



Disclosure Statement

Glenaire, A Life Plan Community

Provider: Glenaire, Inc.

Date of Disclosure Statement: 12/31/2025

Last Date for Delivery: 6/08/2027

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

Financial Snapshot: Key Ratios for Presbyterian Homes, Inc.

Fiscal Year Ended: December 31, 2025(FY)

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	887	703	738	677	696	704	—	—	—
CUSH	13.15	9.08	10.98	10.64	12.35	13.92	—	—	—
OR	94.08%	87.78%	89.14%	90.67%	90.10%	89.84%	—	—	—
NOM	5.92%	12.22%	10.86%	9.33%	9.90%	10.16%	—	—	—
NOM-A	20.67%	47.55%	22.92%	24.74%	25.32%	25.63%	—	—	—
DSCR	1.64	2.46	2.08	1.89	1.98	2.10	—	—	—
CD	0.65	0.91	1.09	1.14	1.28	1.41	—	—	—
CED	6.66	1.14	1.00	0.71	0.59	0.62	—	—	—

Liquidity Ratios:

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

Profitability Ratios:

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

Capital Structure Ratios:

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

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

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

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1. Provider Identification and Basic Information

Item	Information
Provider Name:	Glenaire, Inc.
Business Address:	4000 Glenaire Circle, Cary, NC 27511
Telephone Number:	919-460-8095
Legal Entity Type:	Nonprofit corporation organized under the laws of North Carolina
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	Glenaire, Inc is a non-profit life plan community governed by its Board of Directors.

2. Organizational Structure

2.1 Multi-Entity Organization Status

Glenaire, Inc. is a church-related non-stock, non-profit corporation chartered on May 15, 1991 for the purpose of owning and operating a continuing care retirement community (CCRC) in the Town of Cary in Wake County, North Carolina. Glenaire, Inc. operates as a controlled affiliate of The Presbyterian Homes, Inc. dba Brightspire, located at 5603 New Garden Village Drive, Greensboro, NC 27410.

Kintura was founded in 2024 through the affiliation of two former organizations: The Presbyterian Homes, Inc. (d/b/a Brightspire) and Well-Spring Services, Inc. (d/b/a The Well-Spring Group). Headquartered in Greensboro, North Carolina, Kintura is a North Carolina not-for-profit corporation chartered by the State of North Carolina in 2024.

Kintura serves as the controlling corporate parent of each Kintura life plan community. In this role, Kintura appoints the Board of Directors of each life plan community and serves as the sole corporate member of each such community.

While each Kintura life plan community maintains its own Board of Directors, Kintura and its communities operate under a Board member-in-common governance model. Under this model, individuals serving on the Kintura Board of Directors simultaneously serve on the Boards of Directors of the individual life plan communities. Decision-making authority for each life plan community resides with that community's Board of Directors. The Kintura board of directors and each life plan community board are composed of fifteen members, including two residents of Kintura life plan communities. In addition, a Board of Advisors—appointed by the Kintura Board of Directors and comprised of resident representatives from each Kintura life plan community—provides insight and feedback to inform Kintura's decision-making.

Currently, Kintura has two separate obligated groups responsible for life plan community indebtedness. One obligated group (Brightspire) is jointly responsible for the indebtedness of Glenaire, River Landing at Sandy Ridge, and Scotia Village. The second obligated group (Well-Spring) is jointly responsible for the indebtedness of The Village at Brookwood and Well-Spring Retirement Community. These obligated groups are separate and are not responsible for the indebtedness of the other group.

All residence and care agreements entered solely between the individual Kintura life plan community and the resident(s).

