b>  | (4,194,966)   | 612,517               |                        | (3,582,179)           | -                               | (44,850)                                    | -                      | (3,627,029)           |
| <b>NONOPERATING INCOME (LOSS)</b>   |   |                       |                        |                       |                                 |   |                        |                       |
| Change in Net Unrealized Gains on<br>Investments  | 1,804,957   | -                     | -                      | 1,804,957             | -                               | -   | -                      | 1,804,957             |
| Intercompany Gain (Loss)  | (114,312)   | -                     | -                      | (114,312)             | -                               | 114,312                                     | -                      | -                     |
| Loss on Disposal of Fixed Assets  | (1,593,447)   | -                     | -                      | (1,593,447)           | -                               | -   | -                      | (1,593,447)           |
| Change in Value of Interest Rate Swap<br>Agreements                                     | 71,573  | -                     | -                      | 71,573                | -                               | -   | -                      | 71,573                |
| Total Nonoperating Income   | 168,771   | -                     |                        | 168,771               | -                               | 114,312                                     | -                      | 283,083               |
| <b>EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER<br/>SUPPORT OVER (UNDER) EXPENSES</b> | <b>\$ (4,025,925)</b>   | <b>\$ 612,517</b>     |                        | <b>\$ (3,413,408)</b> | <b>\$ -</b>                     | <b>\$ 69,462</b>                            | <b>\$ -</b>            | <b>\$ (3,343,946)</b> |



INDEPENDENT  
NETWORK MEMBER

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## **Attachment II**

Management's Interim, Unaudited Financial Package for the  
Three Months Ending March 31, 2025



## **Financial Reporting Package As of March 31, 2025**

This month-end package includes the following documents:

- Financial Highlights through March 31, 2025
- Financial Statements for the month ending March 31, 2025
- Financial Ratios
  - Debt Service Coverage
  - Days Cash On Hand
  - Reserve Ratio
- Trends in Key Performance Indicators
- Occupancy Highlights and Statistics

If you have questions, Cherie Grisso, CFO at (704) 532-5222 or [CherieG@AldersgateLiving.org](mailto:CherieG@AldersgateLiving.org).

## **Financial Highlights from Aldersgate Financial Statements for three months ending March 31, 2025:**

With the merger of Aldersgate at Home into Aldersgate effective December 31, 2024, the financial highlights are in aggregate of the two operations through March 2025

- Statutory Operating Reserves increased to \$10,574,376 in 2025 an increase of \$430,126 from 2024
- Resident Service Revenue is \$413K below budget year to date due to occupancy being below budget by 4 in independent living and 19 in healthcare.
- At Home Revenue is \$149K below budget for the first quarter due to bad weather impacts on scheduled services in the first couple months of the year.
- Amortization Income from Deferred Entrance Fees is behind budget by \$49K with move ins behind move outs (transitions in the community, move outs, or deaths)
- Other income is ahead of budget by \$263K primarily attributed to residence customization revenue and ancillary service revenues
- Year to date TOTAL Revenue, Gains and Other behind budget (1.6%) or \$206K
- Year to date Total Expenses \$697K below budget or 5.5%
- **Operating Gain (Loss) of \$229,603 is \$490,884 ahead of budgeted loss of (\$261,281)**
- Non-Operating Gain (Loss):
  - o Unrealized Loss on Investments (\$248K) year-to-date
  - o Change in the Interest Rate Swap Agreements is unfavorable by (\$517K) year-to-date
- Excess of Revenues, Gains and Other Support Over Expenses/ Increase in Net Assets without Donor Restrictions of (\$536,070) as of March 31, 2025 is \$274,789 below the budgeted loss of (\$261,281)

Detailed variance explanations are included in the attached financial statements.

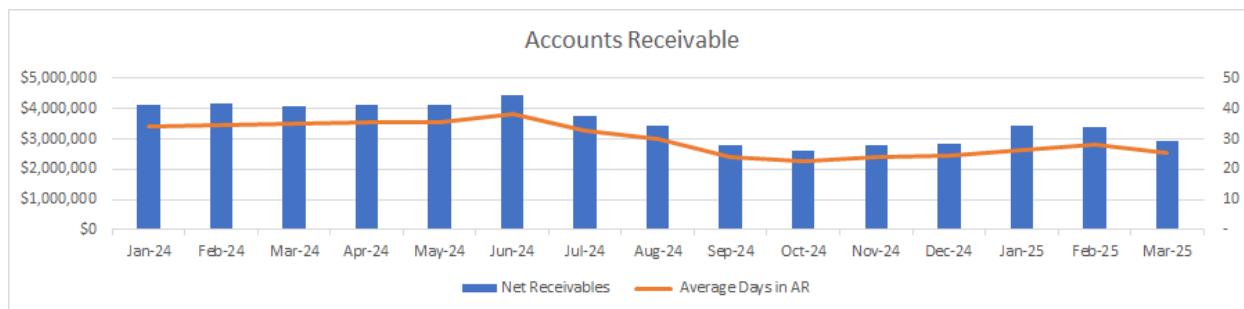
## **Financial Ratios**

Management's calculations of covenants as of March 31, 2025, are:

- Debt Service Coverage Ratio is 0.76X vs covenant of 1.2 driven by:
  - o Negative Net Proceeds from Entrance fees due to Entrance Fee Refunds paid out higher than Entrance Fee Refunds coming in
  - o NOTE: this covenant is measured as of Dec 31 annually and was not achieved 12/31/24
- Days Cash on Hand is 137 compared to covenant of 120 days. This covenant is measured twice annually as of June 30 and Dec 31. This covenant was achieved 6/30/24 and 12/31/24.
- Reserve Ratio remains at .25– in comparison to .26 in December 31, 2024

## Trends in Key Performance Indicators:

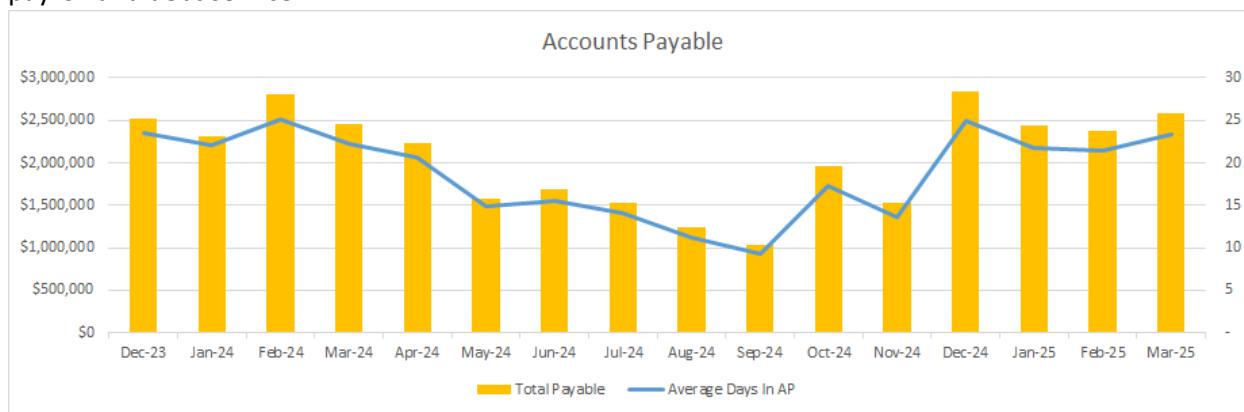
Days in AR decreased due to payment of overdue Medicare A and aggressive collection by the team



The Entrance Fee Liability is \$1,696,593 as of March 31, 2025. Net Proceeds from Entrance Fees remains negative in March 2025 impacting the Debt Service Coverage Ratio but expected to recover with move ins and Entrance Fees paid in coming months.



Accounts Payable increased slightly as liquidity has been impacted by the Medicare A collection short falls and the negative net proceeds from Entrance Fees. Critical vendors continue to be paid as well as payroll and debt service.



## NCDOI Statutory Occupancy Requirement

As previously reported, NCDOI and management have agreed to utilize a 12-month rolling average calculation to report Aldersgate occupancy. Per NC regulation, if independent living occupancy is > 90%, 25% operating reserves must be maintained. When the 12-month rolling average occupancy for independent living drops below 90%, NCDOI has the discretion to increase the required operating reserves up to 50% which did occur in December 2024. As of March 31, 2025, Aldersgate independent living 12-month rolling average occupancy continues to be below 90% at **89.4%** down from 89.5% the prior month.

With the 12-month rolling average independent living occupancy dropping below 90% in December 2024, NCDOI has increased the statutory operating reserve requirement for Aldersgate to 50%. Management requested, and NCDOI approved, to utilize the valuation of excess, unencumbered land outside the Obligated Group, to meet the increased operating reserve requirement. Additional details were provided in the Informational Disclosure posted January 22, 2025.

### Occupancy Statistics by Level of Care as of March 31, 2025, compared to prior month and 2025 budget:

| Care Level   | Units Available | Units Occupied | Occupancy % 3/31/25 | Prior Month Ending 2/28/25 | Variance to prior period | 2025 Budget (Occ %) | 2025 Budget (Units) | Variance to budgeted | NC CCRC Average Occupancy |
|--|-----------------|----------------|---------------------|----------------------------|--------------------------|---------------------|---------------------|----------------------|---------------------------|
| Independent Living *                                     | 299             | 267            | <b>89.3%</b>        | 89.6%                      | -0.3%                    | 88.6%               | 265                 | <b>2</b>             | 92 - 96%                  |
| Assisted Living  | 47              | 38             | <b>80.9%</b>        | 80.9%                      | 0.0%                     | 92.9%               | 39                  | <b>(1)</b>           | 83%                       |
| Memory Support   | 61              | 52             | <b>85.2%</b>        | 83.6%                      | 1.6%                     | 83.6%               | 51                  | <b>1</b>             | 83%                       |
| <b>TOTAL IL/ ALF/ MS</b>                                 | <b>407</b>      | <b>357</b>     | <b>87.7%</b>        | <b>87.7%</b>               | 0.0%                     |                     |                     |                      |                           |
| Healthcare (SNF)   | 120             | 89             | <b>74.2%</b>        | 82.5%                      | -8.3%                    | 89.6%               | 108                 | <b>(19)</b>          | 77%                       |
| <b>TOTAL Aldersgate Campus</b>                           | <b>527</b>      | <b>446</b>     | <b>84.6%</b>        | <b>86.5%</b>               | -1.9%                    |                     | <b>463</b>          | <b>(17)</b>          |                           |
| <i>* includes 10% depositors</i>                         |                 | 6              |                     | 3                          | <b>3</b>                 |                     |                     |                      |                           |
| Independent Living Units Occupied not inc 10% depositors |                 | 261            |                     | 263                        | <b>(2)</b>               |                     | 265                 | <b>(4)</b>           |                           |

Independent Living (IL) census dropped by 1 as we had 2 move out in March and 1 move-in. Occupied units hit a peak of 272 in September (including 10% depositors) but is 267 as of March 2025.

Assisted Living (ALF) did not change from the prior month and Memory Support (MS) occupancy increased by 1 from the prior month. Healthcare occupancy as of the end of March decreased to 74.2%. With healthcare areas below budgeted occupied units, one household was closed in late March and new Admissions team members are being hired and trained.

| ALDERSGATE Statement of Financial Position         | As of March 31 2025<br>AUMRC + At Home |                        | As of December 31 2024<br>AUMRC + At Home |     | Variance |
|--|--|------------------------|---|-----|----------|
|  |  |                        |   |     |          |
| <b>CURRENT ASSETS</b>                              |  |                        |   |     |          |
| Cash and Cash Equivalents                          | \$ 977,395                             | \$ 2,008,351           | \$ (1,030,956)                            | 1   |          |
| Investments  | \$ 3,890,633                           | \$ 4,983,389           | \$ (1,092,757)                            | 2   |          |
| Accounts Receivable-Net                            | \$ 3,068,259                           | \$ 3,108,533           | \$ (40,274)                               | 3   |          |
| Due from Related Party Current                     | \$ 10,693                              | \$ 10,578              | \$ 115                                    | 4   |          |
| Entrance Fees Receivable                           | \$ -                                   | \$ 43,140              | \$ (43,140)                               |     |          |
| Prepaid Expenses & Other Current Assets            | \$ 1,317,590                           | \$ 883,478             | \$ 434,111                                |     |          |
| <b>Total Current Assets</b>                        | <b>\$ 9,264,569</b>                    | <b>\$ 11,037,470</b>   | <b>\$ (1,772,901)</b>                     |     |          |
| <b>DUE FROM RELATED PARTY, Net Current Portion</b> | <b>\$ (7,617)</b>                      | <b>\$ (7,617)</b>      | <b>\$ -</b>                               |     |          |
| <b>PROPERTY, PLANT, &amp; EQUIPMENT - NET</b>      | <b>\$ 100,371,098</b>                  | <b>\$ 101,800,480</b>  | <b>\$ (1,429,382)</b>                     |     |          |
| <b>ASSETS LIMITED AS OF USE</b>                    |  |                        |   |     |          |
| Designated for Statutory Operating Reserve         | \$ 10,574,376                          | \$ 10,144,250          | \$ 430,126                                | 2,7 |          |
| Held Under Bond Agreements                         | \$ 8,581,627                           | \$ 8,581,627           | \$ -                                      |     |          |
| Board Designated Fund                              | \$ 1,149,397                           | \$ 1,119,297           | \$ 30,100                                 |     |          |
| Donor Restricted Fund                              | \$ 1,897,434                           | \$ 1,898,612           | \$ (1,178)                                | 2   |          |
| <b>Total Assets Limited as to Use</b>              | <b>\$ 22,202,834</b>                   | <b>\$ 21,743,787</b>   | <b>\$ 459,048</b>                         |     |          |
| <b>ASSETS UNDER INTEREST RATE SWAP AGREEMENTS</b>  | <b>\$ 2,966,453</b>                    | <b>\$ 3,484,052</b>    | <b>\$ (517,600)</b>                       |     |          |
| <b>OTHER ASSETS</b>                                |  |                        |   |     |          |
| Other Assets                                       | \$ 20,569                              | \$ 20,569              | \$ -                                      |     |          |
| Deferred Marketing Costs, Net                      | \$ 369,178                             | \$ 376,970             | \$ (7,792)                                |     |          |
| Promissory Note                                    | \$ -                                   | \$ -                   | \$ -                                      |     |          |
| Note Receivable                                    | \$ 5,470,099                           | \$ 5,470,099           | \$ -                                      |     |          |
| Note Receivable - Reserve Account                  | \$ (5,470,099)                         | \$ (5,470,099)         | \$ -                                      |     |          |
| <b>Total Other Assets</b>                          | <b>\$ 389,747</b>                      | <b>\$ 397,539</b>      | <b>\$ (7,792)</b>                         |     |          |
| <b>TOTAL ASSETS</b>                                | <b>\$ 135,187,085</b>                  | <b>\$ 138,455,712</b>  | <b>\$ (3,268,626)</b>                     |     |          |
| <b>LIABILITIES AND NET ASSETS</b>                  |  |                        |   |     |          |
| <b>CURRENT LIABILITIES</b>                         |  |                        |   |     |          |
| Accounts Payable & Accrued Expenses                | \$ 6,197,001                           | \$ 6,771,056           | \$ (574,055)                              |     |          |
| Entry Fee Deposits on Unoccupied Units             | \$ 377,956                             | \$ 174,420             | \$ 203,536                                |     |          |
| Due to Related Party Current (Aldersgate)          | \$ -                                   | \$ -                   | \$ -                                      |     |          |
| Entrance Fee Refunds Due                           | \$ 1,696,594                           | \$ 1,929,535           | \$ (232,941)                              | 6   |          |
| Current Portion of Long-term Debt                  | \$ 3,356,250                           | \$ 3,356,250           | \$ -                                      |     |          |
| <b>Total Current Liabilities</b>                   | <b>\$ 11,627,801</b>                   | <b>\$ 12,231,261</b>   | <b>\$ (603,461)</b>                       |     |          |
| <b>Long Term Debt Net of Current Portion</b>       | <b>\$ 95,936,093</b>                   | <b>\$ 96,775,727</b>   | <b>\$ (839,634)</b>                       |     |          |
| <b>Other Long Term Liabilities</b>                 | <b>\$ 103,680</b>                      | <b>\$ 103,680</b>      | <b>\$ -</b>                               |     |          |
| <b>Deferred Entrance Fees, Net</b>                 | <b>\$ 27,886,310</b>                   | <b>\$ 28,436,383</b>   | <b>\$ (550,072)</b>                       |     |          |
| <b>Refundable Entrance Fees</b>                    | <b>\$ 46,162,542</b>                   | <b>\$ 46,911,526</b>   | <b>\$ (748,984)</b>                       |     |          |
| <b>TOTAL LIABILITIES</b>                           | <b>\$ 181,716,426</b>                  | <b>\$ 184,458,577</b>  | <b>\$ (2,742,151)</b>                     |     |          |
| <b>NET ASSETS</b>                                  |  |                        |   |     |          |
| Without Donor Restrictions                         |  |                        |   |     |          |
| Undesignated                                       | \$ (49,353,527)                        | \$ (48,817,457)        | \$ (536,070)                              |     |          |
| Board Designated                                   | \$ 884,116                             | \$ 884,116             | \$ -                                      |     |          |
| <b>Total Without Donor Restrictions</b>            | <b>\$ (48,469,411)</b>                 | <b>\$ (47,933,341)</b> | <b>\$ (536,070)</b>                       |     |          |
| Donor Restricted                                   | \$ 1,940,070                           | \$ 1,930,476           | \$ 9,594                                  |     |          |
| <b>Total Net Assets</b>                            | <b>\$ (46,529,341)</b>                 | <b>\$ (46,002,865)</b> | <b>\$ (526,476)</b>                       |     |          |
| <b>Total Liabilities &amp; Net Assets</b>          | <b>\$ 135,187,085</b>                  | <b>\$ 138,455,712</b>  | <b>\$ (3,268,626)</b>                     |     |          |

<sup>1</sup> Cash reduced due to (1) slower Medicare A collections and (2) negative net proceeds of Entrance Fees.

<sup>2</sup> The decline is attributed to increase in 2025 Statutory Operating Reserves of \$430K which reduces Unrestricted Investments, unrealized losses of \$248K year-to-date, and \$500K of investments liquidated in February.

<sup>3</sup> Collections for Medicare A are behind from 2024 but recovering in spring 2025.

<sup>4</sup> Short term promissory notes from new residents from Dec 2023 was paid back in March 2025.

<sup>5</sup> Depreciation expense reduced the net PP&E \$1.721M but was offset by capital investments of \$292K year to date.

<sup>6</sup> Entrance Fees Refunds payments in 2025 have been \$1M, only a few move outs have triggered new Entrance Fee refunds so Entrance Fee Refund Liability has declined \$233K since Dec 2024.

<sup>7</sup> With 12-month rolling occupancy for independent living dropping below 90%, NCDOI increased the statutory occupancy requirement an additional 25%. NCDOI also approved this additional requirement to be met by restrictions on the use of excess land assets, outside the Obligated Group, valued at \$12.4M. This valuation is sufficient to cover the additional 25% or \$10.574M requirement.

| ALDERSGATE STATEMENT OF OPERATIONS  | ACTUAL MAR 2025<br>AUMRC (Inc At Home) | BUDGET MAR 2025<br>AUMRC (Inc At Home) | Variance to Budget<br>Fav/(Unfav) | % Var         |
|---|--|--|-----------------------------------|---------------|
| <b>REVENUE, GAINS, AND OTHER SUPPORT</b>  |  |  |                                   |               |
| Resident Service Revenue  | \$ 10,438,072                          | \$ 10,851,397                          | \$ (413,326)                      | -4.0%         |
| At Home Revenue   | \$ 993,983                             | \$ 1,142,997                           | \$ (149,014)                      | -15.0%        |
| Amortization of Deferred Entrance Fees  | \$ 985,029                             | \$ 1,034,000                           | \$ (48,971)                       | -5.0%         |
| Investment Income   | \$ 27,071                              | \$ -                                   | \$ 27,071                         | 100.0%        |
| Realized Investment Gains/Losses  | \$ 76,882                              | \$ -                                   | \$ 76,882                         | 100.0%        |
| Management Fee Income   | \$ -                                   | \$ -                                   | \$ -                              | 0.0%          |
| Other Support   | \$ -                                   | \$ -                                   | \$ -                              | 0.0%          |
| Unrestricted Contribution Income  | \$ -                                   | \$ -                                   | \$ -                              | 0.0%          |
| Other Income  | \$ 310,217                             | \$ 47,446                              | \$ 262,771                        | 84.7%         |
| Net Assets Released from Restriction Contributions  | \$ -                                   | \$ -                                   | \$ -                              | 0.0%          |
| <b>Total Revenue, Gains, and Other Support</b>  | <b>\$ 12,869,421</b>                   | <b>\$ 13,075,840</b>                   | <b>\$ (206,419)</b>               | <b>-1.6%</b>  |
| <b>Operating Expenses</b>   |  |  |                                   |               |
| Nursing and Related Services  | \$ 3,603,480                           | \$ 3,534,904                           | \$ 68,576                         | 2%            |
| Dietary   | \$ 1,495,077                           | \$ 1,713,164                           | \$ (218,087)                      | -15%          |
| Housekeeping and Laundry  | \$ 364,342                             | \$ 413,645                             | \$ (49,303)                       | -14%          |
| Plant Operations  | \$ 1,215,787                           | \$ 1,194,632                           | \$ 21,155                         | 2%            |
| Administrative  | \$ 3,253,071                           | \$ 3,829,439                           | \$ (576,368)                      | -18%          |
| Interest Expense  | \$ 956,481                             | \$ 1,000,000                           | \$ (43,519)                       | -5%           |
| Amortization  | \$ 30,658                              | \$ 29,125                              | \$ 1,533                          | 5%            |
| Depreciation  | \$ 1,720,923                           | \$ 1,622,213                           | \$ 98,711                         | 6%            |
| <b>Total Expenses</b>   | <b>\$ 12,639,819</b>                   | <b>\$ 13,337,121</b>                   | <b>\$ (697,303)</b>               | <b>-5.5%</b>  |
| <b>Operating Gain (Loss)</b>  | <b>\$ 229,603</b>                      | <b>\$ (261,281)</b>                    | <b>\$ 490,884</b>                 | <b>187.9%</b> |
| <b>Non-Operating Expenses</b>   |  |  |                                   |               |
| Change in Net Unrealized Gains(Loss) on Investments   | \$ (248,073)                           | \$ -                                   | \$ (248,073)                      | 100.0%        |
| Abandoned Project   | \$ -                                   | \$ -                                   | \$ -                              | 0.0%          |
| Asset Disposal  | \$ -                                   | \$ -                                   | \$ -                              | 0.0%          |
| Gain on Disposal of Fixed Assets  | \$ -                                   | \$ -                                   | \$ -                              | 0.0%          |
| Change in value of Interest Rate Swap Agreements  | \$ (517,600)                           | \$ -                                   | \$ (517,600)                      | 100.0%        |
| <b>Total Non Operating Gain (Loss)</b>  | <b>\$ (765,673)</b>                    | <b>\$ -</b>                            | <b>\$ (765,673)</b>               | <b>100.0%</b> |
| <b>Excess (Deficit) of Revenues, Gains and Other Support Over (Under) Expenses and Increase (Decrease) in Net Assets without Donor Restrictions</b> |  |  |                                   |               |
| <b>Restrictions</b>   | <b>\$ (536,070)</b>                    | <b>\$ (261,281)</b>                    | <b>\$ (274,789)</b>               | <b>-105%</b>  |

<sup>1</sup> Occupancy is slightly below budget in Independent Living but Healthcare is about 12% behind budget. Assisted Living and memory support are in line with budgeted occupancy.

<sup>2</sup> Other Income includes lease income, ancillary service income, as well as revenue from resident customizations for their unit.

<sup>3</sup> Culinary supplies costs and labor management favorable to budget with improvements from centralized culinary ordering and staffing management.

<sup>4</sup> Admin salaries and wages lower than budgeted due to vacant positions not filled and lower benefits experience.

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |    |                |
|--|----|----------------|
| Increase (Decrease) in Total Net Assets  | \$ | (526,476)      |
| <i>Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:</i> |    |                |
| Proceeds from Entrance Fees  |    |                |
| Depreciation   |    | 461,808        |
| Amortization of Deferred Marketing Costs   |    | 1,720,923      |
| Amortization of Bond Discount  |    | 7,792          |
| Amortization of Debt Issuance Costs  |    | 21,315         |
| Bad Debt Expense   |    | 1,551          |
| Loss on the Disposal of Assets   |    | 89,310         |
| Change in Value of Interest Rate Swap Agreements   |    | -              |
| Amortization of Deferred Entrance Fees   |    | 517,600        |
| Net Unrealized (Gains) Losses on Investments   |    | (985,029)      |
| Net Realized (Gains) Losses on Investments   |    | 248,073        |
| Investment Income  |    | (76,882)       |
| <i>Changes in Operating Assets and Liabilities:</i>  |    |                |
| Accounts Receivable  |    | (37,482)       |
| Due (to)/From Related Party  |    | (5,896)        |
| Prepaid Expenses and Other Current Assets  |    | (115)          |
| Promissory Note  |    | (434,111)      |
| Other Assets   |    | -              |
| Entrance Fee Deposits on Unoccupied Units  |    | 203,536        |
| Beneficial Interest in Assets Held by Others   |    | -              |
| Employee Retention Credit Payable  |    | -              |
| Accounts Payable and Accrued Expenses  |    | (574,055)      |
| <b>Net Cash Provided (Used) by Operating Activities</b>  |    | <b>631,861</b> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |                |
|---|----------------|
| Purchases of Property, Plant, and Equipment                         | (291,541)      |
| Proceed from sale of Investments                                    | 500,000        |
| Net Purchases and Sales of Investments and Assets Limited as to Use |                |
| <b>Net Cash Provided (Used) by Investing Activities</b>             | <b>208,459</b> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|   |                    |
|---|--------------------|
| Repayment of Long-Term Debt                             | (862,500)          |
| Proceeds from the Issuance of Long-Term Debt            |                    |
| Proceeds from Refundable Entrance Fees                  | -                  |
| Entrance Fees Refundable                                |                    |
| Entrance Fees Refunded                                  | (1,008,776)        |
| <b>Net Cash Provided (Used) by Financing Activities</b> | <b>(1,871,276)</b> |

**NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH**

\$ (1,030,956)

Cash, Cash Equivalents, and Restricted Cash - Beginning of Year

2,008,351**CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR**\$ 977,395**RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO THE BALANCE SHEETS**

|  |                     |
|--|---------------------|
| Cash and Cash Equivalents                                | \$ 977,395          |
| Restricted Cash included in Assets Limited as to Use     | 1,848,239           |
| <b>Total Cash, Cash Equivalents, and Restricted Cash</b> | <b>\$ 2,825,634</b> |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

|                        |              |
|------------------------|--------------|
| Cash Paid for Interest | \$ 1,806,254 |
|------------------------|--------------|

| ALDERSGATE<br>Long-Term Debt Service Coverage Ratio             | AUMRC YE 2023        | AUMRC                       | AUMRC                     |
|---|----------------------|-----------------------------|---------------------------|
|   |                      | (Inc At Home)<br>FINAL 2024 | (Inc At Home)<br>MAR 2025 |
| Excess (Deficit) of Revenues Over (Under) Expenses              | \$ 523,472           | \$ (2,483,553)              | \$ (536,070)              |
| <b>Add:</b>   |                      |                             |                           |
| Depreciation and Amortization Expense                           | \$ 7,044,617         | \$ 6,997,910                | \$ 1,751,581              |
| Interest Expense  | \$ 4,172,213         | \$ 3,968,731                | \$ 956,481                |
| Net Proceeds from Entrance Fees                                 | \$ 5,864,783         | \$ 2,816,334                | \$ (546,968)              |
| Loss from Asset Disposal and Strategic Project Abandoned        | \$ -                 | \$ 1,053,381                | \$ -                      |
| <b>Less:</b>  |                      |                             |                           |
| Employee Retention Credit revenue recognized                    | \$ 783,695           | \$ (71,574)                 | \$ 517,600                |
| Change in Value of Interest Rate Swap                           | \$ (1,949,631)       | \$ (1,804,957)              | \$ 248,073                |
| Unrealized Gains on Investments                                 | \$ (4,531,777)       | \$ (4,138,354)              | \$ (985,029)              |
| Income Available for Debt Service Requirement                   | <b>\$ 10,560,890</b> | <b>\$ 6,337,918</b>         | <b>\$ 1,405,667</b>       |
| Jan 31 2025 Income Avail for Debt Service                       | \$ 10,560,890        | \$ 6,337,918                | \$ 1,405,667              |
| Divided by 90 days through Mar 25                               | 365                  | 366                         | 90                        |
| Times days in year  | 365                  | 366                         | 365                       |
| <b>Annualized</b> Income Available for Debt Service Requirement | <b>\$ 10,560,890</b> | <b>\$ 6,337,918</b>         | <b>\$ 5,700,762</b>       |
| Long-Term Debt Service Requirement                              | <b>\$ 7,465,211</b>  | <b>\$ 7,533,650</b>         | <b>\$ 7,533,650</b>       |
| Long-Term Debt Service Coverage Ratio                           | <b>1.41</b>          | <b>0.84</b>                 | <b>0.76</b>               |
| Requirement per Section 3.07 (a) of the Loan Agreements         | <b>1.20</b>          | <b>1.20</b>                 | <b>1.20</b>               |

| ALDERSGATE<br>Days Cash on Hand                     | AUMRC<br>YE 2023     | AUMRC (Inc At Home)  |                      | AUMRC (Inc At Home)<br>MAR 2025 |
|---|----------------------|----------------------|----------------------|---------------------------------|
|   |                      | Final YE             | DEC 2024             |                                 |
| Cash and Cash Equivalents                           | \$ 2,717,160         | \$ 2,008,351         | \$ 977,395           |                                 |
| Investments   | \$ 3,486,601         | \$ 4,983,389         | \$ 3,890,633         |                                 |
| Assets Limited as to Use:                           |                      |                      |                      |                                 |
| Designated for Statutory Operating Reserve          | \$ 9,232,000         | \$ 10,144,250        | \$ 10,574,376        |                                 |
| Board Designated                                    | \$ 982,592           | \$ 1,119,297         | \$ 1,149,397         |                                 |
| Total Cash on Hand                                  | <u>\$ 16,418,352</u> | <u>\$ 18,255,288</u> | <u>\$ 16,591,800</u> |                                 |
| Expenses  | \$ 48,224,394        | \$ 55,622,172        | \$ 12,639,819        |                                 |
| Less: Depreciation and Amortization                 | \$ (7,044,617)       | \$ (6,997,910)       | \$ (1,751,581)       |                                 |
|   | <u>\$ 41,179,777</u> | <u>\$ 48,624,262</u> | <u>\$ 10,888,238</u> |                                 |
| Daily Operating Expenses                            | \$ 112,821           | \$ 132,853           | \$ 120,980           |                                 |
| Days Cash on Hand                                   | <b>146</b>           | <b>137</b>           | <b>137</b>           |                                 |
| Requirement per Section 5.11 of the Loan Agreements | <b>120</b>           | <b>120</b>           | <b>120</b>           |                                 |

\* Source: Debt Letter Tables from Clifton Larson Allen

| ALDERSGATE<br>Reserve Ratio                |                      | AUMRC (Inc At Home)  |          | AUMRC (Inc at Home)<br>MAR 2025 |
|--|----------------------|----------------------|----------|---------------------------------|
|  |                      | Final YE             | DEC 2024 |                                 |
| Available Reserves:                        |                      |                      |          |                                 |
| Cash and Cash Equivalents                  | \$ 2,008,351         | \$ 977,395           |          |                                 |
| Investments                                | \$ 4,983,389         | \$ 3,890,633         |          |                                 |
| Assets Limited as to Use:                  |                      |                      |          |                                 |
| Designated for Statutory Operating Reserve | \$ 10,144,250        | \$ 10,574,376        |          |                                 |
| Held Under Bond Agreement                  | \$ 8,581,627         | \$ 8,581,627         |          |                                 |
| Board Designated                           | \$ 1,119,297         | \$ 1,149,397         |          |                                 |
| Less: Accrued Interest Payable             | \$ (1,199,091)       | \$ (1,199,091)       |          |                                 |
| Total Available Reserves                   | <u>\$ 25,637,824</u> | <u>\$ 23,974,336</u> |          |                                 |
| Long Term Debt, Net of Current Portion     | <u>\$ 96,775,727</u> | <u>\$ 95,936,093</u> |          |                                 |
| Reserve Ratio                              | <b>0.26</b>          | <b>0.25</b>          |          |                                 |

\* Source: Debt Letter Tables from Clifton Larson Allen

## **Attachment III**

Forecasted Financial Statements Three Years ending  
December 31, 2026

**Aldersgate United Methodist  
Retirement Community, Inc.  
and Subsidiary**

Financial Forecast  
For the Three Years Ending  
December 31, 2026  
and  
Accountants' Compilation Report



# **Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

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## Table of Contents

|   | <u>Page</u> |
|---|-------------|
| <b>Accountants' Compilation Report</b>  | 1           |
| <b>Forecasted Consolidated Schedules of Debt Service Coverage Ratio and Days Cash on Hand</b> | 2           |
| <b>Consolidated Financial Statements</b>  |             |
| Forecasted Consolidated Balance Sheets  | 3           |
| Forecasted Consolidated Statements of Operations and Changes in Net Deficit                   | 4           |
| Forecasted Consolidated Statements of Cash Flows  | 5           |
| <b>Summary of Significant Forecast Assumptions</b>  |             |
| Basis of Presentation   | 6           |
| Background of the Corporation   | 6           |
| Forecasted Utilization  | 7           |
| IL Unit Resales and Related Entrance Fee Activity   | 7           |
| Revenues and Entrance Fees  | 8           |
| Expenses  | 10          |
| Property and Equipment  | 11          |
| Related Party Transactions  | 11          |
| Long-Term Debt and Interest Expense   | 11          |
| Working Capital Assumptions   | 12          |
| <b>Supplementary Information</b>  |             |
| 2024 Monthly Consolidated Financial Statements Schedules:                                     |             |
| Forecasted Consolidated Monthly Balance Sheet Schedule  | 13          |
| Forecasted Consolidated Monthly Statement of Operations and Changes in Net Deficit Schedule   | 14          |
| Forecasted Consolidated Monthly Statement of Cash Flows Schedule                              | 15          |

## **Accountants' Compilation Report**

To the Board of Directors of  
Aldersgate United Methodist Retirement Community, Inc. and Subsidiary

Management is responsible for the accompanying forecast of Aldersgate United Methodist Retirement Community, Inc. and Subsidiary, which comprises the forecasted consolidated balance sheets, and the related forecasted consolidated statements of operations and changes in net deficit and cash flows as of and for each of the three years ending December 31, 2026, and the related summary of significant assumptions in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

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.

Management has elected to omit substantially all the disclosures required by guidelines for the presentation of a forecast established by the AICPA other than those related to the significant assumptions. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about Aldersgate United Methodist Retirement Community, Inc. and Subsidiary's forecasted consolidated balance sheets, and the related forecasted consolidated statements of operations and changes in net deficit and cash flows. Accordingly, the forecast is not designed for those who are not informed about such matters.

The accompanying supplementary forecasted consolidated schedules of debt service coverage ratio for each of the years ending December 31, 2024 through 2026 and projected consolidated schedule of days cash on hand as of December 31, 2024 through 2026 on page 2, and the accompanying supplementary information on pages 13 through 15 are presented for purposes of additional analysis and are not a required part of the prospective financial information. Such information is the responsibility of management. The supplementary information was subject to the compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.



Philadelphia, Pennsylvania  
March 21, 2024

**Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

Forecasted Consolidated Schedules of Debt Service Coverage Ratio and Days Cash on Hand  
As of and for Each of the Years Ending December 31, 2024 - 2026  
(In Thousands of Dollars)

|   | <b>2024</b>         | <b>2025</b>         | <b>2026</b>         |
|---|---------------------|---------------------|---------------------|
| <b>Debt Service Coverage Ratio</b>                        |                     |                     |                     |
| Revenues available for debt service:                      |                     |                     |                     |
| Revenues (less than) in excess of expenses                | \$ (2,388)          | \$ (989)            | \$ 71               |
| Depreciation and amortization of deferred marketing costs | 6,748               | 6,749               | 6,723               |
| Interest  | 4,118               | 4,031               | 3,937               |
| Proceeds from entrance fees, existing units, net          | 5,928               | 7,937               | 11,089              |
| Amortization of entrance fees                             | (3,879)             | (4,361)             | (4,774)             |
| Unrealized gain on investments                            | (9)                 | (8)                 | (21)                |
|   | <hr/>               | <hr/>               | <hr/>               |
| Revenues available for debt service                       | <hr/> <b>10,518</b> | <hr/> <b>13,359</b> | <hr/> <b>17,025</b> |
| <b>Maximum Annual Debt Service</b>                        |                     |                     |                     |
|   | <hr/> <b>7,460</b>  | <hr/> <b>7,460</b>  | <hr/> <b>7,460</b>  |
| <b>Debt Service Coverage Ratio (1)</b>                    |                     |                     |                     |
|   | <hr/> <b>1.41</b>   | <hr/> <b>1.79</b>   | <hr/> <b>2.28</b>   |
| <b>Annual Debt Service</b>                                |                     |                     |                     |
|   | <hr/> <b>7,326</b>  | <hr/> <b>7,409</b>  | <hr/> <b>7,412</b>  |
| <b>Debt Service Coverage Ratio (2)</b>                    |                     |                     |                     |
|   | <hr/> <b>1.44</b>   | <hr/> <b>1.80</b>   | <hr/> <b>2.30</b>   |
| <b>Days Cash on Hand</b>                                  |                     |                     |                     |
| Total expenses  | \$ 51,427           | \$ 52,926           | \$ 54,480           |
| Less depreciation and amortization                        | <hr/> (6,838)       | <hr/> (6,839)       | <hr/> (6,813)       |
|   | <hr/>               | <hr/>               | <hr/>               |
| Total cash operating expenses                             | 44,589              | 46,087              | 47,667              |
| 365/366 days  | <hr/> 366           | <hr/> 365           | <hr/> 365           |
| Daily cash operating expenses                             | <hr/> <b>122</b>    | <hr/> <b>126</b>    | <hr/> <b>131</b>    |
| Unrestricted cash and investments:                        |                     |                     |                     |
| Cash and cash equivalents                                 | \$ 2,187            | \$ 2,277            | \$ 2,366            |
| Unrestricted investments                                  | 3,065               | 2,778               | 6,866               |
| Assets whose use is limited: (3)                          |                     |                     |                     |
| Designated for statutory operating reserve                | 10,433              | 10,822              | 11,219              |
| Board designated  | <hr/> 983           | <hr/> 983           | <hr/> 983           |
|   | <hr/>               | <hr/>               | <hr/>               |
| Total unrestricted cash and investments                   | <hr/> <b>16,668</b> | <hr/> <b>16,860</b> | <hr/> <b>21,434</b> |
| <b>Days Cash on Hand (4)</b>                              |                     |                     |                     |
|   | <hr/> <b>137</b>    | <hr/> <b>134</b>    | <hr/> <b>164</b>    |

Notes:

- (1) The debt service coverage ratio is calculated as defined in existing debt documents, by dividing revenues available for debt service by maximum annual debt service.
- (2) The debt service coverage ratio is calculated by dividing revenues available for debt service by annual debt service.
- (3) Management assumed the employee retention credit liability reserve would not be available and, therefore, did not include the reserve in the days cash on hand ratio during the forecast period.
- (4) Days cash on hand is calculated as defined in existing debt documents, by dividing unrestricted cash and investments by daily cash operating expenses.

**Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

Forecasted Consolidated Balance Sheets

December 31, 2024 - 2026

(In Thousands of Dollars)

|  | 2024           | 2025           | 2026           |
|--|----------------|----------------|----------------|
| <b>Assets</b>                                      |                |                |                |
| <b>Current Assets</b>                              |                |                |                |
| Cash and cash equivalents                          | \$ 2,187       | \$ 2,277       | \$ 2,366       |
| Investments  | 3,065          | 2,778          | 6,866          |
| Accounts receivable, residents, net                | 4,396          | 4,614          | 4,794          |
| Entrance fee receivable                            | 377            | 377            | 377            |
| Due from related party, current                    | 19             | 20             | 21             |
| Prepaid expenses and other current assets          | 946            | 988            | 1,030          |
| <br>Total current assets                           | <br>10,990     | <br>11,054     | <br>15,454     |
| <b>Assets Limited as to Use</b>                    |                |                |                |
| Designated for statutory operating reserve         | 10,433         | 10,822         | 11,219         |
| Employee retention credit liability reserve        | 2,280          | 2,280          | 2,280          |
| Held under bond agreements                         | 8,293          | 8,292          | 8,290          |
| Board designated                                   | 983            | 983            | 983            |
| Donor restricted                                   | 1,163          | 1,163          | 1,163          |
| <br>Total assets limited as to use                 | <br>23,152     | <br>23,540     | <br>23,935     |
| <b>Due From Related Party</b>                      |                |                |                |
|  | 804            | 783            | 762            |
| <b>Property and Equipment, Net</b>                 |                |                |                |
|  | 106,735        | 106,163        | 104,472        |
| <b>Assets Under Interest Rate Swap Agreements</b>  |                |                |                |
|  | 3,412          | 3,412          | 3,412          |
| <b>Other Assets</b>                                |                |                |                |
|  | 376            | 344            | 312            |
| <b>Beneficial Interest in Perpetual Trust</b>      |                |                |                |
|  | 534            | 534            | 534            |
| <br>Total assets                                   | <br>\$ 146,003 | <br>\$ 145,830 | <br>\$ 148,881 |
| <b>Liabilities and Net Deficit</b>                 |                |                |                |
| <b>Current Liabilities</b>                         |                |                |                |
| Current maturities of long-term debt               | \$ 3,455       | \$ 3,550       | \$ 3,645       |
| Accounts payable, trade and other accrued expenses | 1,842          | 1,719          | 1,792          |
| Accrued payroll and related expenses               | 1,705          | 1,771          | 1,838          |
| Accrued interest                                   | 1,662          | 1,649          | 1,634          |
| Employee retention credit payable                  | 2,280          | 2,280          | 2,280          |
| Entrance fee refunds due                           | 1,069          | 1,069          | 1,069          |
| Entrance fee deposits                              | 1,913          | 747            | 747            |
| <br>Total current liabilities                      | <br>13,926     | <br>12,785     | <br>13,005     |
| <b>Accounts Payable, Construction Related</b>      |                |                |                |
|  | 491            | -              | -              |
| <b>Long-Term Debt, Net</b>                         |                |                |                |
|  | 96,689         | 93,229         | 89,674         |
| <b>Refundable Entrance Fees</b>                    |                |                |                |
|  | 51,759         | 54,377         | 58,469         |
| <b>Deferred Revenue From Entrance Fees</b>         |                |                |                |
|  | 30,378         | 33,668         | 35,891         |
| <b>Other Long-Term Liabilities</b>                 |                |                |                |
|  | 104            | 104            | 104            |
| <br>Total liabilities                              | <br>193,347    | <br>194,163    | <br>197,143    |
| <b>Net Assets (Deficit)</b>                        |                |                |                |
| Without donor restrictions                         | (49,052)       | (50,041)       | (49,970)       |
| With donor restrictions                            | 1,708          | 1,708          | 1,708          |
| <br>Total net deficit                              | <br>(47,344)   | <br>(48,333)   | <br>(48,262)   |
| <br>Total liabilities and net deficit              | <br>\$ 146,003 | <br>\$ 145,830 | <br>\$ 148,881 |

## Aldersgate United Methodist Retirement Community, Inc. and Subsidiary

Forecasted Consolidated Statements of Operations and Changes in Net Deficit

For Each of the Years Ending December 31, 2024 - 2026

(In Thousands of Dollars)

|   | <u>2024</u>        | <u>2025</u>        | <u>2026</u>        |
|---|--------------------|--------------------|--------------------|
| <b>Net Deficit Without Donor Restrictions</b>   |                    |                    |                    |
| Unrestricted revenues:  |                    |                    |                    |
| Net resident service revenues:  |                    |                    |                    |
| Nursing   | \$ 18,315          | \$ 18,810          | \$ 19,330          |
| Assisted living   | 3,174              | 3,321              | 3,488              |
| Memory support  | 5,078              | 5,320              | 5,589              |
| Independent living  | 17,284             | 18,747             | 19,880             |
| Amortization of entrance fees   | 3,879              | 4,361              | 4,774              |
|   | <hr/>              | <hr/>              | <hr/>              |
| Total net resident service revenues   | 47,730             | 50,559             | 53,061             |
| Investment income   | 36                 | 35                 | 87                 |
| Other support   | 1,020              | 1,080              | 1,128              |
| Management fee  | 149                | 155                | 155                |
| Intercompany loan receivable interest income  | 35                 | 40                 | 39                 |
| Contributions   | 60                 | 60                 | 60                 |
|   | <hr/>              | <hr/>              | <hr/>              |
| Total unrestricted revenues   | 49,030             | 51,929             | 54,530             |
| Expenses:   |                    |                    |                    |
| Nursing   | 11,831             | 12,255             | 12,715             |
| Assisted living   | 1,794              | 1,861              | 1,932              |
| Memory support  | 2,880              | 2,980              | 3,094              |
| Independent living  | 1,052              | 1,124              | 1,174              |
| Social services and activities  | 1,129              | 1,178              | 1,226              |
| Dietary   | 6,773              | 7,049              | 7,325              |
| Housekeeping and laundry  | 2,028              | 2,107              | 2,187              |
| Facility operations   | 5,139              | 5,380              | 5,623              |
| General and administrative  | 7,497              | 7,750              | 8,059              |
| Provision for bad debts   | 438                | 462                | 485                |
| Depreciation and amortization of deferred marketing costs   | 6,748              | 6,749              | 6,723              |
| Interest  | 4,118              | 4,031              | 3,937              |
|   | <hr/>              | <hr/>              | <hr/>              |
| Total expenses  | 51,427             | 52,926             | 54,480             |
| Operating (loss) income   | (2,397)            | (997)              | 50                 |
| Nonoperating Revenues:  |                    |                    |                    |
| Unrealized gain on investments  | 9                  | 8                  | 21                 |
|   | <hr/>              | <hr/>              | <hr/>              |
| Revenues (less than) in excess of expenses<br>and change in net deficit without donor restriction | (2,388)            | (989)              | 71                 |
| <b>Net Deficit, Beginning</b>   | <u>(44,956)</u>    | <u>(47,344)</u>    | <u>(48,333)</u>    |
| <b>Net Deficit, Ending</b>  | <u>\$ (47,344)</u> | <u>\$ (48,333)</u> | <u>\$ (48,262)</u> |

## Aldersgate United Methodist Retirement Community, Inc. and Subsidiary

Forecasted Consolidated Statements of Cash Flows  
For Each of the Years Ending December 31, 2024 - 2026  
(In Thousands of Dollars)

|   | <b>2024</b>            | <b>2025</b>            | <b>2026</b>            |
|---|------------------------|------------------------|------------------------|
| <b>Cash Flows From Operating Activities</b>   |                        |                        |                        |
| Change in net deficit   | \$ (2,388)             | \$ (989)               | \$ 71                  |
| Adjustments to reconcile change in net deficit<br>to net cash provided by operating activities: |                        |                        |                        |
| Depreciation  | 6,716                  | 6,717                  | 6,691                  |
| Amortization of debt issuance costs   | 84                     | 84                     | 84                     |
| Amortization of bond discount   | 6                      | 6                      | 6                      |
| Amortization of deferred marketing costs  | 32                     | 32                     | 32                     |
| Provision for bad debts   | 438                    | 462                    | 485                    |
| Proceeds from nonrefundable entrance fees, existing units                                       | 5,702                  | 6,293                  | 6,997                  |
| Amortization of entrance fees   | (3,879)                | (4,361)                | (4,774)                |
| Unrealized gain on investments  | (9)                    | (8)                    | (21)                   |
| Changes in assets and liabilities:  |                        |                        |                        |
| Accounts receivable, residents  | (1,928)                | (680)                  | (665)                  |
| Due from related party  | 15                     | 20                     | 20                     |
| Prepaid expenses and other current assets   | 21                     | (42)                   | (42)                   |
| Accounts payable, trade and other accrued expenses  | (1,095)                | (123)                  | 73                     |
| Accrued payroll and related expenses  | 165                    | 66                     | 67                     |
| Employee retention credit payable   | 202                    | -                      | -                      |
| Accrued interest  | <u>463</u>             | <u>(13)</u>            | <u>(15)</u>            |
| Net cash provided by operating activities   | <u>4,545</u>           | <u>7,464</u>           | <u>9,009</u>           |
| <b>Cash Flows From Investing Activities</b>   |                        |                        |                        |
| Net purchases of investments and assets limited as to use                                       | (1,068)                | (93)                   | (4,462)                |
| Purchase of property and equipment  | <u>(5,097)</u>         | <u>(6,145)</u>         | <u>(5,000)</u>         |
| Net cash used in investing activities   | <u>(6,165)</u>         | <u>(6,238)</u>         | <u>(9,462)</u>         |
| <b>Cash Flows From Financing Activities</b>   |                        |                        |                        |
| Change in accounts payable construction   | 491                    | (491)                  | -                      |
| Repayment of long-term debt   | (3,359)                | (3,455)                | (3,550)                |
| Proceeds entrance fees and deposits, initial sales  | 3,723                  | 1,166                  | -                      |
| Proceeds from refundable entrance fees, existing units  | 7,476                  | 8,244                  | 8,976                  |
| Refunds of entrance fees  | <u>(7,250)</u>         | <u>(6,600)</u>         | <u>(4,884)</u>         |
| Net cash provided by (used in) financing activities   | <u>1,081</u>           | <u>(1,136)</u>         | <u>542</u>             |
| Net (decrease) increase in cash and cash equivalents  | <u>(539)</u>           | <u>90</u>              | <u>89</u>              |
| <b>Cash and Cash Equivalents, Beginning</b>   | <u>2,726</u>           | <u>2,187</u>           | <u>2,277</u>           |
| <b>Cash and Cash Equivalents, Ending</b>  | <u><u>\$ 2,187</u></u> | <u><u>\$ 2,277</u></u> | <u><u>\$ 2,366</u></u> |
| <b>Supplemental Disclosure of Cash Flow Information</b>   |                        |                        |                        |
| Cash paid for interest  | <u>\$ 3,966</u>        | <u>\$ 3,954</u>        | <u>\$ 3,862</u>        |

# **Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

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## Summary of Significant Forecast Assumptions

### **Basis of Presentation**

The financial forecast presents, to the best of the knowledge and belief of management of Aldersgate United Methodist Retirement Community, Inc. (Aldersgate) and its wholly owned subsidiary, Aldersgate Holdings, Inc. (Holdings) (Management), the expected financial position, results of operations, changes in net deficit and cash flows of Aldersgate and Holdings for the forecast period. Accordingly, the forecast reflects Management's judgment as of March 21, 2024, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those Management believes are significant to the forecast. 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.

### **Background of the Corporation**

Aldersgate is a nonprofit corporation that owns and operates a continuing care retirement community called "Aldersgate" which provides housing, skilled nursing and other related services to the senior population in Charlotte, North Carolina and surrounding communities. Aldersgate's campus includes 301 independent living (IL) apartments and cottages; 44 assisted living (AL) units; 61 assisted living memory care (MC) units; 120 skilled nursing (SN) beds, of which 100 are Medicare certified and 20 are dually certified for Medicare and Medicaid; 5 Home for the Aged (HA) beds, and various common areas and amenities.

Holdings is a nonprofit corporation that holds land for the sole support of Aldersgate. Aldersgate has an economic interest in Holdings and common control exists.

Aldersgate is an affiliate of Aldersgate Life Plan Services, Inc. (ALPS), a nonprofit corporation and the sole member of Aldersgate. ALPS also functions as the sole member of Aldersgate at Home, Inc. (At Home), a nonprofit corporation that provides an array home and community-based services to the senior population.

ALPS is also the sole member of these inactive entities, Aldersgate at Shalom Park and Aldersgate Foundation, Inc. Additionally ALPS is the sole member of ALPS Real Estate Holdings A, LLC, ALPS Real Estate Holdings B, LLC, LLC and ALPS MGP, LLC, all of which support the planned tax credit development by an independent third party developer (Development Area 1 Land Transaction).

ALPS managed and operated Aldersgate and At Home under management service agreements through December 31, 2023. Effective January 1, 2024, the management service agreements were terminated when ALPS ceased operations and transitioned its operating activities along with all assets and liabilities to Aldersgate, with the exception of its land ownership and related ground lease on the Development Area 1 Transaction. As a result, effective January 1, 2024, Aldersgate will manage and operate At Home under a new management services agreement.

The forecast includes the consolidated accounts of Aldersgate and Holdings (collectively, the Corporation). Any significant intercompany balances and transactions between the consolidated organizations have been eliminated.

# Aldersgate United Methodist Retirement Community, Inc. and Subsidiary

## Summary of Significant Forecast Assumptions

### Forecasted Utilization

The following table summarizes the utilization of services for each level of care:

**Table 1**  
**Forecasted Utilization**

|                               | <b>IL<sup>(1)</sup></b> | <b>AL</b> | <b>MC</b> | <b>SN<sup>(2)</sup></b> |
|-------------------------------|-------------------------|-----------|-----------|-------------------------|
| Average available units/beds: |                         |           |           |                         |
| 2024                          | 302                     | 44        | 61        | 125                     |
| 2025                          | 307                     | 44        | 61        | 125                     |
| 2026                          | 309                     | 44        | 61        | 125                     |
| Average occupied units/beds:  |                         |           |           |                         |
| 2024                          | 273                     | 38        | 56        | 109                     |
| 2025                          | 280                     | 38        | 56        | 109                     |
| 2026                          | 282                     | 38        | 56        | 109                     |
| Occupancy <sup>(3)</sup> :    |                         |           |           |                         |
| 2024                          | 90%                     | 87%       | 91%       | 87%                     |
| 2025                          | 91%                     | 87%       | 91%       | 87%                     |
| 2026                          | 91%                     | 87%       | 91%       | 87%                     |

Source: Management.

#### Notes:

- (1) Management has forecasted the construction of eight new IL cottage units. Management assumes four cottages will be available for occupancy and filled in December 2024. Management assumes the remaining four cottages will be available for occupancy and filled in July 2025.
- (2) The SN column assumptions include the five HA beds.
- (3) Management has forecasted occupancy based on historical trends and current expectations. Management reported occupancy at January 31, 2024 as follows: IL – 90%; AL – 84%; MC – 95%; and SN – 89%.

### IL Unit Resales and Related Entrance Fee Activity

Management assumed that a certain number of existing IL units would be vacated each year throughout the forecast period as a result of IL residents transferring from IL due to resident attrition, termination of IL resident agreements, or permanent transfer to AL, MC or SN based on historical operating experience and future expectations. Management assumed that new IL resident agreements requiring the payment of an entrance fee and monthly fee would be executed each year for all vacated IL units, based on historical operating experience and future expectations.

Forecasted resident admissions and attrition for existing IL units and the related forecasted entrance fee proceeds and refunds each year during the forecast period are presented in the table below.

**Table 2**  
**IL Unit Resales and Related Entrance Fee Activity**  
**Existing IL Units**

| <b>Month/Year</b>          | <b>Number of Resales</b> | <b>Entrance Fee Proceeds</b> | <b>Entrance Fee Refunds<sup>(2)</sup></b> | <b>Net Entrance Fee Proceeds</b> |
|----------------------------|--------------------------|------------------------------|---|----------------------------------|
| Forecasted: <sup>(1)</sup> |                          |                              |   |                                  |
| 2024                       | 28                       | \$ 13,178,000                | \$ 7,250,000                              | \$ 5,928,000                     |
| 2025                       | 30                       | 14,537,000                   | 6,600,000                                 | 7,937,000                        |
| 2026                       | 32                       | 15,973,000                   | 4,884,000                                 | 11,089,000                       |

Source: Management.

# **Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

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## **Summary of Significant Forecast Assumptions**

### **Notes:**

- (1) Management assumes 30% of new admissions to existing IL units during the forecast period will choose the nonrefundable contract, 35% will choose the 50% refundable contract, and 35% will choose the 90% refundable contract based on historical experience and future expectations.
- (2) Aldersgate owes refunds for entrance fee contracts that were terminated prior to 2024. Management assumes that all conditions for payments of those refunds are satisfied in 2024. The 2024 refund amount reported in the table above is inclusive of those refund payments. Management assumes some of the refunds owed for entrance fee contracts terminated in 2024 will be paid in 2025; the 2025 refund amount reported in the table above is inclusive of those refund payments. Management assumes the Organization will become current with the refunds owed for previously terminated entrance fee contracts by the end of 2025. Management forecasted the refund payments in 2026 pertain to entrance fee contracts that terminate and satisfy conditions for refund payment in 2026.

For the eight new IL cottage units, Management assumes that three units will be sold under the nonrefundable contract, three units will be sold under the 50% refundable contract, and two units will be sold under the 90% refundable contract. Management forecasted initial entrance fee deposits and proceeds of \$3,723,000 in 2024 and \$1,166,000 in 2025 related to the new units. It is assumed the initial entrance fees on the new units will be utilized to pay for all construction-related costs of the new cottages. Management assumes there will be no new admissions (beyond the initial move-ins) or entrance fee refunds for the new IL cottage units during the forecast period.

### **Revenues and Entrance Fees**

Revenues are primarily generated from monthly and daily fees received from residents and others for IL, AL, MC and SN services. Revenues have been forecasted based on Management's anticipated occupancy levels, historical operating experience, and future expectations. Management assumes the private pay monthly and daily fees charged to residents will increase 5.0% annually during the forecast period. Management assumes that Medicare, Medicare Managed Care, and Medicaid daily rates for SN services will increase 1.0% each year during the forecast period.

Management also assumes that private pay ancillary and other resident service revenues will increase 5.0% each year during the forecast period based on historical operating experience and future expectations.

Entrance fees represent initial payments made by residents in exchange for membership at Aldersgate. Membership includes the use and privileges of amenities and discounted fees for certain residents when using healthcare accommodations. Entrance fees are based on the accommodation chosen by the resident. Aldersgate offers three types of lifecare residency agreements distinguished by the extent to which the entrance fee is refundable. Residency agreement offerings include a non-refundable contract, a 50% refundable contract, and a 90% refundable contract.

Management assumes the entrance fees will increase 3.0% annually during the forecast period.

# Aldersgate United Methodist Retirement Community, Inc. and Subsidiary

## Summary of Significant Forecast Assumptions

Forecasted entrance fees and monthly fees are based on the following price ranges provided by Management.

**Table 3**  
**Entrance Fees and Monthly Fees - Non-refundable Contract – Existing IL Units**  
(in 2024 Dollars)

| Type of Unit                       | Square Footage | # Units    | Non-refundable Entrance Fee <sup>(1)</sup> | Monthly Fee     |
|------------------------------------|----------------|------------|--|-----------------|
| Apartments                         | 585-1,660      | 209        | \$ 123,000-447,000                         | \$ 3,345-7,060  |
| Cottages                           | 1,548-2,158    | 92         | 205,000-440,000                            | 4,728-6,901     |
| <b>Total/Weighted Average Fees</b> |                | <b>301</b> | <b>\$ 284,000</b>                          | <b>\$ 5,036</b> |

Source: Management.

Notes:

- (1) Management assumes 30% of new admissions to existing IL units during the forecast period will choose the nonrefundable contract, 35% will choose the 50% refundable contract, and 35% will choose the 90% refundable contract based on historical experience and future expectations.
- (2) Second person entrance fee is \$46,500 and monthly fee is \$1,514.

**Table 4**  
**Entrance Fees and Monthly Fees - Refundable Contract – Existing IL Units**  
(in 2024 Dollars)

| Type of Unit                       | Square Footage | # Units    | Refundable Entrance Fee <sup>(1)(2)</sup> | 50% Plan Monthly Fee | 90% Plan Monthly Fee |
|------------------------------------|----------------|------------|---|----------------------|----------------------|
| Apartments                         | 585-1,660      | 209        | \$ 228,000-836,000                        | \$ 2,676-5,650       | \$ 3,345-7,060       |
| Cottages                           | 1,548-2,158    | 92         | 372,000-840,000                           | 3,788-5,479          | 4,728-6,901          |
| <b>Total/Weighted Average Fees</b> |                | <b>301</b> | <b>\$ 531,000</b>                         | <b>\$ 4,029</b>      | <b>\$ 5,036</b>      |

Source: Management.

Notes:

- (1) Management assumes 30% of new admissions to existing IL units during the forecast period will choose the nonrefundable contract, 35% will choose the 50% refundable contract, and 35% will choose the 90% refundable contract based on historical experience and future expectations.
- (2) Refundable entrance fees for the 50% refundable contract and the 90% refundable contract are the same, as reported by Management.
- (3) Second person entrance fee is \$46,500 and monthly fee is \$1,514.

# **Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

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## **Summary of Significant Forecast Assumptions**

### **AL, MC and SN Daily Fees**

Forecasted weighted average daily fees for SN, AL and MC services are presented below.

**Table 5**  
**Weighted Average Daily Fees**  
**(In 2024 Dollars)**

| <b>Level of Care and Payor</b> | <b>Daily Fees</b> |
|--------------------------------|-------------------|
| AL:<br>Private Pay             | \$ 219            |
| MC:<br>Private Pay             | \$ 250            |
| SN:<br>Private Pay             | \$ 363            |
| Medicare Part A                | \$ 538            |
| Medicare Managed Care          | \$ 451            |
| Medicaid                       | \$ 266            |

Source: Management.

Management assumes the payor mix for SN services will be 54% private pay, 29% Medicare Part A, 8% Managed Medicare and 9% Medicaid throughout the forecast period based on historical operating experiences and future expectations.

### **Contributions**

Management assumes that the Corporation would receive unrestricted contributions from donors of \$60,000 each year during the forecast period based on historical operating experience and future expectations.

### **Investment Return**

Investment return is forecasted to be comprised of interest and dividends and unrealized gains on investments. Management assumes that interest and dividends will approximate 2.0% and unrealized gains will approximate 0.5% of the average balance in investments each year during the forecast period.

### **Expenses**

Operating expenses have been forecasted based upon Management's anticipated costs at the forecasted occupancy levels, historical operating experience, and future expectations.

Management assumes that there will be no change in full-time equivalent (FTE) employees during the forecast period. Salaries and wages, which were forecasted based on historical operating experience, were assumed to increase at an average rate of 4.0% annually during the forecast period. Payroll taxes and employee benefit costs, which were forecasted based on historical operating experience and future expectations, were assumed to equal approximately 21.0% of salaries and wages each year during the forecast period. Management assumes in 2024 there will be approximately 356 FTEs with an average annual salary of \$57,990.

# **Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

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## **Summary of Significant Forecast Assumptions**

Management forecasted insurance expense to increase 10.0% annually and utilities to increase 6.0% annually each year during the forecast period. All other operating expenses, excluding the provision for doubtful collections, were generally assumed to increase 4.0% each year during the forecast period. The provision for doubtful collections is forecasted to equal 1.0% of net resident service revenues, less amortization of entrance fees, each year during the forecast period.

The outcome of the forecast is particularly sensitive to variances in costs for staffing and other operating expenses. Management's forecast assumes its current staffing costs are appropriate for the market, which allows for modest expected increases during the forecast period. In addition, Management assumes that if there are further unexpected increases in staffing and other operating expenses, those could be offset by the ability to increase charges for resident services.

## **Property and Equipment**

Management assumes the useful lives of depreciable assets range from 10 to 30 years. Management has forecasted routine capital expenditures of \$2,814,000 in 2024, \$4,500,000 in 2025, and \$5,000,000 in 2026. In addition, Management has forecasted construction costs for the new cottages of \$2,283,000 in 2024 and \$1,645,000 in 2025 based on contractor estimates. Management expects to enter into a construction contract for the new cottages with payment terms generally aligned with collection of the entrance fee proceeds.

## **Related Party Transactions**

Aldersgate will be providing management services to At Home under the terms of a management agreement effective January 1, 2024. The management fee is assumed to equal 4.0% of At Home's annual revenues. Management has forecasted management fee income at \$149,000 in 2024 and \$155,000 in 2025 and 2026.

At January 1, 2024, there is an outstanding intercompany receivable of \$838,000 due to Aldersgate from At Home. Management is in the process of resolving an inter-company loan agreement for reimbursement of the outstanding amount. Forecasted terms include monthly payments, beginning in March 2024, of principal and interest of \$5,000 with an annual interest rate of 5.0%. Management has not forecasted any additional working capital transfers to support At Home during the forecast period.

## **Long-Term Debt and Interest Expense**

Long-term debt consists of the following North Carolina Medical Care Commission issuances:

- Retirement Facilities Revenue Bonds, Series 2015 (Series 2015 Bonds)
- Retirement Facilities Revenue Refunding Bonds, Series 2017A (Series 2017A Bonds)
- Retirement Facilities Revenue Refunding Bonds, Series 2021A (Series 2021A Bonds)
- Retirement Facilities Revenue Refunding Bonds, Series 2021B (Series 2021B Bonds)

Management assumes principal payments will be made during the forecast period in accordance with each debt structure. Total forecasted principal payments are \$3,359,000 in 2024, \$3,455,000 in 2025, and \$3,550,000 in 2026.

The Corporation has two interest rate swap agreements to mitigate exposure to fluctuating variable interest rates in connection with the Series 2021A Bonds and Series 2021B Bonds. The swap agreements expire in July of 2033. The fair value of the swap agreements is presented in the forecasted consolidated balance sheets at the assumed amount the Corporation would receive if the agreements were terminated, which was \$3,412,000 at December 31, 2023. Management did not assume any changes in the fair value of the interest rate swaps during the forecast period.

Interest is forecasted annually throughout the forecast period, based on existing debt agreements, as follows: Series 2015 Bonds are forecasted to bear interest at 4.8%, Series 2017A Bonds are forecasted to bear interest at a rate of 4.5%, Series 2021A Bonds are forecasted to bear interest at a rate of 2.66%, and Series 2021B Bonds are forecasted to bear interest at a rate of 1.58%.

# **Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

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## Summary of Significant Forecast Assumptions

### **Working Capital Assumptions**

Management assumes the following working capital assumptions:

Accounts receivable, residents, net – 35 days of forecasted annual net resident service revenue.

Prepaid expenses and other current assets – 23 days of forecasted annual non-salary expenses.

Accounts payable – 40 days of forecasted annual non-salary expenses. In addition, as of January 1, 2024, the Corporation has accumulated balances of approximately \$1.5 million due to certain vendors for which Management has assumed repayment from excess cash flow. Past due vendor balances are assumed to be primarily resolved by December 2024.

Accrued payroll and related expenses – 25 days of forecasted payroll-related costs.

Management has received payments related to the Employee Retention Credit (ERC) and has reported the amounts received as ERC payable and ERC liability reserve, under assets whose use is limited in the accompanying forecasted consolidated balance sheets pending final resolution of reporting compliance.

**Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

Forecasted Consolidated Monthly Balance Sheet Schedule  
January - December 2024  
(In Thousands of Dollars)

|  | January<br>2024 | February<br>2024 | March<br>2024 | April<br>2024 | May<br>2024 | June<br>2024 | July<br>2024 | August<br>2024 | September<br>2024 | October<br>2024 | November<br>2024 | December<br>2024 |
|--|-----------------|------------------|---------------|---------------|-------------|--------------|--------------|----------------|-------------------|-----------------|------------------|------------------|
| <b>Assets</b>                                      |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
| <b>Current Assets</b>                              |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
| Cash and cash equivalents                          | \$ 2,186        | \$ 2,228         | \$ 2,181      | \$ 2,212      | \$ 2,187    | \$ 2,199     | \$ 2,186     | \$ 2,175       | \$ 2,194          | \$ 2,175        | \$ 2,201         | \$ 2,187         |
| Investments  | 2,033           | 1,826            | 1,868         | 1,438         | 2,958       | 2,409        | 1,856        | 1,457          | 1,150             | 956             | 624              | 3,065            |
| Accounts receivable, residents, net                | 4,363           | 4,484            | 4,363         | 4,421         | 4,363       | 4,421        | 4,363        | 4,363          | 4,421             | 4,363           | 4,421            | 4,396            |
| Entrance fee receivable                            | 377             | 377              | 377           | 377           | 377         | 377          | 377          | 377            | 377               | 377             | 377              | 377              |
| Due from related party, current                    | 17              | 19               | 19            | 19            | 19          | 19           | 19           | 19             | 19                | 19              | 19               | 19               |
| Prepaid expenses and other current assets          | 938             | 987              | 933           | 968           | 940         | 953          | 945          | 933            | 954               | 932             | 962              | 946              |
| Total current assets                               | 9,914           | 9,921            | 9,741         | 9,435         | 10,844      | 10,378       | 9,746        | 9,324          | 9,115             | 8,822           | 8,604            | 10,990           |
| <b>Assets Limited as to Use</b>                    |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
| Designated for statutory operating reserve         | 10,433          | 10,433           | 10,433        | 10,433        | 10,433      | 10,433       | 10,433       | 10,433         | 10,433            | 10,433          | 10,433           | 10,433           |
| Employee retention credit liability reserve        | 2,280           | 2,280            | 2,280         | 2,280         | 2,280       | 2,280        | 2,280        | 2,280          | 2,280             | 2,280           | 2,280            | 2,280            |
| Held under bond agreements                         | 6,988           | 7,292            | 7,596         | 7,900         | 8,204       | 8,512        | 6,775        | 7,079          | 7,383             | 7,687           | 7,991            | 8,293            |
| Board designated                                   | 983             | 983              | 983           | 983           | 983         | 983          | 983          | 983            | 983               | 983             | 983              | 983              |
| Donor restricted                                   | 1,163           | 1,163            | 1,163         | 1,163         | 1,163       | 1,163        | 1,163        | 1,163          | 1,163             | 1,163           | 1,163            | 1,163            |
| Total assets limited as to use                     | 21,847          | 22,151           | 22,455        | 22,759        | 23,063      | 23,371       | 21,634       | 21,938         | 22,242            | 22,546          | 22,850           | 23,152           |
| <b>Due From Related Party</b>                      |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | 821             | 819              | 818           | 816           | 815         | 813          | 812          | 810            | 808               | 807             | 805              | 804              |
| <b>Property and Equipment, Net</b>                 |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | 108,027         | 107,699          | 107,372       | 107,045       | 107,131     | 107,323      | 107,320      | 107,173        | 107,031           | 106,888         | 106,565          | 106,735          |
| <b>Assets Under Interest Rate Swap Agreements</b>  |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | 3,412           | 3,412            | 3,412         | 3,412         | 3,412       | 3,412        | 3,412        | 3,412          | 3,412             | 3,412           | 3,412            | 3,412            |
| <b>Other Assets</b>                                |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | 405             | 403              | 400           | 398           | 395         | 392          | 390          | 387            | 385               | 382             | 379              | 376              |
| <b>Beneficial Interest in Perpetual Trust</b>      |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | 534             | 534              | 534           | 534           | 534         | 534          | 534          | 534            | 534               | 534             | 534              | 534              |
| Total assets                                       | \$ 144,960      | \$ 144,939       | \$ 144,732    | \$ 144,399    | \$ 146,194  | \$ 146,223   | \$ 143,848   | \$ 143,578     | \$ 143,527        | \$ 143,391      | \$ 143,149       | \$ 146,003       |
| <b>Liabilities and Net Deficit</b>                 |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
| <b>Current Liabilities</b>                         |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
| Current maturities of long-term debt               | \$ 3,375        | \$ 3,385         | \$ 3,395      | \$ 3,405      | \$ 3,415    | \$ 3,425     | \$ 3,445     | \$ 3,455       | \$ 3,465          | \$ 3,475        | \$ 3,485         | \$ 3,455         |
| Accounts payable, trade and other accrued expenses | 2,999           | 2,973            | 2,767         | 2,717         | 2,557       | 2,467        | 2,342        | 2,207          | 2,133             | 1,982           | 1,907            | 1,842            |
| Accrued payroll and related expenses               | 1,712           | 1,713            | 1,712         | 1,438         | 1,712       | 1,712        | 1,705        | 1,705          | 1,705             | 1,705           | 1,705            | 1,705            |
| Accrued interest                                   | 340             | 602              | 873           | 1,137         | 1,407       | 1,669        | 337          | 602            | 865               | 1,133           | 1,396            | 1,662            |
| Employee retention credit liability                | 2,280           | 2,280            | 2,280         | 2,280         | 2,280       | 2,280        | 2,280        | 2,280          | 2,280             | 2,280           | 2,280            | 2,280            |
| Entrance fee refunds due                           | 1,069           | 1,069            | 1,069         | 1,069         | 1,069       | 1,069        | 1,069        | 1,069          | 1,069             | 1,069           | 1,069            | 1,069            |
| Entrance fee deposits                              | 747             | 747              | 747           | 747           | 2,026       | 2,026        | 2,026        | 2,026          | 2,026             | 2,026           | 2,026            | 1,913            |
| Total current liabilities                          | 12,522          | 12,769           | 12,843        | 12,793        | 14,466      | 14,648       | 13,204       | 13,344         | 13,543            | 13,670          | 13,868           | 13,926           |
| <b>Accounts Payable, Construction Related</b>      |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | -               | -                | -             | -             | 412         | 520          | 323          | 179            | 179               | 179             | -                | 491              |
| <b>Long-Term Debt, Net</b>                         |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | 99,806          | 99,564           | 99,321        | 99,079        | 98,836      | 98,594       | 97,901       | 97,659         | 97,416            | 97,174          | 96,931           | 96,689           |
| <b>Refundable Entrance Fees</b>                    |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | 50,231          | 50,250           | 50,269        | 50,288        | 50,307      | 50,326       | 50,345       | 50,364         | 50,383            | 50,402          | 50,421           | 51,759           |
| <b>Deferred Revenue From Entrance Fees</b>         |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | 27,471          | 27,624           | 27,776        | 27,929        | 28,082      | 28,234       | 28,387       | 28,540         | 28,692            | 28,845          | 28,998           | 30,378           |
| <b>Other Long-Term Liabilities</b>                 |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
|  | 104             | 104              | 104           | 104           | 104         | 104          | 104          | 104            | 104               | 104             | 104              | 104              |
| Total liabilities                                  | 190,134         | 190,311          | 190,313       | 190,193       | 192,207     | 192,426      | 190,264      | 190,190        | 190,317           | 190,374         | 190,322          | 193,347          |
| <b>Net Assets (Deficit)</b>                        |                 |                  |               |               |             |              |              |                |                   |                 |                  |                  |
| Without donor restrictions                         | (46,882)        | (47,080)         | (47,289)      | (47,502)      | (47,721)    | (47,911)     | (48,124)     | (48,320)       | (48,498)          | (48,691)        | (48,881)         | (49,052)         |
| With donor restrictions                            | 1,708           | 1,708            | 1,708         | 1,708         | 1,708       | 1,708        | 1,708        | 1,708          | 1,708             | 1,708           | 1,708            | 1,708            |
| Total net assets deficit                           | (45,174)        | (45,372)         | (45,581)      | (45,794)      | (46,013)    | (46,203)     | (46,416)     | (46,612)       | (46,790)          | (46,983)        | (47,173)         | (47,344)         |
| Total liabilities and net deficit                  | \$ 144,960      | \$ 144,939       | \$ 144,732    | \$ 144,399    | \$ 146,194  | \$ 146,223   | \$ 143,848   | \$ 143,578     | \$ 143,527        | \$ 143,391      | \$ 143,149       | \$ 146,003       |

**Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

Forecasted Consolidated Monthly Statement of Operations and Changes in Net Deficit Schedule  
For Each of the Twelve Months Ending December 31, 2024  
(In Thousands of Dollars)

|  | January<br>2024    | February<br>2024   | March<br>2024      | April<br>2024      | May<br>2024        | June<br>2024       | July<br>2024       | August<br>2024     | September<br>2024  | October<br>2024    | November<br>2024   | December<br>2024   | 2024<br>Total      |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Net Deficit Without Donor Restrictions</b>                                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Unrestricted revenues:   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Net resident service revenues:   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Nursing  | \$ 1,549           | \$ 1,457           | \$ 1,550           | \$ 1,503           | \$ 1,549           | \$ 1,503           | \$ 1,550           | \$ 1,549           | \$ 1,503           | \$ 1,550           | \$ 1,503           | \$ 1,549           | \$ 18,315          |
| Assisted living  | 269                | 251                | 269                | 260                | 269                | 260                | 269                | 269                | 260                | 269                | 260                | 269                | 3,174              |
| Memory support   | 430                | 402                | 430                | 416                | 430                | 416                | 430                | 430                | 416                | 430                | 416                | 432                | 5,078              |
| Independent living   | 1,437              | 1,437              | 1,438              | 1,438              | 1,439              | 1,437              | 1,439              | 1,439              | 1,437              | 1,439              | 1,438              | 1,466              | 17,284             |
| Amortization of entrance fees  | 323                | 322                | 323                | 322                | 322                | 323                | 322                | 322                | 323                | 322                | 322                | 322                | 3,87               |
| Total net resident service revenues  | 4,008              | 3,869              | 4,010              | 3,939              | 4,009              | 3,939              | 4,010              | 4,009              | 3,939              | 4,010              | 3,939              | 4,049              | 47,730             |
| Investment income  | 6                  | 3                  | 3                  | 3                  | 2                  | 5                  | 4                  | 3                  | 2                  | 2                  | 2                  | 1                  | 36                 |
| Other support  | 85                 | 85                 | 85                 | 85                 | 85                 | 85                 | 85                 | 85                 | 85                 | 85                 | 85                 | 85                 | 1,020              |
| Management fee   | 12                 | 12                 | 12                 | 12                 | 13                 | 12                 | 13                 | 13                 | 12                 | 13                 | 12                 | 13                 | 149                |
| Intercompany loan receivable interest income                                       | -                  | -                  | 3                  | 3                  | 4                  | 3                  | 4                  | 4                  | 3                  | 4                  | 3                  | 4                  | 35                 |
| Contributions  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 5                  | 60                 |
| Total unrestricted revenues  | 4,116              | 3,974              | 4,118              | 4,047              | 4,118              | 4,049              | 4,121              | 4,119              | 4,046              | 4,119              | 4,046              | 4,157              | 49,030             |
| Expenses:  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Nursing  | 1,002              | 937                | 1,002              | 970                | 1,002              | 970                | 1,002              | 1,002              | 970                | 1,002              | 970                | 1,002              | 11,831             |
| Assisted living  | 152                | 142                | 152                | 147                | 152                | 147                | 152                | 152                | 147                | 152                | 147                | 152                | 1,794              |
| Memory support   | 244                | 228                | 244                | 236                | 244                | 236                | 244                | 244                | 236                | 244                | 236                | 244                | 2,880              |
| Independent living   | 89                 | 83                 | 89                 | 86                 | 89                 | 86                 | 89                 | 89                 | 86                 | 89                 | 86                 | 91                 | 1,052              |
| Social services and activities   | 96                 | 89                 | 96                 | 92                 | 96                 | 92                 | 96                 | 96                 | 92                 | 96                 | 92                 | 96                 | 1,129              |
| Dietary  | 570                | 547                | 570                | 559                | 570                | 559                | 570                | 570                | 559                | 570                | 559                | 570                | 6,773              |
| Housekeeping and laundry   | 171                | 163                | 171                | 167                | 171                | 167                | 171                | 171                | 167                | 171                | 167                | 171                | 2,028              |
| Facility operations  | 430                | 422                | 430                | 426                | 430                | 426                | 430                | 430                | 426                | 431                | 427                | 431                | 5,139              |
| General and administrative   | 633                | 620                | 627                | 635                | 638                | 614                | 636                | 618                | 607                | 618                | 616                | 635                | 7,497              |
| Provision for bad debts  | 37                 | 35                 | 37                 | 36                 | 37                 | 36                 | 37                 | 37                 | 36                 | 37                 | 36                 | 37                 | 438                |
| Depreciation and amortization of deferred marketing costs                          | 564                | 564                | 564                | 563                | 563                | 565                | 564                | 563                | 559                | 561                | 559                | 561                | 6,748              |
| Interest   | 347                | 343                | 346                | 344                | 346                | 342                | 344                | 344                | 340                | 343                | 339                | 340                | 4,118              |
| Total expenses   | 4,335              | 4,173              | 4,328              | 4,261              | 4,338              | 4,240              | 4,335              | 4,316              | 4,225              | 4,312              | 4,236              | 4,328              | 51,427             |
| Operating loss   | (219)              | (199)              | (210)              | (214)              | (220)              | (191)              | (214)              | (197)              | (179)              | (193)              | (190)              | (171)              | (2,397)            |
| Nonoperating Revenues:   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Unrealized gain on investments   | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | -                  | -                  | -                  | 9                  |
| Revenues less than expenses<br>and change in net deficit without donor restriction | (218)              | (198)              | (209)              | (213)              | (219)              | (190)              | (213)              | (196)              | (178)              | (193)              | (190)              | (171)              | (2,388)            |
| <b>Net Deficit, Beginning</b>  | <b>(44,956)</b>    | <b>(45,174)</b>    | <b>(45,372)</b>    | <b>(45,581)</b>    | <b>(45,794)</b>    | <b>(46,013)</b>    | <b>(46,203)</b>    | <b>(46,416)</b>    | <b>(46,612)</b>    | <b>(46,790)</b>    | <b>(46,983)</b>    | <b>(47,173)</b>    | <b>(44,956)</b>    |
| <b>Net Deficit, Ending</b>   | <b>\$ (45,174)</b> | <b>\$ (45,372)</b> | <b>\$ (45,581)</b> | <b>\$ (45,794)</b> | <b>\$ (46,013)</b> | <b>\$ (46,203)</b> | <b>\$ (46,416)</b> | <b>\$ (46,612)</b> | <b>\$ (46,790)</b> | <b>\$ (46,983)</b> | <b>\$ (47,173)</b> | <b>\$ (47,344)</b> | <b>\$ (47,344)</b> |

**Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

Forecasted Consolidated Monthly Statement of Cash Flows Schedule  
For Each of the Twelve Months Ending December 31, 2024  
(In Thousands of Dollars)

|  | January<br>2024 | February<br>2024 | March<br>2024   | April<br>2024   | May<br>2024     | June<br>2024    | July<br>2024    | August<br>2024  | September<br>2024 | October<br>2024 | November<br>2024 | December<br>2024 |
|--|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|------------------|------------------|
| <b>Cash Flows From Operating Activities</b>  |                 |                  |                 |                 |                 |                 |                 |                 |                   |                 |                  |                  |
| Change in net deficit  | \$ (218)        | \$ (198)         | \$ (209)        | \$ (213)        | \$ (219)        | \$ (190)        | \$ (213)        | \$ (196)        | \$ (178)          | \$ (193)        | \$ (190)         | \$ (171)         |
| Adjustments to reconcile change in net deficit to net cash provided by operating activities: |                 |                  |                 |                 |                 |                 |                 |                 |                   |                 |                  |                  |
| Depreciation   | 562             | 562              | 562             | 561             | 561             | 562             | 561             | 560             | 556               | 556             | 558              | 555              |
| Amortization of debt issuance costs  | 7               | 7                | 7               | 7               | 7               | 7               | 7               | 7               | 7                 | 7               | 7                | 7                |
| Amortization of bond discount  | -               | 1                | -               | 1               | -               | 1               | -               | 1               | -                 | 1               | -                | 1                |
| Amortization of deferred marketing costs   | 3               | 2                | 3               | 2               | 3               | 3               | 2               | 3               | 2                 | 3               | 3                | 3                |
| Provision for bad debts  | 37              | 35               | 37              | 36              | 37              | 36              | 37              | 37              | 36                | 37              | 36               | 37               |
| Proceeds from nonrefundable entrance fees, existing units                                    | 475             | 475              | 475             | 475             | 475             | 475             | 475             | 475             | 475               | 475             | 475              | 477              |
| Amortization of entrance fees  | (323)           | (322)            | (323)           | (322)           | (322)           | (323)           | (322)           | (322)           | (323)             | (322)           | (322)            | (333)            |
| Unrealized gain on investments   | (1)             | (1)              | (1)             | (1)             | (1)             | (1)             | (1)             | (1)             | (1)               | -               | -                | -                |
| Changes in assets and liabilities:   |                 |                  |                 |                 |                 |                 |                 |                 |                   |                 |                  |                  |
| Accounts receivable, residents   | (1,494)         | (156)            | 84              | (94)            | 21              | (94)            | 21              | (37)            | (94)              | 21              | (94)             | (12)             |
| Due from related party   | -               | -                | 1               | 2               | 1               | 2               | 1               | 2               | 1                 | 2               | 1                | 1                |
| Prepaid expenses and other current assets  | 29              | (49)             | 54              | (35)            | 28              | (13)            | 8               | 12              | (21)              | 22              | (30)             | 16               |
| Accounts payable, trade and other accrued expenses   | 61              | (26)             | (206)           | (49)            | (160)           | (90)            | (125)           | (135)           | (74)              | (151)           | (75)             | (65)             |
| Accrued payroll and related expenses   | 172             | 1                | (1)             | (274)           | 274             | -               | (7)             | -               | -                 | -               | -                | -                |
| Employee retention credit payable  | 202             | -                | -               | -               | -               | -               | -               | -               | -                 | -               | -                | -                |
| Accrued interest   | (859)           | 262              | 271             | 264             | 270             | 262             | (1,332)         | 265             | 263               | 268             | 263              | 266              |
| Net cash provided by operating activities  | (1,347)         | 593              | 754             | 360             | 975             | 637             | (888)           | 671             | 650               | 725             | 633              | 782              |
| <b>Cash Flows From Investing Activities</b>  |                 |                  |                 |                 |                 |                 |                 |                 |                   |                 |                  |                  |
| Net sales (purchases) of investments and assets limited as to use                            | 1,262           | (96)             | (345)           | 126             | (1,823)         | 242             | 2,291           | 96              | 4                 | (110)           | 28               | (2,743)          |
| Purchase of property and equipment   | (235)           | (234)            | (235)           | (234)           | (647)           | (754)           | (558)           | (413)           | (414)             | (413)           | (235)            | (725)            |
| Net cash provided by (used in) investing activities  | 1,027           | (330)            | (580)           | (108)           | (2,470)         | (512)           | 1,733           | (317)           | (410)             | (523)           | (207)            | (3,468)          |
| <b>Cash Flows From Financing Activities</b>  |                 |                  |                 |                 |                 |                 |                 |                 |                   |                 |                  |                  |
| Change in accounts payable, construction   | -               | -                | -               | -               | 412             | 108             | (197)           | (144)           | -                 | -               | (179)            | 491              |
| Repayment of long-term debt  | (239)           | (240)            | (240)           | (240)           | (240)           | (240)           | (680)           | (240)           | (240)             | (240)           | (240)            | (280)            |
| Proceeds entrance fees and deposits, initial sales   | -               | -                | -               | -               | 1,279           | -               | -               | -               | -                 | -               | -                | 2,444            |
| Proceeds from refundable entrance fees, existing units                                       | 623             | 623              | 623             | 623             | 623             | 623             | 623             | 623             | 623               | 623             | 623              | 623              |
| Refunds of entrance fees   | (604)           | (604)            | (604)           | (604)           | (604)           | (604)           | (604)           | (604)           | (604)             | (604)           | (604)            | (606)            |
| Net cash (used in) provided by financing activities  | (220)           | (221)            | (221)           | (221)           | 1,470           | (113)           | (858)           | (365)           | (221)             | (221)           | (400)            | 2,672            |
| Net (decrease) increase in cash and cash equivalents   | (540)           | 42               | (47)            | 31              | (25)            | 12              | (13)            | (11)            | 19                | (19)            | 26               | (14)             |
| <b>Cash and Cash Equivalents, Beginning</b>  | <b>2,726</b>    | <b>2,186</b>     | <b>2,228</b>    | <b>2,181</b>    | <b>2,212</b>    | <b>2,187</b>    | <b>2,199</b>    | <b>2,186</b>    | <b>2,175</b>      | <b>2,194</b>    | <b>2,175</b>     | <b>2,201</b>     |
| <b>Cash and Cash Equivalents, Ending</b>   | <b>\$ 2,186</b> | <b>\$ 2,228</b>  | <b>\$ 2,181</b> | <b>\$ 2,212</b> | <b>\$ 2,187</b> | <b>\$ 2,199</b> | <b>\$ 2,186</b> | <b>\$ 2,175</b> | <b>\$ 2,194</b>   | <b>\$ 2,175</b> | <b>\$ 2,201</b>  | <b>\$ 2,187</b>  |
| <b>Supplemental Disclosure of Cash Flow Information</b>                                      |                 |                  |                 |                 |                 |                 |                 |                 |                   |                 |                  |                  |
| Cash paid for interest   | \$ 1,600        | \$ 73            | \$ 68           | \$ 72           | \$ 69           | \$ 72           | \$ 1,669        | \$ 71           | \$ 70             | \$ 67           | \$ 69            | \$ 66            |

**Aldersgate United Methodist Retirement Community, Inc. and Subsidiary**

Forecasted Consolidated Monthly Statement of Cash Flows Schedule

For Each of the Twelve Months Ending December 31, 2024

(In Thousands of Dollars)

(15) 103

## **Attachment IV**

### **Residency & Related Agreements**

|   |     |
|---|-----|
| Reservation Agreement.....                              | 105 |
| Reservation Agreement for New Wesley Glen Residences .. | 108 |
| Residency and Services Agreement.....                   | 111 |
| Lease Agreement .....                                   | 133 |
| Acknowledgment of Disclosure Statement.....             | 139 |
| Mediation and Binding Arbitration Agreement.....        | 140 |



ALDERSGATE  
RESERVATION AGREEMENT  
FOR RESIDENCES OF ALDERSGATE  
CHARLOTTE, NORTH CAROLINA

This Reservation Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between Aldersgate United Methodist Retirement Community ("the Community" or "Aldersgate"), a non-profit corporation, and \_\_\_\_\_ (individually and/or collectively "You" or "Resident" or "Member").

WHEREAS, You desire to reserve residence number, \_\_\_\_\_ a \_\_\_\_\_ style residence of \_\_\_\_\_ (the "Residence").

NOW, therefore, You and Aldersgate agree as follows:

1. Preliminary Agreement: This Reservation Agreement is preliminary to the Residence and Services Agreement which will be entered into by You upon completion of the application process and approval by Aldersgate.
2. Residence and Services Agreement and Disclosure Statement: Aldersgate will provide You a copy of the Residence and Services Agreement and its most recent Disclosure Statement upon entering into this Reservation Agreement.
3. Entrance Fee: You agree to pay the Entrance Fee(s) shown below for the Residence

selected: Contract Type:       0%       50%

Entrance Fee First Person:      \$ \_\_\_\_\_

Entrance Fee Second Person: \$ \_\_\_\_\_

Total Entrance Fee Amount:      \$ \_\_\_\_\_

4. Terms of Payment of the Entrance Fee: You agree to pay the Entrance Fee(s) for the Residence according to the following terms:

- Initial \$1,000 Reservation Deposit: Upon entering into this Reservation Agreement and prior to entering into the Residence and Services Agreement, You agree to pay \$1,000.00 as an Initial Reservation Deposit. Such deposit is fully refundable.

- Initial 10% Reservation Deposit: An amount equal to ten percent (10%) of the total Entrance Fee, less the \$1,000.00 Reservation Deposit and less the \$1,000.00 Future Residency Club Deposit if applicable, totaling \$ \_\_\_\_\_ is paid within three (3) days after you receive written notice of approval of admission by Aldersgate and upon the execution of the Residence and Services Agreement.
- Amounts for Options and Custom Features: The full amount invoiced by Aldersgate for any Options or Custom Features, if any, is due upon receipt of the invoice and before any work will begin for any upgraded options.
- Balance of the Entrance Fee: An amount equal to 90% of the total Entrance Fee, or \$ \_\_\_\_\_ is due five (5) days prior to the Occupancy Date or within 60 days after the receipt of the 10% Reservation Deposit, unless otherwise agreed to in writing by the Community. Occupancy Date is considered the day that keys to the Residence are turned over from Aldersgate to Resident and Move-In Sheet is signed by Resident, which may or may not be the same day Resident physically moves into the Residence.

5. Monthly Fee(s): In addition to the Entrance Fee, and upon taking occupancy of the Residence, You agree to pay the Monthly Fee(s) shown below. The Monthly Fee(s) are estimated and are shown for the year given. The Monthly Fee(s) will be adjusted at least annually, and You will be given notice of such increases by Aldersgate. Monthly Fees will be billed starting the date that shall be billable upon occupancy or beginning no later than 60 calendar days from the date of receipt of 10% Deposit.

Monthly Fee First Person: \$ \_\_\_\_\_ in 20 \_\_\_\_

Monthly Fee Second Person: \$ \_\_\_\_\_ in 20 \_\_\_\_

Total Monthly Fee: \$ \_\_\_\_\_ in 20 \_\_\_\_

6. Application Forms Completed by You: You agree to complete the following application forms and return them to Aldersgate within ten (10) calendar days of signing this Reservation Agreement:

- General Information
- Personal Health History
- Confidential Financial Statement

7. Application Forms Completed by Others:

- Physician's Health History. You will give this to your physician to complete and return to Aldersgate no more than 30 days prior to Occupancy
- Independent Living Evaluation. Prior to move in, this will be conducted by a professional chosen by Aldersgate and must be conducted within 30 days of Occupancy.

8. **Final Forms at Move-in:** Prior to move-in, the final physician health history forms and updated financial statement forms are required.

ALDERSGATE UNITED METHODIST  
RETIREMENT COMMUNITY, INC.

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Member, First Person Printed

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Member, First Person Signature

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Member, Second Person Printed

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

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Member, Second Person Signature

Signed: \_\_\_\_\_

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Current Address

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

---

City, State, Zip Code

---

Home Telephone

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Cell Phone First Person

---

Email First Person

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Cell Phone Second Person

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Email Second Person



## ALDERSGATE RESERVATION AGREEMENT

### FOR NEW WESLEY GLEN RESIDENCES OF ALDERSGATE CHARLOTTE, North CAROLINA

This Reservation Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Aldersgate United Methodist Retirement Community ("the Community" or "Aldersgate"), a non-profit corporation, and \_\_\_\_\_ (individually and/or collectively "you" or "Resident" or "Member").

WHEREAS, You desire to reserve residence number \_\_\_\_\_ a \_\_\_\_\_ style residence of \_\_\_\_\_ (the "Residence").

NOW, THEREFORE, You and Aldersgate agree as follows:

1. Preliminary Agreement: This Reservation Agreement is preliminary to the Residence and Services Agreement which will be entered into by You upon completion of the application process and approval by Aldersgate.
2. Residence and Services Agreement and Disclosure Statement: Aldersgate will provide You a copy of the Residence and Services Agreement and *its* most recent Disclosure Statement upon entering into this Reservation Agreement.
3. Entrance Fee; You agree to pay the Entrance Fee(s) shown below for the Residence

selected: Contract Type:  0%  50%

Entrance Fee First Person: \$ \_\_\_\_\_

Entrance Fee Second Person: \$ \_\_\_\_\_

Total Entrance Fee Amount: \$ \_\_\_\_\_

4. Terms of Payment of the Entrance Fee: You agree to pay the Entrance Fee(s) for the Residence according to the following terms:
  - a. Initial \$1,000 Reservation Deposit: Upon entering into this Reservation Agreement and prior to entering into the Residence and Services Agreement, You agree to pay \$1,000.00 as an Initial Reservation Deposit. Such deposit is fully refundable should You choose not to proceed with the reservation process and not enter into the Residence and Services Agreement for any reason, including the denial of your application for admission by Aldersgate. The deposit fully applies toward the Entrance Fee should You proceed with the reservation process and enter into the

Residence and Services Agreement and your Residence and Services Agreement is approved by Aldersgate.

- b. **Initial 10% Reservation Deposit:** An amount equal to ten percent (10%) of the total Entrance Fee, less the \$1,000.00 Reservation Deposit and less the \$1,000 Future Residency Club deposit if applicable, totaling \$\_\_\_\_\_ is paid. within five (5) calendar days after You receive written notice of approval of admission by Aldersgate and upon execution of the Residence and Services Agreement.
- c. Amounts for Options and Custom Features:
  - a. **A Deposit of One-Third of the Total Entrance Fee.** An amount equal to one-third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/Custom Features; less the paid Reservation Deposit paid at the time that the executive home site begins to be cleared; and,
  - b. **A Deposit of One-Third of the Total Entrance Fee.** An amount equal to one third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/ Custom Features, less the paid Reservation Deposit paid when the Community determines and notifies Member that construction of the Wesley Glen Executive Home has reached 500/o of substantial completion; and,
  - c. **Balance of the Entrance Fee.** The balance of the total Entrance Fee, the amount which will be considered for refundable amount if applicable, including any outstanding balance for Options/Custom Features selected by the Member is to be paid at the Occupancy Date, unless otherwise agreed to in writing by the Community. If a change order occurs after selections have been submitted to the builder, they will be evaluated on a case-by-case basis and the amount for the upgrades will be due in full at the time of the acceptance of the change order.
5. **Monthly Fee(s):** In addition to the Entrance Fee, and upon taking occupancy of the Residence, You agree to pay the Monthly Fee(s) shown below. The Monthly Fee(s) are estimated and are shown for the year given. The Monthly Fee(s) will be adjusted at least annually, and You will be given notice of such increases by Aldersgate. Monthly Fees will be billed starting the date that keys are turned over and Move-In Sheet is signed by Resident.

Monthly Fee First Person: \$\_\_\_\_\_ in 20\_\_

Monthly Fee Second Person: \$\_\_\_\_\_ in 20\_\_

Total Monthly Fee: \$\_\_\_\_\_ in 20\_\_

6. Cancellation Policy: If cancellation is made at any point after signature of this document & receipt of 10% deposit, the depositor will be required to continue to make the scheduled payments in line with all options and selections made through completion and they will only be refunded at the time the residence is re-sold at the same price.
7. Application Forms Completed by You: You agree to complete the following application forms and return them to Aldersgate within ten (10) calendar days of signing this Reservation Agreement:
  - General Information
  - Personal Health History
  - Confidential Financial Statement
8. Application Forms Completed by Others:
  - Physician's Health History. You will give this to your physician to complete and return to Aldersgate no more than 30 days prior to Occupancy.
  - Independent Living Evaluation. Prior to move in, this will be conducted by a professional chosen by Aldersgate and must be conducted within 30 days of Occupancy. The Independent Living Evaluation determines Member Health Care Rate and Benefits.
9. Final Forms at Move-in: Prior to move-in, the final physician health history forms and updated financial statement forms are required.

ALDERSGATE UNITED METHODIST  
RETIREMENT COMMUNITY, INC.

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Member, First Person Printed

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Member, First Person Signature

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

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Member, Second Person Printed

Signed \_\_\_\_\_

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Member, Second Person Signature

Title \_\_\_\_\_

---

Current Address \_\_\_\_\_

---

City, State, Zip Code \_\_\_\_\_

Phone: \_\_\_\_\_

Cell: \_\_\_\_\_

Email: \_\_\_\_\_

**RESIDENCE AND SERVICES AGREEMENT**  
**Aldersgate United Methodist Retirement Community, Inc.**  
**Charlotte, North Carolina**

This Residence and Services Agreement ("Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Aldersgate United Methodist Retirement Community ("the Community" or "Aldersgate") and \_\_\_\_\_ (individually and/or collectively "you" or "Resident" or "Member"). If individuals desiring to share a Residence at Aldersgate enter into this Agreement, the terms "you" or "Resident" or "Member" shall apply to them jointly and severally and to their survivor.

WHEREAS, the Community is owned by Aldersgate United Methodist Retirement Community, Inc., a non-profit corporation of Charlotte, North Carolina; and

WHEREAS, the Community presently owns and operates a continuing care retirement community located at 3800 Shamrock Drive, Charlotte, North Carolina; and

WHEREAS, the Member desires to enter into membership at the Community, and the Community is willing to accept the Member and to provide services to the Member, all to be accomplished in accordance with the terms and conditions set forth in this Agreement;

WHEREAS, the Member desires to reserve an apartment or cottage in the Community;

NOW, THEREFORE, the Member and the Community agree as follows:

**I. RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES**

- A. **Residence.** The Member shall have the exclusive right to occupy, use, and enjoy Residence number \_\_\_\_\_, a \_\_\_\_\_ type of Residence ("Residence"), subject to the terms of this Agreement and the policies and procedures of Aldersgate. The right to receive services under this Agreement shall apply exclusively to the named Member hereunder, and to no other individual(s). No person other than the Member entering into this Agreement shall be permitted to occupy the Residence without the express written permission of the Community as hereinafter provided.
- B. **Options and Custom Features in the Residence.** The Community may provide and the Member may select certain Options/Custom Features at an additional charge for the Residence as described in the Community's Options/Custom Features literature. Any such Options/Custom Features selected and paid for by the Member will become part of the Residence and the property of the Community upon occupancy or re- occupancy. Approval of all said items is at the discretion of the Community. The cost of any such Options/Custom Features will not become part of a refundable Entrance Fee.
- C. **Common Areas and Amenities.** The Community currently provides common areas and amenities for the use and benefit of all Members which are subject to change upon thirty (30) days' notice to Members.

D. **Parking.** The Community will provide lighted and well-maintained parking areas for the Member's personal vehicle and his or her guests. Members living in the Gateway Project will be provided one parking space per residence in the underbuilding parking.

E. **Services and Programs.**

1. **Temporary Absence.** Temporary absence of the Resident from the Community for vacation, travel, business, medical care or otherwise does not change the Resident's obligation to pay the full monthly fee.
2. **Utilities.** The Community will furnish heating, air conditioning, electricity, water, sewer, trash removal, and municipal services. The Member is responsible for the charges related to telephone, cable television and internet service.
3. **Meals.** The Community will make available to Members nutritionally well- balanced meals daily served in Community dining areas. The cost of additional meals taken in excess of those provided by a selected meal plan will be billed on a monthly basis. All Independent Living residents have a meal plan which is included within the Monthly Service Fee, equating to \$400 in value of the monthly service fee per month per resident. Meal credits operate on a declining balance over the course of the month, with any overages accounted for on resident's monthly statement. Each resident can have a maximum of \$100 carryover per month. Meal credits, with the equivalent values to three meals a day, are included in the monthly or daily fee for Members living in Assisted Living or the nursing center ("Health Care Facility").
4. **Housekeeping Services.** The Community agrees to maintain the Residence by providing weekly housekeeping services including vacuum cleaning, dusting, dressing of beds, cleaning of baths and kitchens, and trash removal. Additional housekeeping may be scheduled at the request and expense of the Member.
5. **Laundry.** Bed and bath linens will be provided for all Members in Assisted Living and the Health Care Facility.
6. **Grounds Keeping.** The Community will furnish basic groundskeeping services including lawn, tree, and shrubbery care for those items provided by Aldersgate. You may plant items approved by authorized staff, and you will maintain those certain areas designated for such purpose.

7. **Maintenance and Repairs.** The Community will maintain and keep in repair its own improvements, furnishings, and equipment. The Member will be responsible for the cost of repairing damage to property of the Community caused by the negligence of the Member or any guest of the Member, ordinary wear and tear excepted.
8. **Transportation.** The Community will provide local transportation for the Member on a regular, scheduled basis, and transportation to local doctor and medical appointments without additional charge within an area designated by the Community when scheduled through the Life Enrichment department, within a designated timeframe. An additional charge may be made for transportation for special or group trips.
9. **Security.** The Community will provide twenty-four (24) hour staffing including a security patrol.
10. **Activities.** The Community will provide planned and scheduled social, recreational, spiritual, educational, and cultural activities; arts and crafts; wellness and health programs; and other special activities designed to meet the needs of the Member(s).
11. **Health Care Benefit.** If it is determined in the future by the Community and the medical services provider that the Member requires assisted living services or nursing care, the Community will provide the Member with assisted living services in our assisted living or memory support centers (together referred to as "Assisted Living") or nursing services in our nursing center ("Health Care Facility"), as described below and subject to changes in law.
  - a. **Admission.** The Community will admit the Member to Assisted Living or the Health Care Facility on a temporary or permanent basis as needed. Use of these assisted living services or nursing care shall require the certification of such need by the Member's attending physician and shall be subject to availability of an appropriate accommodation at the Community.

In the event that space for the Member, for any reason, is not available in the Assisted Living or the Health Care Facility upon determination that a permanent transfer is required, the Community will arrange and pay for the Member's care in their Residence or in another facility of the Community's choice as deemed appropriate by the Community and their medical services provider, if reasonably possible, until space becomes available in Assisted Living or the Health Care Facility. The Community will pay for care in another facility to the same extent as if the care were provided by the Community. The Member will pay monthly or daily service fees to Aldersgate as if the Member were in Assisted Living or the Health Care Facility. If the cost of care at the other facility is higher than at the Community, the Community will pay the difference.

- b. Assisted Living.** The Community will provide to the Member, in an assisted living residence, services designed to assist with the activities of daily living in accordance with applicable North Carolina law. Services may include assistance with dressing, eating, bathing, toileting, medication administration and ambulating. Additional services, level of care fees and ancillary products may also be provided at additional charge.
  - c. Memory Support.** The Community will provide to the Member, in a memory support assisted living residence, services designed to assist with the activities of daily living in accordance with applicable North Carolina law. Services may include assistance with dressing, eating, bathing, toileting, medication administration and ambulating. Additional services, level of care fees and ancillary products may also be provided at additional charge.
- d. Nursing Care.** The Community will provide licensed nursing care services to the Member. The care provided will include those services required by the applicable law to be supervised or administered by a professional licensed nursing staff, e.g., medication administration, condition and behavior observation and assessment, creation and administration of a care plan, assistance with activities of daily living and communication with physicians and other providers. The Members will be responsible for charges for prescription medications, drugs, supplies, and services above those included in the monthly or daily rate.
- e. Fees and Charges.** In exchange for payment of the applicable Monthly Service Fee, the Community will provide assisted living services or nursing care to the extent that it is not covered by the Member's insurance, Medicare, or any other governmental programs or entitlements which the Member is required to maintain under this Agreement, subject to the following:

#### **Effect on Monthly Service Fee**

- 1. Temporary Transfers.** A transfer is considered temporary when the condition that requires the Member's transfer has the potential to be resolved in a manner which may allow the Member to return to the Member's residence. The Member's Residence will be held for the resident's return.
  - a. Single Occupancy.** Should the Member have a temporary need for Assisted Living or Health Care Facility services while the Member is still occupying the Residence, the Member will pay both the then- current Monthly Service Fee for their Residence and the then- current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.

- b. **Double Occupancy.** Should one or both Residents have a temporary need for Assisted Living or Health Care Facility services while still occupying the Residence, the Resident will continue to pay the then-current Monthly Service Fee less the then-current second person Monthly Service Fee for the Residence. Additionally, each Resident requiring temporary care provided in assisted Living or Health Care Facility, will be required to pay the then-current applicable pro-rated monthly rate at Assisted Living or the then-current daily rate at the Health Care Facility.
- c. **Temporary Utilization.** Temporary utilization of Assisted Living or Health Care Facility services does not constitute a change of accommodation subject to the provisions of Section IV. M Change of Accommodations.

- 2. **Permanent Transfers.** A transfer is considered permanent when a condition requires a move to one of the levels of Healthcare and will not allow the Resident to return to their Residence and the Residence has been vacated. A move from Independent Living to another Independent Living residence due to health circumstances, upon approval, will be subject to a Transfer Fee of \$15,000. The exact amount may vary depending on the circumstances which will be evaluated at the time of transfer approval. Aldersgate reserves the right to waive or modify such transfer charges.

- a. **Single Occupancy.** Should the Member have a permanent need for Assisted Living or Health Care Facility services, the Resident will be required to release their Residence as provided in Section V. If the Member entered the Community as a qualified Health Care Benefit Member, the Monthly Service Fee will be initially adjusted to the market rate of the 90% Refundable Contract Option Monthly Service Fee for the two bedroom two bathroom Sycamore type independent living residence plus the cost of additional meals such that the Member will receive Dining Dollars with the equivalent point value to three (3) meals per person per day (the "Health Care Benefit Rate"). If the Member is not eligible for the Qualified Health Care Benefit, the monthly fee will be the current monthly fee for the accommodation the member is moving to. (See Exhibit A for the current fee schedule.)

- b. **Double Occupancy.** Should one Resident have a permanent need for Assisted Living or Health Care Facility services, the Monthly Service Fee will be equal to the then-current Monthly Service Fee for the Residence for one person plus either the Health Care Benefit Rate or Member rate without Health Care Benefits for the Assisted Living Facility or Health Care Facility reference in Exhibit A. Should both Residents have a permanent need for Assisted Living or Health Care Facility services, Resident will be required to release the residence as provided under Section V of the Agreement. The Monthly Service Fee will be initially adjusted to two times the Health Care Benefit rate or Monthly Service rate for the Assisted Living Facility or Health Care rate listed in Exhibit A.

3. **Additional Charges.** Resident will be responsible for all costs and charges associated with Assisted Living or the Health Care Facility services that are not covered by the monthly or daily rates for such care then in effect which may include prescription medications, drugs, supplies, therapies, ancillary charges, and level of care fees, if applicable. In the event of a temporary or permanent transfer, the Member will be responsible for all costs of relocation.

12. **Nursing Care and Residential Clinic Services**

a. **Nursing Services.**

- 1) **Staffing.** The Assisted Living and the Health Care Facility are staffed by licensed or certified nursing staff twenty-four hours per day.
- 2) **Medical Director.** The overall supervision of health care services by the Community, in addition to participation with its quality assurance programs, will be provided by a Medical Director who will be a licensed physician selected by the Community.
- 3) **Charges.** Current charges for Assisted Living and the Health Care Facility, as described above, are set forth in Exhibit A of this Agreement.
- 4) **Personal Physician.** The Member may choose to use the services of a personal physician and will be responsible for the charges by the physician.

b. **Residential Clinic Services:**

- 1) The Community will provide access to routine clinic services.
- 2) Additional periodic medical services may be coordinated through the Residential Clinic including but not limited to: pharmacy services, dental, podiatric, audiology and optical services; and laboratory tests. The Residential Clinic is available to coordinate scheduling of rehabilitative assessment and evaluation and may also coordinate the obtaining of wheelchairs and other medical equipment and supplies. The cost of such services shall not be covered by and are in addition to the charges described in Section II. The Member will be billed directly by the provider of the services.

II. **FINANCIAL ARRANGEMENTS**

A. **Entrance Fees.** The Member agrees to pay to the Community an Entrance Fee as a condition of becoming a Member. In the case of a married couple paying a single Entrance Fee, the Entrance Fee paid is not allocated to each Member of the couple. Therefore, if one Member

of the couple leaves the Community for any reason but the other Member remains, any refundable portion of the Entrance Fee belongs to the Member who remains in the Residence. In cases where two Entrance Fees are paid for a single accommodation, for example related unmarried individuals, each Entrance Fee relates to the Member paying that Entrance Fee. The Entrance Fee is non-transferable, non-interest bearing and shall be the property of the Community for use in accordance with the terms of this Agreement, and shall not be subject to the claims of creditors of the Member. Any refundable portion of the Entrance Fee shall be governed by Section VI of this Agreement.

B. **Entrance Fee Options.** The Member shall choose one of the following options. The Community may, for any lawful reason, limit availability of one or more of the following Entrance Fee options.

| Entrance Fee Option | Amount of Entrance Fee | Amortization Schedule   |
|---------------------|------------------------|---|
| 50% Refundable      | \$                     | Subject to the provisions set forth in Section VI of this Agreement, 10% of this Entrance Fee becomes non-refundable immediately upon occupancy and an additional 1% per month for months eleven through 50 becomes non-refundable until 50% of the Entrance Fee is no longer refundable. |
| 0% Refundable       | \$                     | Subject to the provisions set forth in Section VI of this Agreement, 10% of this Entrance Fee becomes non-refundable immediately upon occupancy and an additional 2% per month for months six through 50 becomes non-refundable until 100% of the Entrance Fee is no longer refundable.   |

The Member must notify the Community in writing of the selection of the Entrance Fee Option on or before the date that the balance of the Entrance Fee is paid as provided in Section II. C. 3. below. The Member may not change the option selected after the date the balance of the Entrance Fee is paid.

C. **Terms of Payment of the Entrance Fee.** The terms of payment of the Entrance Fee shall be as follows:

1. **Reservation Deposit.** An amount equal to ten percent (10%) of the selected Entrance Fee totaling \$\_\_\_\_\_ is due and payable within ten (10) days after the Member receives written notice of approval and upon execution of this Agreement.
2. **Balance of the Entrance Fee.** The balance of the total Entrance Fee for the Entrance Fee Option selected by the Member is due and payable when the Residence is declared by the Community to be ready for occupancy, ("Occupancy Date") unless otherwise agreed to in writing by the Community.

D. **Fees.** In addition to the Entrance Fee, the Member agrees to pay a Monthly Service Fee that will be initially \$\_\_\_\_ per month for one person and an additional \$\_\_\_\_ per month for the second person. The Monthly Service Fee shall be due beginning on the Occupancy Date and will be prorated, if necessary, on a daily basis for the first and last months of occupancy. The Community may increase the Monthly Service Fee upon thirty (30) days' written notice to you. It is our intention to make any adjustments to the Monthly Service Fee only once per year. The Monthly Service Fee shall be billed in advance to the Resident on or before the third (3<sup>rd</sup>) business day of each month, and shall be paid on or before the tenth (10<sup>th</sup>) day of the month.

Fees for Additional Services will be charged in accordance with the Additional Services Fee Schedule published by the Community. Charges for Additional Services shall be billed on or before the third (3<sup>rd</sup>) business day of the following month, and shall be paid on or before the tenth (10<sup>th</sup>) day of the month. Fees for Additional Services may be changed by the Community during the term of this Agreement as described in Section E. below.

Exhibit B to this Agreement identifies the Monthly Service Fee and Additional Services selected by the Member upon occupancy.

E. **Changes in Fees.** Fees are intended to meet the costs associated with the operation and management of the Community's facilities, programs, and services described in this Agreement. The Community shall have the authority to change Fees from time to time during the term of this Agreement as the Community in its discretion deems necessary in order to reflect changes in costs of providing the Community's facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. A thirty (30) day notice will be given to the Member before any adjustment in fees, charges, or scope of services to be provided becomes effective.

F. **Monthly Statements.** The Community will furnish the Member with monthly statements showing the total amount of fees and other charges which shall be payable by the tenth (10<sup>th</sup>) of each month. The Community may charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance.

### **III. ADMISSION REQUIREMENTS AND PROCEDURES**

A prospective Member will become qualified for admission to the Community upon satisfaction of the following provisions:

- A. **Age.** The entrance requirements for residence at the Community are non- discriminatory except as to age, and the Community is open to both married and single men and women of all races and religions and without regard to place of former residence. The applicant must be at least 62 years of age; for couples, one applicant must be at least 62 years of age.
- B. **Personal Interview.** The Member shall have an interview with a representative from the Community prior to taking residency. Upon review of all information required to be furnished herein, additional personal interviews may be requested by the Community.
- C. **Reservation Agreements.** The Member shall have entered into a Reservation Agreement prior to entering this Agreement.
- D. **Application Forms.** Prior to entering into this Agreement, the Member shall have submitted for approval a General Information form, a Personal Health History, and a Confidential Financial Statement, all on forms furnished by the Community.
- E. **Residence and Services Agreement.** Upon acceptance by the Community, the Member shall enter into this Agreement.
- F. **Notification.** The Community will notify the Member as early as possible of the Occupancy Date.
- G. **Health Requirements.** Prior to entrance to the Community, the Member shall submit a report of a physical examination made by a physician selected by the Member within thirty (30) days prior to occupancy. Cost of the examination will be borne by the Member. The report will become an integral part of the Member's record. It will serve as a baseline of information for the Community's staff and the Member's physician as they begin to assist the Member in maintaining optimum health and enjoyment of the Aldersgate community experience.

- H. **Financial Requirements.** The Member must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations of the Member under this Agreement and to meet ordinary living expenses of the Member. The Community, at its discretion, may require the Member to annually furnish updated financial information.
- I. **Representations.** The Member affirms that the representations made in the General Information form, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by the Community as a basis for entering into this Agreement. The Member hereby represents and warrants that he/she is capable of independent living and has assets and income which are sufficient to meet ordinary and customary living expenses after assuming occupancy.

#### **IV. TERMS OF RESIDENCY**

- A. **Rights of Member.** The Member has the right to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of the Community unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Community and conveys only the rights of use and enjoyment as described in this Agreement.
- B. **Policies and Procedures.** The Member will abide by the provisions of the Community's Resident Handbook and such amendments, modifications, and changes to the Resident Handbook as may hereafter be adopted by the Community.
- C. **Changes in the Residence.** The Community has the right to modify the Member's Residence to meet the requirements of any applicable local, state or federal statute, regulation, or ordinance (e.g., applicable fire or building codes). The Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.
- D. **Visitors.** Guests may stay in a Member's accommodation for a maximum of thirty (30) consecutive nights with at least sixty (60) consecutive nights away before their next overnight visit with the Member. No person other than the Member may reside in the Residence without the approval of the Community.
- E. **Occupancy by Two Members.** In the event that two Members occupy a Residence under the terms of this Agreement, upon the permanent transfer to Assisted Living or Health Care Facility or the death of one Member, or in the event of the termination of this Agreement with respect to one of the Members, the Agreement shall continue in effect as to the remaining or surviving Member who shall have the option to retain

the same Residence and pay the Monthly Fee applicable to single occupancy. Should the remaining or surviving Member wish to move to another Residence, the policies of the Community governing said Residence change of accommodation will prevail. The Member moving to Assisted Living or the Health Care Facility will pay the published rates for the applicable level of care as described in Section I. E. 11 of this Agreement.

F. **Cohabitation Policy.** If a Member cohabitates with another Member while residing at Aldersgate, the Member who vacates his/her unit to move will be treated as a “related” non-married second occupant. The Member who is moving will be subject to his / her own entrance fee, the second person monthly fee with all rights and duties attendant to a “related” second person occupant. The Member who is moving will receive any applicable refundable entrance fee from the unit he / she is vacating. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

G. **Marriage During Occupancy.** If a Member while occupying a Residence marries a person who is also a Member, the two Members may occupy the Residence of either Member if it is a residence designed for occupancy of two persons. Such married Members will be required to enter into the then current Residence and Services Agreement which will terminate any and all previous contracts or agreements with the Community. Such married Members will pay the Monthly Fee for double occupancy associated with the Residence occupied by them. In the event that a Member shall marry a person who is not a Member of the Community, the spouse may become a Member if such spouse meets all the then-current requirements to reside in the Community and both Members of the couple enter into a then-current version of the Residence and Services Agreement with the Community. The Member and spouse shall then pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the Member's spouse shall not meet the requirements of the Community for admission as a Member, the Member may terminate this Agreement in the same manner as provided in Section VI hereof with respect to a voluntary termination.

H. **Added Member.** Should Member desire to invite an individual to join the Member in sharing a Residence for which the Member paid the entire Entrance Fee and in which the Member is living alone, such person shall make application for entrance, and, if approved at the sole discretion of the Community, shall be admitted. The approved Members will occupy a unit no smaller than a two- bedroom apartment. Each applicant shall pay the separate full Entrance Fee applicable to the Residence in which they reside. One of the Members shall pay the Monthly Fee applicable to single occupancy and the second Member will pay the Monthly Fee applicable to double occupancy. At such time as one of the Members vacates the Residence, for whatever reason, the remaining Member shall pay the single occupancy Monthly Fee.

I. **Loss or Damage of Property.** The Community will obtain property and casualty insurance coverage on the buildings and grounds. Such coverage will not ensure against loss or damage to your personal property or damage or injury to others caused by you. The Community shall not be responsible for the loss or damage of any property belonging to the Member due to theft, mysterious disappearance, fire or any other cause. The Community encourages Members to purchase appropriate renters and comprehensive insurance.

J. **Health Insurance.** The Member agrees that he or she will enroll for Basic and Supplementary coverage under the federal Medicare program, if not so enrolled at the time of admission. If so enrolled, Member agrees to continue participation in these programs.

You also agree to execute all necessary forms to obtain payment of benefits which are or may be payable in the future to you or us for services provided hereunder.

You will be responsible for paying for all health care services that are not covered by the Community, Medicare (or an equivalent substitute policy approved by the Community), or Medicare supplemental insurance, as set forth in this Agreement. If you have any questions about such coverage, the Community will assist you in obtaining answers.

The following rules shall apply to payments made by the Medicare program on behalf of the Member at any time during which the Community is eligible to receive Medicare reimbursement for services provided to Members:

- Any reimbursement received for Medicare Part A services provided to the Member by the Community shall be accepted by the Community as payment in lieu of daily service fees that otherwise would apply while living in the Health Care Facility, to the extent permitted under applicable Federal and State laws and regulations governing Medicare reimbursement.
- Any reimbursement received for Medicare Part B services provided to the Member by Aldersgate will be applied as a credit to the Community's fees for those services to the extent permitted under applicable State and Federal laws and regulations governing Medicare reimbursement.

Should the Member or the Member's legally-authorized representative apply for assistance under the Medicaid program, or any successor program of a similar nature, the Member's contract will be terminated.

K. **Right of Entry.** It is agreed that employees or agents of the Community

may need to enter the accommodation on occasion, and permission is hereby given by the Member. The Community will make reasonable efforts to give notice of any entry whenever possible but is not bound to do so.

- L. **Residents' Council.** Members of the Community may participate in the Residents' Council and Residents' Committees which will be open to all Members through an election process.
- M. **Change of Accommodations.** The Member may request a change in the type of accommodation from time to time, subject to permission of the Community and the availability of the type requested. If such a change is made, the following rules apply:
  - 1. If the Entrance Fee for the new accommodation is higher than the Entrance Fee paid for the accommodation to be vacated, the Member will pay the difference between the Entrance Fee for the new accommodation and the Entrance Fee paid for the prior accommodation. In the event of termination, the amount of the refund, if any, will be based on the total Entrance Fee paid.
  - 2. Member will be responsible for any costs associated with the change of accommodation, including moving expenses.

## V. **TRANSFERS OR CHANGES IN LEVELS OF CARE**

- A. **Transfer to Assisted Living or Nursing Care.** The Community offers various levels of care to best meet the progressive needs of its Members. A transfer to a higher level of care shall be based upon the recommendation of an interdisciplinary team, including the Member, to the extent practical, or the Member's legally-authorized representative determined in accordance with N.C. Gen. Stat. § 90-21.13(c), in conjunction with appropriate staff members and in consultation with the Member's attending physician. A decision to recommend a change in level of care shall be based on a determination that the Member cannot safely reside in their current accommodation or level of care. If agreement about level of care changes cannot be reached, the dispute will be submitted to binding arbitration for resolution, in accordance with the separate Mediation and Binding Arbitration Agreement executed between the Member or Member's legally- authorized representative and the Community. A Member transferring to a higher level of care does not constitute a change of accommodation for the purpose of calculating an Entrance Fee refund.

In the event of a Permanent Transfer, you shall release your Residence in order for the Community to make your Residence available to a new resident. In such an event, the Community may enter into a new Agreement for the occupancy of the Residence with a new resident. If your Residence is reassigned and should you subsequently recover

sufficiently to maintain yourself independently in a residence, you shall be offered the next available residence similar to the one relinquished. While you are in the Assisted Living or the Health Care Facility, the Monthly Service Fee will continue to be due and payable as described in Section II, D.

If the Residence is occupied by two (2) Residents, the Permanent Transfer of one (1) Resident does not affect the rights and privileges under this Agreement of the remaining Resident.

- B. **Transfer to Hospital or Other Facility.** Should the Member need care beyond that which can be provided by the Community, the Member may be transferred to a hospital, center, or institution equipped to give such care, the cost of which will be the responsibility of the Member. Such transfer of the Member will be made only after consultation to the extent possible with the Member, or the Member's legally-authorized representative determined in accordance with N.C. Gen. Stat. § 90-21.13(c), and the Member's attending physician.
- C. **Vacating Residence.** If a Member's attending physician determines that any transfer described in Section V. A. and B. is likely to be permanent in nature, the Member agrees to vacate the Residence occupied by the Member prior to such transfer. If the interdisciplinary team, including the Member, to the extent practical, or the Member's legally-authorized representative, in conjunction with appropriate staff members and in consultation with the Member's attending physician, subsequently determines that the Member can resume occupancy in a Residence or accommodation comparable to that occupied by the Member prior to such transfer, the Member shall have priority to such residence as soon as it becomes available.

## **VI. TERMINATION OF MEMBERSHIP AND REFUNDS**

- A. **Right to Rescind Agreement.** The Member shall have the right to rescind this Agreement within thirty (30) days after executing this Agreement or receipt of the Disclosure Statement as required by law, if later. The Member shall not be required to occupy the chosen residence at the Community before the expiration of the thirty (30) day period. Upon rescission, the Community shall refund to the Member, or the Member's legally-authorized representative, any portion of the Entrance Fee the Member paid to the Community less (i) per diem or monthly charges specified in this Agreement for the Member's Residence applicable to the period the Residence was actually occupied by the Member; (ii) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and (iii) the greater of two percent (2%) of the Entrance Fee or One Thousand Dollars (\$1,000.00). Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.

**B. Termination by Member Prior to Occupancy Based on Death or Disability.**

If the Member dies before occupying his or her residence or becomes incapable of meeting the physical, mental or financial requirements for admission before such occupancy, this Agreement shall be automatically canceled. In such case, the Community shall refund to the resident, the resident's estate, or the resident's legally-authorized representative, any portion of Entrance Fee the Member paid to the Community less (i) those nonstandard costs specifically incurred by the Community at the request of Member which are not covered by the per diem or monthly charges applicable to Member; and (ii) the greater of two percent (2%) of the Entrance Fee or One Thousand Dollars (\$1,000.00). Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.

**C. Termination by Member Prior to Occupancy for Other Reasons.**

Once the thirty (30) day rescission period described in Section VI. A, above, has expired, but before the Member takes occupancy, the Member may terminate this Agreement for any reason not covered by Section VI. B, by giving written notice to the Community. For rescinded or canceled contracts under this section, the resident or the resident's legal representative shall receive a refund of all money or property transferred to the provider, less (i) those nonstandard costs specifically incurred by the provider or facility at the request of the resident and described in the contract or any contract amendment signed by the resident; (ii) nonrefundable fees, if set out in the contract; and (iii) a reasonable service charge, if set out in the contract, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the entrance fee. Any such refund shall be paid by the Community within sixty (60) days following receipt of written notification of such termination.

**D. Termination by Member After Occupancy.** Once the thirty (30) day rescission period described in Section VI. A, above, has expired, and after the Member takes occupancy, the Member may, at any time upon ninety (90) days notice in writing to the Community, terminate his or her membership. Upon termination, a portion of the Entrance Fee may be refunded to the withdrawing Member, as described in Section VI. G.

**E. The Community's Right to Terminate Agreement.** The Community shall have the right at any time, upon thirty (30) days' notice in writing to the Member, to terminate his or her membership because the Member has failed to meet his or her obligations under this Agreement, including but not limited to:

- Member has not paid monthly fees and other charges on a timely basis;
- Member engages in behavior that unreasonably interferes with the quiet enjoyment of other Members or
- Member has failed to abide by the provisions of the Community's Resident Handbook.

The following may result in immediate termination of membership and discharge:

- Member engages in behavior that negatively impacts or threatens the health, safety or welfare of other Members, staff or visitors. Such notice shall specify the obligation which the Member has failed to perform. Upon such termination, the Member may be entitled to a refund of a portion of the Entrance Fee paid, as described in Section VI, G.

**F. Termination Upon Death.** Death of a Member shall be treated as a termination of membership on the date of death. The refund due, if any, shall be computed as described in Section VI. G.

**G. Refund Upon Termination.** Upon contract termination, the Member may be entitled to a refund of a portion of the Entrance Fee paid, as follows:

**1. 0% Refundable Entrance Fee Option.** For Members who have chosen the 0% Refundable Entrance Fee Option, the refund due, if any, shall be the Entrance Fee paid, less: (i) ten percent (10%) for any termination occurring in months one through five after occupancy, (ii) two percent (2%) for each month that has elapsed between month six and the date of withdrawal up to month 50; (iii) a fee of One Thousand Dollars (\$1,000); and (iv) any amount due to the Community for monthly care or other unpaid services. No part of the 0% Refundable Entrance Fee is refundable after a Member has resided at the Community for fifty (50) months. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

**2. 50% Refundable Entrance Fee Option.** For Members who have chosen the 50% Refundable Entrance Fee Option, the refund due shall be the Entrance Fee paid less: (i) ten percent (10%) for any termination occurring in months one through ten after occupancy; (ii) one percent (1%) for each month that has elapsed between month eleven and the date of withdrawal up to month 50; (iii) a fee of One Thousand Dollars (\$1,000); and (iv) any amount due to the Community for monthly care or other unpaid services. Any refundable amount shall be paid to the withdrawing Member only when the Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

Any refund due shall be paid to the estate of the deceased Member or to a beneficiary identified in advance by the Member.

If a member is 85 years of age or older at the time of the full payment of the entrance fee, a 10% premium is added to the entrance fee up to the age of 90. If a resident is 90 years of age or older at the time of the full payment of the entrance fee, a 10% premium is added to the entrance fee, and they are limited to the 0% refundable entrance fee option.

**H. Condition of Residence.** At the effective date of termination of this Agreement, the Member shall vacate the Residence and shall leave it in good condition except for normal wear and tear. The Member shall be liable to the Community for any cost incurred in restoring the Residence to good condition except for normal wear and tear. Such costs will be deducted from any refund due to the Member under the terms of this Agreement or will be billed to the Member or Member's estate or beneficiary if the available refund is not sufficient to cover the cost of repairs.

**I. Use of a Refundable Entrance Fee Option for Health Care Expenses at Aldersgate.**

1. Should a Member who has chosen the 50% Refundable Entrance Fee Option permanently vacate his or her Residence by transferring to a Health Care Facility at the Community, the Member may then draw against his or her refund to supplement payment of his or her health care costs at the Community but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at the Community. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at the Community. The refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at the Community as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on his or her health care.
2. The following conditions apply when "the Member" is used in this contract to apply to two married individuals in an Independent Living Residence who have chosen the 50% Refundable Entrance Fee Option:
  - a. The Entrance Fee relates to the Member identified in this Agreement, not to either individual Member alone. As such, as long as one of the Members remains in the Community, no refund of the Entrance Fee is due to either Member, even if one Member vacates the Community for any reason.
  - b. Should both Members vacate their Residence by transferring to a Health Care Facility at the Community, either or both Member(s) may then draw against the 50% Refundable Entrance Fee to supplement payment of their health care costs at the Community but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs

at the Community. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at the Community. The 50% Refundable Entrance Fee options can be accessed exclusively for healthcare services at the Community as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.

- c. Should one Member vacate their Residence by transferring to a Health Care Facility at the Community, and the other Member vacates the Residence by transferring to an independent accommodation that carries a lesser entrance fee, the Member who has transferred to the Health Care Facility may then draw against the 50% Refundable Entrance Fee to supplement payment of their health care costs at the Community, up to the difference between the original Entrance Fee, and the then-current Entrance Fee (Revised Entrance Fee) for the new independent accommodation, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at the Community. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at the Community. The Member would still be entitled to receive any applicable Member discount on their health care. Should the Member residing in the independent living accommodation vacate said accommodation by transferring to Assisted Living or the Health Care Facility at the Community, that Member may then draw upon the refundable portion of the Revised Entrance Fee to supplement payment of their health care costs at the Community, but if and only if the Member's other assets from all available sources are insufficient to cover the Member's health care costs at the Community. The Community may require the Member to demonstrate the unavailability of other resources to cover health care costs at the Community. The 50% Refundable Entrance Fee can be accessed exclusively for health care services at the Community as a supplement to any income the Member receives from all available sources. The Member would still be entitled to receive any applicable Member discount on their health care. The Member may access the refund for health care purposes only when the vacated Residence is reserved by a new Member and the new Member has paid his/her/their Entrance Fee.
- d. Utilization of the 50% Refundable Entrance Fee option may be made to supplement payment of health care costs at the Community only. Contingent upon a financial review of the Members income and assets, at the Community reserves the right to determine the amount of the 50% Refundable Entrance

Fee that may be used to supplement the Members health care fees at the Community.

## **VII. FINANCIAL ASSISTANCE**

The Community reserves the right to terminate Member's membership in the event the Member does not, or cannot, make the monthly payments required under Section II, and in the further event arrangements for payment of those fees cannot be made with Member, Member's family and/or other responsible party. It is the goal of the Community, however, to provide for services for the Member for the balance of his or her lifetime without regard to the Member's ability to pay the monthly fee which may be established from time to time. However, the Community has relied upon outside sources of financial support available to it for care of Members who have insufficient funds, upon financial information provided by the Member, and upon the good-faith assurances of the Member that he or she will utilize any assets now owned or hereafter acquired to the best of his or her ability to meet the financial obligations imposed on the Member under this Agreement. In the event the financial sources relied upon by the Community for the care of Members with insufficient funds cease or prove inadequate, or in the event the Member makes a material misstatement with regard to the nature or extent of his or her assets, or in the event the Member, after the date of this Agreement, takes action which depletes his or her assets, and the result of such misstatement or such action is to impair the Member's ability to pay the monthly fee contemplated by this Agreement, the Community may exercise its right to terminate the Member's membership. Should the Member apply for and receive assistance under the Medicaid program, or any successor program of a similar nature, the Member's membership will be terminated.

Notwithstanding any other provision of this Agreement, nothing in this Section VII or any other portion of this Agreement is intended to constitute or should be construed as a promise to provide financial assistance to any Member and the decision to offer financial assistance to any Member is solely within the discretion of the Community based upon the unique facts of each Member's situation.

## **VIII. GENERAL**

- A. Assignment.** The rights and privileges of the Member under this Agreement to the Residence, common areas, amenities, services, and programs of the Community are personal to the Member and may not be transferred or assigned by the Member or otherwise.
- B. Management of the Community.** The absolute rights of management of the Community are reserved by the Community, its Board of Directors, and its administration/management as designated by said Board of Directors. The decision to accept or decline an application for Membership will be based upon criteria for admission developed by the

Community. Members do not have the right to determine acceptance or terms of acceptance of any other Member.

C. **Entire Agreement.** This Agreement and the Mediation and Binding Arbitration Agreement constitute the entire agreement between the Community and the Member. The Community shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement and/or the Mediation and Binding Arbitration Agreement.

D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Community and the heirs, executors, administrators, and assigns of the Member.

E. **Power of Attorney, Will, and Medical Directive.** Member is encouraged to execute a durable power of attorney designating some competent person as attorney-in-fact. Member is encouraged to execute a will. Member is further encouraged to consider execution of a Living Will and Health Care Power of Attorney. The Member is asked to provide the Community with copies of the Member's Durable Power of Attorney, Living Will, Health Care Power of Attorney and any other advance directive executed by the Member.

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

G. **Property Disposition Upon Permanent Transfer or Death:**

1. In the event of Member's permanent transfer from his/her Residence to some other living accommodation or upon his/her death, all Member's property shall be removed within the following timeframes after notification by Community to Member or his/her legally-authorized representative:
  - o Fourteen (14) days from independent living accommodation;
  - o Ten (10) days from assisted living (other than memory support); Seventy-two (72) hours from memory support centers;
  - o Twenty-four (24) hours from the Health Care Facility.

Accommodation charges will remain in effect until all of the Member's property is removed from the accommodation.

2. If such property is not removed within said periods of time by Member's legally authorized representative, the Community shall have the right to remove and store such property. The costs

attributed to such removal and storage shall be charged to the Member or the Member's estate, as applicable, and may be deducted from any refund otherwise due the Member. Thereafter, if such property is not claimed within thirty (30) days, then title to such property shall be vested in the Community and it shall be disposed of as the Community, in its sole discretion, deems proper, without any liability of the Community to the Member, his/her/their estate, or heirs.

- H. **Relationship to Church.** The Community is affiliated with the Western North Carolina Conference of the United Methodist Church. However, Member acknowledges that the Community is an independent corporation which is solely responsible for carrying out its obligations hereunder and that neither the United Methodist Church, the Western North Carolina Conference of the United Methodist Church, nor any agency of them has any financial or contractual obligation to the Member on account of this Agreement.
- I. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.
- J. **Notice Provisions.** Any notices, consents, or other communications to the Community hereunder (collectively "notices") shall be in writing and addressed as follows:  
Executive Director  
Aldersgate UMRC Inc.  
3800 Shamrock Drive  
Charlotte, North Carolina 28215-3220

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

IN WITNESS WHEREOF, the Community has executed this Agreement, the Member has read and understands this Agreement and has executed this Agreement, and ten percent (10%) of the Entrance Fee has been paid as of the day and year above written.

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Witness

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Member

---

Witness

---

Member

---

Current Address (Number and Street)

---

City, State, Zip Code

(\_\_\_\_) \_\_\_\_\_-  
Telephone

ALDERSGATE UNITED METHODIST RETIREMENT  
COMMUNITY, INC.,

---

By: \_\_\_\_\_ Date  
Executive Director /Designee

---

By: \_\_\_\_\_ Date  
Director of  
Marketing/Designee

**LEASE AGREEMENT**  
of  
**Aldersgate United Methodist Retirement Community, Inc.**

**Charlotte, North Carolina**

*Our Mission: We honor elders and are committed to creating and fostering diverse, caring communities where everyone has a voice and value.*

This contract is entered into by Aldersgate United Methodist Retirement Community, Inc. of Charlotte, North Carolina, hereinafter called "Aldersgate", and \_\_\_\_\_, hereinafter called "the Resident".

The Resident desires to enter into residence at Aldersgate, and Aldersgate is willing to accept the Resident and to provide services to the Resident, all to be accomplished in accordance with the terms and conditions set forth in this contract. Therefore, Aldersgate and the Resident have agreed as follows:

**I. TERM**

Aldersgate leases to the Resident, and the Resident leases from Aldersgate, the accommodation known as \_\_\_\_\_, a private residence on the property of Aldersgate for the term commencing on the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_\_ and ending on the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_\_ or a term of thirteen (13) months (the "Term"). The total monthly fee shall be \$ \_\_\_\_\_ per month, of which \$ \_\_\_\_\_ is the accommodation fee and \$ \_\_\_\_\_ is the services/amenities fee. If Resident desires to terminate the lease at the end of the Term, then Resident shall give Aldersgate not less than ninety (90) days' notice of said termination prior to the expiration of the Term. In the event Resident fails to give such termination notice, this contract shall be automatically renewed for an additional thirteen (13) month term with a total monthly fee equal to the then prevailing rate for similar accommodations and service/amenities, as determined by Aldersgate in its discretion.

Aldersgate shall not discriminate against the Resident in the provision of services or in any other manner on the grounds of race, color, creed, religion, sex or national origin.

**II. FEES TO BE PAID TO ALDERSGATE**

In consideration of admission to Aldersgate, the Resident agrees as follows:

- A. To furnish to Aldersgate complete and accurate information with regard to the nature and extent of his or her assets (now owned or hereafter acquired);
- B. To manage those assets to the best of his or her ability in such a way as to permit the payment of the fees set forth herein;
- C. In the event the accommodation is occupied by two related persons as Residents, and one of said persons for any reason vacates the accommodation, the single occupancy fee will become the new monthly fee on the earlier of the date of such vacation or on the first day of the month following written notice by Resident of

such change in occupancy. In the event a person is added to the Agreement as a resident, upon qualification and approval by Aldersgate, a second person fee will be charged for the new resident in addition to the single occupancy fee charged to the first person;

- D. Upon request, to submit, at the discretion of Aldersgate, annually updated financial information;
- E. To abide by all other terms and provisions of this contract.

### **III. TERMINATION OF RESIDENCE**

- A. If Resident has not occupied his or her residence, at any time within (30) days following the date of this contract, the Resident may terminate this contract. The Resident shall not be required to occupy his or her unit at Aldersgate until such thirty (30) day period is past. In addition, if the Resident dies before occupying his or her unit or, in the judgment of Aldersgate, becomes incapable of meeting the physical or mental requirements for admission before such occupancy, this contract shall be canceled.
- B. Aldersgate shall have the right at any time, upon thirty (30) days' notice in writing to the Resident, to terminate his or her contract because the Resident has failed to meet his or her obligations under this contract. Such notice shall specify the obligation which the Resident has failed to perform. Aldersgate may terminate a resident's lease if:
  - Resident has not paid monthly fees and other charges on a timely basis;
  - Resident engages in behavior that unreasonably interferes with the quiet enjoyment of other Community Members; or
  - Resident has failed to abide by the provisions of the Community's Resident Handbook.

The following may result in immediate termination of lease contract and discharge:

- Resident engages in behavior that negatively impacts or threatens the health, safety or welfare of other Community Members, staff or visitors.
- C. If the Resident does not vacate the premises on the effective date of the termination of this contract, or after notice of default with a failure to cure such default within ten days after receipt of notice, Aldersgate may pursue all judicial remedies under North Carolina Law for the eviction of the Resident.
- D. If the Resident vacates or is evicted from the residence without removing their personal property from the subject unit, Aldersgate may, without liability for trespass or conversion or any other claim, remove any personal property from the Resident's unit and store such property at Resident's expense. The personal property so removed shall be deemed abandoned if Resident has not made a written demand for the same within thirty days of Resident's vacation or eviction and Aldersgate thereafter has the right to dispose of the property as it deems appropriate without any liability whatsoever. If Resident makes such a demand, the property shall be released to Resident upon payment in full of all

costs of removal and storage.

#### **IV. CHANGE OF ACCOMMODATIONS**

The Resident may request a change in the type of accommodation from time to time, subject to permission of Aldersgate and the availability of the type requested. If such change is made, the Resident agrees to pay the accommodation and services/amenities fees associated with the new accommodation at the then prevailing rate. Resident will be responsible for any fees associated with the change of accommodation, including moving expenses.

#### **V. CONVERSION TO MEMBERSHIP**

Resident may choose to convert this contract to full membership status within the Aldersgate Continuing Care Retirement Community, defined as having access to services associated with levels of care higher than independent living, at a member rate and member priority status, upon satisfaction of all requirements then applicable to membership in Aldersgate's Continuing Care Retirement Community. With conversion, Resident is eligible to receive credit for the time occupied in any lease period (such credit not to exceed 13 months in total) for the accommodation portion of their monthly fee as indicated in this contract. This credit may be applied toward the entrance fee of the accommodation chosen for full membership. At such time of conversion, this contract becomes void and the Resident shall sign an Aldersgate Resident and Services Agreement for Membership.

#### **VI. PAYMENTS TO ALDERSGATE FOR MONTHLY SERVICES**

The Resident agrees to pay for his or her residential services on a monthly basis, the fee to be paid in advance by the tenth (10) day of the month. For example, the payment of the fee for June is due by June 10th, the payment for July is due by July 10th, etc. The amount due for each month shall be the amount established by Aldersgate from time to time upon thirty (30) days notice to the Resident. Temporary absence of the Resident from Aldersgate for vacation, travel, business, medical care or otherwise does not change the Resident's obligation to pay the full monthly fee. Aldersgate may charge interest at a rate of one and one-half percent (1&1/2%) per month on any unpaid balance.

#### **VII. SCOPE OF MONTHLY SERVICES**

For the monthly fee paid by the Resident, Aldersgate shall provide to the Resident the use of the accommodation selected, board, and housekeeping service in accord with the practices of Aldersgate as they may be in effect from time to time, and the religious, social and creative life of Aldersgate. The services may be changed, added to or deleted from time to time in the sole discretion of Aldersgate. Residents have the option of choosing a meal plan and will be billed accordingly.

NOTE: Monthly fee does not include physicians' fees, outside hospitalization, drugs, phone, internet, cable TV services, medical supplies, dry cleaning, or funeral and burial expenses, all of which remain the sole responsibility of the Resident. Under this contract, Aldersgate is not obligated to provide healthcare services at Parker Terrace, Cuthbertson Village, Asbury Care Center or the Wellness Clinic.

#### **VIII. HEALTHCARE SERVICES**

Should the Resident require healthcare services as provided at Aldersgate, there are no guarantees, implied or otherwise, of accommodation availability. Should the Resident be admitted into a healthcare accommodation as identified in Section VII, the Resident agrees to pay for the services provided at a Direct Admit/Private Pay fee-for-service basis.

#### **IX. ASSIGNMENT AND SUBLetting**

Resident shall not sublease or encumber the accommodation or assign this contract in any way. Occupation of the accommodation by other than permitted occupants may result in termination of this contract.

#### **X. RIGHT OF ENTRY**

It is agreed that employees or agents of Aldersgate may need to enter the unit on occasion, and permission is hereby given by Resident. Aldersgate will make reasonable efforts to give notice of any entry whenever possible but is not bound to do so.

#### **XI. PROPERTY MAINTENANCE**

By execution of this contract, the Resident agrees that the unit described herein has been inspected by him/her and meets with his/her approval. He/she has found it to be in good and tenantable condition, and agrees that at the end of the occupancy hereunder to deliver up and surrender said accommodation to Aldersgate in as good condition as when received, reasonable wear and tear excepted. No alteration, addition or improvements shall be made in or to the accommodation without prior written consent by Aldersgate and then only using materials and contractors approved by Aldersgate. All such work shall be done at Resident's expense and in such manner as Aldersgate may approve. All alterations, additions and improvements to the accommodation shall become part of the accommodation and the property of Aldersgate.

Resident shall use and maintain the accommodation during his/her residency in safe, clean, and sanitary manner and shall, upon termination of the residency, deliver all keys to Aldersgate, remove all personal property and leave the unit.

#### **XII. INSURANCE, RELEASE, AND INDEMNITY**

Resident shall insure his/her personal property located or stored within the accommodation or other storage areas that may be provided to the extent of its full insurable value against the risks of damage, destruction or loss resulting from theft and all hazards and casualties. Regardless of whether Resident secures such insurance, all personal property belonging to Resident or to any other persons within the accommodation shall be at the sole risk of the Resident or other such person and neither Aldersgate nor its employees or agents shall be liable for any theft or loss or for any actual damage, destruction or injury from any cause whatsoever to such property. Neither Aldersgate nor its employees or agents shall be responsible for any damage or injury to resident, his/her family or other person.

Resident agrees to indemnify and hold Aldersgate harmless against all claims, actions, or causes of actions, costs or damages sustained by reason of any act, omission, or other occurrence causing damage or injury to any person or property arising out of or connected with the use, occupancy, or control of the accommodation by Resident, his

family, agents or guests, unless the damage or injury is proximately caused by the negligence of Aldersgate, its employees or agents.

In the event that any amount shall become due to Aldersgate under this contract and as a result thereof, Aldersgate is required to retain the services of an attorney, Resident agrees to pay such reasonable attorney's fees up to fifteen percent of the total amount owing along with any interest and costs incurred by Aldersgate in obtaining or attempting to obtain payment of any such amount owing by Resident.

### **XIII. RULES AND REGULATIONS**

In order to operate Aldersgate in the best interests of the entire Aldersgate community, it is understood that Aldersgate will from time to time adopt policies, practices, rules and regulations governing the operation of Aldersgate and the occupancy by its Residents. Resident agrees to comply with such policies, practices, rules and regulations now in effect or hereafter adopted.

Non-compliance with policies, practices, rules and regulations may be cause for termination of this agreement.

### **XIV. DEATH OF A RESIDENT**

Death of a Resident shall be treated as a termination of Contract on the date of death for the purposes of Section III. Any refund of accommodation and service/amenities fees that may be due, (however reduced by amounts otherwise due and payable as enumerated under the provisions of this contract) shall be paid to the estate of the Resident.

### **XV. RELATIONSHIP TO CHURCH**

Aldersgate is affiliated with the Western North Carolina Conference of the United Methodist Church. However, Resident acknowledges that Aldersgate is an independent corporation which is solely responsible for carrying out its obligations hereunder and that neither the United Methodist Church, the Western North Carolina Conference of the United Methodist Church, nor any agency of them has any financial or contractual obligation to the Resident because of this contract.

### **XVI. PROPERTY RIGHTS**

This contract does not create in the Resident any rights in or to the property of Aldersgate in general, nor specifically, in the accommodation which may be occupied from time to time by the Resident.

Date: \_\_\_\_\_, 20\_\_\_\_

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(Lessee)

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(Lessee)

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Executive Director



**ACKNOWLEDGMENT OF RECEIPT OF  
THE DISCLOSURE STATEMENT  
OF  
ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

*Our Mission: We honor elders and are committed to creating and fostering diverse, caring communities where everyone has a voice and value.*

**ACKNOWLEDGEMENT OF RECEIPT OF  
THE DISCLOSURE STATEMENT  
OF  
ALDERSGATE UNITED METHODIST RETIREMENT COMMUNITY, INC.**

I, \_\_\_\_\_, with this statement, acknowledge receipt of the Disclosure Statement of Aldersgate United Methodist Retirement Community, Inc., dated June 20, 2025. This Disclosure Statement was made available to me prior to the signing of the Residence & Services Agreement.

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Printed Name

Date

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Signature

Date

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Printed Name

Date

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Signature

Date

## MEDIATION AND BINDING ARBITRATION AGREEMENT

This Mediation and Binding Arbitration Agreement is entered into as of the date written below by and between Aldersgate United Methodist Retirement Community (hereinafter "the Community") and \_\_\_\_\_ ("Member") and \_\_\_\_\_ Member's Responsible Party ("Responsible Party"), if any.

I. Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at a site selected by Community, which shall be at the Community or at a site within a reasonable distance of the Community. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees. If the parties are unable to resolve their dispute through mediation, then the dispute may only be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they may proceed directly to arbitration.

II. Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. When Arbitration is binding, it is the only legal process available to the parties. Binding Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system.

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to the Residence and Services Agreement ("the Agreement") executed between Member and the Community, or concerning any rights arising from or relating to an alleged breach of the Agreement, with the exception of (1) guardianship proceedings resulting from the alleged incapacity of the Member; and (2) disputes involving amounts in controversy of less than Twenty- Five Thousand Dollars (\$25,000), shall be settled exclusively by arbitration. This means that the Member will not be able to file a lawsuit in any court to resolve any disputes or claims that the Member may have against the Community. It also means that the Member is relinquishing or giving up all rights that the Member may have to a jury trial to resolve any disputes or claims against the Community. It also means that the Community is giving up any rights it may have to a jury trial or to bring claims in a court against the Member. Subject to Section (f), the Arbitration shall be administered by Carolina Dispute Settlement Services ("COSS"), in accordance with the CDSS's Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. Member and/ or Responsible Person acknowledge(s) and understand(s) that there will be no jury trial on any claim or dispute submitted to arbitration, and Member and/or Responsible Person relinquish and give up their rights to a jury trial on any matter

submitted to arbitration under this Agreement.

(b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that the Member may have against the Community for any personal injuries sustained by the Member arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in the Community, shall be settled exclusively by arbitration. This means that the Member will not be able to file a lawsuit in any court to bring any claims that the Member may have against the Community for personal injuries incurred while residing in the Community. It also means that the Member is relinquishing or giving up all rights that the Member may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in the Community. Subject to Section (t), the Arbitration shall be administered by COSS, in accordance with COSS's Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. Member and/or Responsible Person acknowledge(s) and understand(s) that there will be no jury trial on any claim or dispute submitted to arbitration, and Member and/or Responsible Person relinquish and give up the Member's right to a jury trial on any claims for damages arising from personal injuries to the Member which are submitted to arbitration under this Agreement.

(c) Exclusion From Arbitration. Those disputes which have been excluded from binding arbitration (i.e., guardianship proceedings and disputes involving amounts in controversy of less than \$25,000) may be resolved through the use of the judicial system. In situations involving any of the matters excluded from binding arbitration, neither Member nor the Community is required to use the arbitration process. Any legal actions related to those matters may be filed and litigated in any court which may have jurisdiction over the dispute. This arbitration provision shall not impair the rights of Member to appeal any transfer and/or discharge action initiated by the Community to the appropriate administrative agency if such transfer or appeal is governed by State or Federal law prescribing the instances in which a resident may be transferred or discharged, and after the exhaustion of such administrative appeals, to appeal to the court exercising appellate jurisdiction over the administrative agency.

(d) Right to Legal Counsel. Member has the right to be represented by legal counsel in any proceedings initiated under this arbitration provision. Because this arbitration provision addresses important legal rights, the Community encourages and recommends that Member obtain the advice and assistance of legal counsel to review the legal significance of this binding arbitration provision prior to signing this Agreement.

(e) Location of Arbitration. The Arbitration will be conducted at a site selected by the Community, at the Community or at a site within a reasonable distance of the Community.

(f) Time Limitation for Arbitration. Any request for arbitration of a dispute must be requested and submitted to COSS, with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred. In the event COSS is unable

or unwilling to serve, then the request for Arbitration must be submitted to the Community within thirty (30) days of receipt of notice of CDSS's unwillingness or inability to serve as a neutral arbitrator. Community shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to COSS, or an alternate neutral arbitration service selected by Community, within the designated time (i.e., two (2) years) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. A copy of the CDS Rules and Procedures for Arbitration is attached to this Agreement as Attachment A. Contact information for CDSS, is as follows:

Carolina Dispute Settlement  
Services 3737 Glenwood Avenue,  
Suite 370  
Raleigh, N.C. 27612  
Telephone: (919) 755-4646  
Fax: (919) 755-4644  
Email: [www.notrials.com](http://www.notrials.com)

(g) Limitation on Damages and Allocation of Costs for Arbitration. The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees.

(h) Limited Member Right to Rescind this Binding Arbitration Clause (Sections (a-h of this Agreement). Member or, in the event of Member's incapacity, Member's authorized representative have the right to rescind this arbitration clause by notifying the Community in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the attention of the Administrator of the Community, and the notice must be post- marked within thirty (30) days of the execution of this Agreement. The notice may also be hand- delivered to the Administrator within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will automatically rescind the arbitration clause without any further action by Member or Member's authorized representative.

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Member

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Date

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Responsible Person

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Date

Aldersgate United Methodist Retirement Community, Inc.

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

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Title

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Date

## ATTACHMENT A

Carolina Dispute Settlement Services

Expedited Arbitration Rules and Procedures

### **Rule 1. Scope of Rules**

The Carolina Dispute Settlement Services (CDSS) Expedited Arbitration Rules and Procedures govern binding arbitration of claims or disputes that are administered by Carolina Dispute Settlement Services. There are no dollar limits for disputed claims or counterclaims for utilization of these rules.

The term "Party" as used in the rules include the parties to the arbitration and their attorneys.

### **Rule 2. Party - Agreed Procedures**

The Parties may agree on any procedures not specified herein that are consistent with applicable law and COSS policies. The Parties shall be responsible for notification to the COSS assigned Case Manager of any agreed upon procedures and will confirm the agreed procedures in writing. The agreed upon procedures will be enforceable as if contained in the COSS Rules and Procedures.

### **Rule 3. Amendment of Rules**

COSS may amend the Rules without notice. The Rules in effect on the date of the commencement of an Arbitration will apply to that Arbitration.

### **Rule 4. Conflict of Law**

If any of these rules or modifications is in conflict with mandatory applicable law, the provision of law will govern.

### **Rule 5. Commencing an Arbitration**

- A) The arbitration is commenced by the submission to COSS of a post- dispute Arbitration Agreement fully executed by all the involved Parties and a claim statement.
- B) The arbitration is commenced by the submission of a pre-dispute written contractual provision requiring the Parties to arbitrate the dispute or claim. Or a written demand has been served on the other Party in accordance with either the pre-dispute written contractual provision or, if appropriate, proof of services in compliance with Federal Rules of Procedure; or
- C) The oral agreement of all Parties to participate in arbitration conducted pursuant to these rules.

The arbitration process is considered commenced when CDSS confirms in writing that the above requirements have been met and that CDSS has received a claim statement. The date of commencement is the date of the COSS commencement letter.

In the event of an oral agreement to participate in arbitration the Hearing will not take place until all Parties to the claim have executed an Arbitration Agreement.

- D) If any Party fails to respond to a claim or fails to reply to a counter or cross claim, that Party will be deemed to have denied the claims, counter or cross claims made against it and to have waived the right to assert other claims or challenges to jurisdiction.

#### **Rule 6. Prehearing Conference/ Selection of the Arbitrator**

Unless the following matters have been determined during the commencement process, the Case Manager may conduct a Pre-Hearing Conference with the Parties by telephone, within five (5) business days after the date of commencement of the Arbitration, to discuss Arbitrator selection, the location and scheduling of the Hearing and other procedural issues. The Arbitrator shall be selected through the process of the Case Manager providing a list of three (3) proposed qualified potential Arbitrators to the Parties. Each Party shall have seven (7) days to strike one name if they so choose. The name remaining shall serve as Arbitrator for the case.

In the event that one Party chooses to not strike a name or the same name is struck by both Parties the Case Manager will select and appoint a qualified Arbitrator from the CDSS roster.

If for any reason the Pre- Hearing Conference does not take place within the specified time frame, the Case Manager will select and appoint a qualified Arbitrator from the CDSS roster.

At any subsequent time the Parties may request additional conferences to discuss administrative or procedural matters.

The Case Manager shall be responsible for answering questions regarding rules and will discuss procedural matters. At the request of the Parties the Case Manager may make a determination regarding the location of the Hearing, subject to Arbitrator review.

#### **Rule 7. Interpretation of Rules and Jurisdiction Challenges**

Once appointed the Arbitrator will resolve any disputes about the interpretation and application of these Rules, including disputes related to the duties of the Arbitrator and the conduct of the hearing and jurisdiction.

#### **Rule 8. Representation**

The Parties may be represented by Counsel and such representation is encouraged and in some cases may be required by law. Each Party will promptly notify the Case Manager and the other Party the name and address, phone number of its Counsel.

## **1. Ex Parte Communications**

No Party will have ex parte communication with the Arbitrator regarding any issue. Any necessary ex parte communication with COSS, whether before or after the Arbitration Hearing, will be with the assigned Case Manager or Executive Director.

## **2. Exchange of Information**

- A) The Parties will cooperate in good faith in the voluntary, prompt and informal exchange of all non-privileged documents and information relevant to the dispute or claim, including copies of all documents in their possession or control on which they rely in support of their positions or which they intend to introduce as exhibits at the arbitration hearing, the names of all individuals with knowledge about the claim or dispute and the names of all experts who may be called to testify or whose report may be introduced at the arbitration hearing.

The Parties and the Arbitrator will make every effort to conclude the document and the information exchange process within ten business days before the arbitration Hearing.

- B) The Parties will promptly notify the Arbitrator through the Case Manager when there is an unresolved dispute regarding discovery issues. The Case Manager may attempt to informally resolve the dispute or may schedule a conference with the Arbitrator, either in person or by telephone and the Arbitrator will resolve the dispute. The Parties will promptly comply with any directive from the Arbitrator by the date specified.

## **3. Scheduling and Location of Hearing**

Unless previously agreed upon or scheduled by the Case Manager the Arbitrator after consulting with the parties, will determine the location, date and time of the Arbitration Hearing. Absent unusual circumstances the Hearing should begin within thirty (30) business days of the commencement of the Arbitration. All Parties will attempt to schedule consecutive Hearing days if more than one day is necessary.

#### **4. Pre- Hearing Submissions**

For complex cases or in unusual circumstances, the Arbitrator may require a Pre- Hearing Conference for the purpose of narrowing the focus of the Arbitration Hearing by stipulation of facts, or joint statements of Issues. The Arbitrator may also require Pre- Hearing briefs or statements of positions.

#### **5. Securing Witnesses/ Documents**

At the request of any Party, all Parties will produce for the Hearing all witnesses in their employ, or under their control without need of subpoena. The Arbitrator may issue subpoenas for the attendance of witnesses or the production of documents.

#### **6. The Arbitration Hearing**

- A) The Arbitrator shall conduct the Hearing with dignity and decorum.
- B) The Arbitrator will require witnesses to testify under oath.
- C) The Arbitrator is not bound by the rules of evidence that they find to be relevant and material to the claim, including evidence presented in the form of affidavits, giving evidence such weight as he or she determines to be appropriate.
- D) The Parties may not offer as evidence and the Arbitrator will not admit into record nor consider, prior statement offers by the Parties or statements made by a Mediator in connection with efforts to resolve the dispute being arbitrated.
- E) Any Party may request the Hearing be recorded and the requesting Party will bear the cost of said recording.
- F) The Arbitrator may proceed with the Hearing in the absence of a Party who after having executed the Arbitration Agreement or who is otherwise bound to arbitrate, and after having received reasonable notice of the Hearing fails to appear. The Arbitrator may not render an Award solely on the basis of the default or absence of the Party, but will require testimony and evidence as the Arbitrator may require to render an Award.
- G) When the Arbitrator determines that all relevant and material evidence and arguments have been presented, the Arbitrator will declare the Hearing closed. Post- Hearing briefs shall not be allowed unless the Parties and the Arbitrator agree they are necessary. If the Arbitrator agrees they are necessary the Hearing will be closed upon the receipt of the briefs.

## **15. The Award**

- A) Absent good cause or extension the Arbitrator shall render the Award within seven (7) to ten (10) business days of the close of the Arbitration Hearing.
- B) The Award shall be reduced to writing and provided to the COSS Case Manager for issuance to the Parties.
- C) Unless the Parties specify a different standard, in determining the Award the Arbitrator shall apply the principles of applicable law.
- D) The Arbitrator is authorized to award any remedy allowed by applicable law.
- E) The Award will consist of a written statement signed by the Arbitrator regarding the disposition of each claim and the relief, if any, awarded.
- F) After the Award has been rendered and provided the parties have paid their Arbitration costs in full COSS will issue the Award by serving copies on the Parties. Service will be deemed effective five (5) business days after deposit in the US Mail.
- G) Within seven (7) business days after the issuance of the Award, any Party, with written notice to all Parties, may request that the Arbitrator correct any computational, typographical or similar error in the Award, or the Arbitrator may correct such errors on his or her own initiative. All corrections will be made within seven (7) business days of receiving the request, provided the Party is in agreement and has had reasonable opportunity to respond.
- H) Proceedings to enforce, confirm, modify or vacate an Award will be controlled by and conducted in conformity with the Federal Arbitration Act or applicable law.

## **16. Confidential and Private**

The Parties and the Case Manager and the Arbitrator will maintain the confidential nature of the Arbitration proceeding and the Award, including the Hearing.

## **17. Sanctions**

The Arbitrator may Award appropriate sanctions for failure of a Party to comply with its obligations under any of these rules. Sanctions can include, but are not limited to: assessment of costs, prohibition of certain evidence.

## **18. Fees**

- A) Each party will pay pro-rata share of the Arbitration costs and expenses, unless the Parties agree on a different allocation of the costs.
- B) CDSS requires that all Parties are jointly and severally liable for the payment of fees and expenses of COSS.
- C) All fees for services must be paid in full prior to the release of the rendered Award.

## **19. Mediation**

The Parties may agree, at any stage of the Arbitration process, to submit the case to CDSS for Mediation. The assigned Mediator to the case shall not be the Arbitrator unless the case was originally submitted as a Med-Arb.

To commence an Arbitration claim please contact:

Carolina Dispute Settlement Services,  
3737 Glenwood Avenue, Suite 370,  
Raleigh, NC 27612

Phone: (919) 755-4646

**NOTICE OF RIGHT TO RESCIND**  
**BINDING ARBITRATION CLAUSE**

Date rescission period begins \_\_\_\_\_ (insert date Arbitration Agreement is signed by all parties).

You may rescind and terminate Sections (a-h) of the Mediation and Binding Arbitration Agreement (hereinafter called ("Agreement") without penalty or forfeiture within thirty (30) days of the above date. No other agreement or statement you sign shall constitute a waiver of your right to rescind Sections (a-h) of the Agreement within this thirty (30) day period.

To rescind Sections (a-h) of the Agreement, send via certified mail or hand deliver a signed and dated copy of this notice, or any other dated written notice, letter or telegram, stating your desire to rescind to the following address:

CFO  
Aldersgate United Methodist Retirement Community, Inc.  
3800 Shamrock Drive  
Charlotte, North Carolina 28215

Not later than midnight of \_\_\_\_\_ (last day for rescission). If you are rescinding Sections (a-h) of the Agreement via certified mail, the notice must be post marked within thirty (30) days of the date the rescission period begins.

Pursuant to this notice, I hereby rescind Sections (a-h) of the Agreement regarding binding arbitration.

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

\_\_\_\_\_  
MEMBER'S SIGNATURE

\_\_\_\_\_  
Member's Name

\_\_\_\_\_  
RESPONSIBLE PERSON'S SIGNATURE  
(if applicable)

\_\_\_\_\_  
Responsible Person's Name

**EXHIBIT A**  
**FEES IN ASSISTED LIVING AND HEALTHCARE**

**Effective January 1, 2025, the following rates are in effect:**

| <b>Monthly Service Fee Schedule <u>Existing and New Health Care</u><br/>Beds- Effective January 1, 2025</b> |                     |                |   |
|---|---------------------|----------------|---|
| <b>Residence Type</b>   | <b>Direct Admit</b> | <b>Member</b>  | <b>Member w/<br/>Healthcare<br/>Benefit</b> |
| <b>Parker Terrace (Assisted Living)</b>   |                     |                |   |
| Studio Apartment  |                     |                |   |
| -Tier 1   | \$7,163/month       | \$7,129/month  | \$6,277/month                               |
| -Tier 2   | \$8,597/month       | \$8,556/month  | \$6,277/month                               |
| One Bedroom Apartment   |                     |                |   |
| -Tier 1   | \$7,441/month       | \$7,406/month  | \$6,277/month                               |
| -Tier 2   | \$8,878/month       | \$8,837/month  | \$6,277/month                               |
| <b>Cuthbertson Village Memory Support (Assisted Living)</b>   |                     |                |   |
| One Bedroom Apartment   |                     |                |   |
| -Tier 1   | \$8,762/month       | \$8,721/month  | \$6,277/month                               |
| -Tier 2   | \$10,120/month      | \$10,073/month | \$6,277/month                               |
| <b>Asbury Health and Rehabilitation Center (Health Care Facility)</b>                                       |                     |                |   |
| -Tier 1   | \$433/day           | \$431/day      | \$6,277/month                               |
| -Tier 2   | \$489/day           | \$487/day      | \$6,277/month                               |
| Home for the Aged - Tier 1  | \$330/day           | \$329/day      | \$6,277/month                               |
| Home for the Aged - Tier 2  | \$373/day           | \$371/day      | \$6,277/month                               |

Member will pay the current rate in effect at the time of actual admission.

Member is aware that these rates will change from time to time upon Board approval with a thirty (30) day notification in writing to Members prior to implementation.

## EXHIBIT B

### **Addendum to Residence and Services Agreement Monthly and Additional Service Fees**

Member selects and agrees to pay for the following initial Monthly and Additional Services Fees in accordance with the Agreement.

| Service   | Fee               | Member Initials |
|---|-------------------|-----------------|
| Monthly Services Fee – 1 <sup>st</sup><br>Person Includes dining<br>dollars | \$ ____ per month | ____ / ____     |
| Monthly Services Fee – 2 <sup>nd</sup><br>Person Includes dining<br>dollars | \$ ____ per month | ____ / ____     |
| Telephone   | \$ ____ per month | ____ / ____     |

Member may change these selections at any time after occupancy and upon 30 days' written notice to the Community.

Member is aware that these fees may change from time to time upon Board approval with a thirty (30) day notification in writing to Members prior to implementation.

\_\_\_\_\_  
Member \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Member \_\_\_\_\_ Date \_\_\_\_\_

Aldersgate United Methodist Retirement Community, Inc.

\_\_\_\_\_  
Executive Director/Designee \_\_\_\_\_ Date \_\_\_\_\_

## EXHIBIT C

### Addendum to Residence and Services Agreement for New Construction of Wesley Glen Executive Homes

This Exhibit C, rather than Section II.C of the Residence and Services Agreement, shall govern the Terms of Payment of the Entrance Fee for Members selecting new construction of a Wesley Glen Executive Home. With the exception of Section II.C, all other provisions of the Residence and Services Agreement apply to those Members selecting new construction of a Wesley Glen Executive Home.

**Terms of Payment of the Entrance Fee.** The terms of payment of the Entrance Fee for the new construction of Wesley Glen Executive Homes shall be as follows:

1. **Reservation Deposit.** An amount equal to ten percent (10%) of the Entrance Fee totaling \$\_\_\_\_\_, paid within five (5) days after the Member receives written notice of approval and upon execution of this Agreement; and,
2. **A Deposit of One Third of the Total Entrance Fee.** An amount equal to one third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/Custom Features; less the paid Reservation Deposit, or \$\_\_\_\_ paid at the time that the executive home site begins to be cleared; and,
3. **A Deposit of One Third of the Total Entrance Fee.** An amount equal to one third (1/3) of the Entrance Fee, including 1/3 of fees for selected Option/Custom Features, ; less the paid Reservation Deposit, or \$\_\_\_\_ paid when the Community determines and notifies Member that construction of the Wesley Glen Executive Home has reached 50% of substantial completion; and,
4. **Balance of the Entrance Fee.** The balance of the total Entrance Fee, including any outstanding balance for Options/Custom Features selected by the Member, or \$\_\_\_\_ paid at the Occupancy Date, unless otherwise agreed to in writing by the Community.

## **EXHIBIT C**

The Community has executed this Addendum and Member has read and understands this Addendum and has executed this Addendum to the Residence and Services Agreement.

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Member

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Date

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Member

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Date

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Aldersgate United Methodist Retirement Community, Inc.

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Executive Director/Designee

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Date

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## EXHIBIT D

### Addendum to Residence and Services Agreement to Replace the Health Care Benefit

WHEREAS, \_\_\_\_\_, ("you" or "Resident" or "Member"), has entered into the Residence and Services Agreement ("Agreement") dated \_\_\_\_\_, with Aldersgate United Methodist Retirement Community, Inc.

("the Community"); and

WHEREAS, the Member does not meet the qualifications for residency at the Community as a resident receiving the Health Care Benefit as more fully described in Section I.E.11 of the Agreement; and

WHEREAS, the Community desires to admit the Member and Member agrees to admission without the Health Care Benefit;

NOW, THEREFORE, the Member and the Community agree as follows:

The paragraphs in Section I.E.11.v.b of the Agreement entitled Permanent Transfers and describing monthly and daily services fees to be paid upon permanent transfer to Assisted Living or the Health Care Facility are stricken in their entirety as they relate to the undersigned Resident only and replaced by the following:

- b. **Permanent Transfers.** A transfer is considered permanent when the condition that requires the Member to transfer will not allow them to return to their Residence and the Residence has been vacated.
  - i. **Single Occupancy.** Should the Member have a permanent need for Assisted Living or Health Care Facility services, the Resident will be required to release their Residence as provided in Section V. The Monthly Service Fee will be adjusted to the then-current monthly rate applicable to Members without Healthcare Benefits at Assisted Living or the then-current daily rate applicable to Members without Healthcare Benefits at the Health Care Facility.
  - ii. **Double Occupancy.** Should the Member have a permanent need for Assisted Living or Health Care Facility services, the Monthly Service Fee will be equal to the then-current Monthly Service Fee for their Residence for one person plus the then-current monthly rate applicable to Members without Healthcare Benefits at Assisted Living or the then-current daily rate applicable to Members without Healthcare Benefits at the Health Care Facility. Should both Residents have a permanent need for Assisted Living or Health Care Facility services, Residents will be required to release the Residence as provided under Section V. The Resident qualifying for the Health Care Benefit will pay the then-current Health Care Benefit Rate and the undersigned, non-qualifying Resident, will pay the then-current monthly

rate applicable to Members without Healthcare Benefits at Assisted Living or the then-current daily rate applicable to Members without Healthcare Benefits at the Health Care Facility.

All other provisions of the Residence and Services Agreement remain unchanged and effective until terminated according to the provisions of Section VI of the Agreement.

The Community has executed this Addendum and Member has read and understands this Addendum and has executed this Addendum to the Residence and Services Agreement.

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Member Printed Name(s)

Date

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Member Signature(s)

Date

Aldersgate United Methodist Retirement Community, Inc.

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Executive Director/Designee

Date

## **DESIGNATION OF BENEFICIARY**

Under Agreement for Membership with the Community, I may be entitled to a refund of a certain portion of my Entrance Fee should I die while a Member of the Community. Under Section VI. D. of this Agreement, I am entitled to name a beneficiary or beneficiaries to receive any such refund. Accordingly, I hereby name the following as my beneficiary for this purpose.

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

\_\_\_\_\_  
Member

\_\_\_\_\_  
By: Executive Director/Designee

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