2.2 Consolidation of Financial Statements

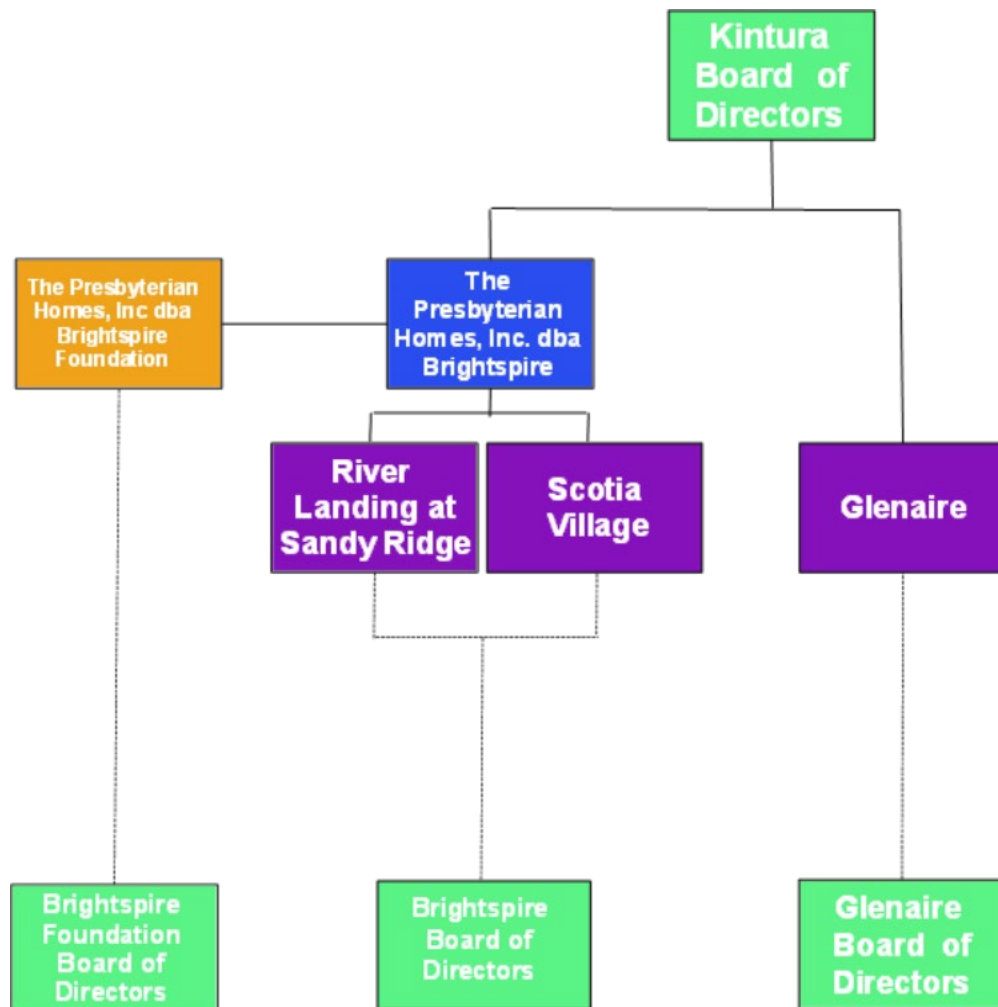
Glenaire, Inc., along with other members of the Brightspire obligated group, have changed from September 30th fiscal year end to December 31st fiscal year end. The statements include a statement of operations and cash flow for the fifteen months from October 1, 2024 to December 31, 2025 and balance sheet as of December 31, 2025. The audited financial statements are prepared on a consolidated basis for the Brightspire obligated group including Glenaire, Inc. by Bernard Robinson & Company, L.L.P. (Greensboro, NC).

2.3 Controlling Person

Item	Information
Name:	Kintura
Business Address:	5603 New Garden Village Drive, Greensboro, NC 27410
Telephone Number:	336-886-6553

2.4 Company Structure Chart

The organizational structure of Glenaire, Inc. and its related entities is illustrated below:



Accessible Text Equivalent:

- **Board of Directors** - Glenaire, Inc. is governed by a Board of Directors, which serves as the organization's governing body and holds ultimate responsibility for oversight of operations, financial condition, and resident welfare.
- **Kintura** - not-for-profit corporation, that is the controlling corporate parent of each Kintura life plan community, including Glenaire, Inc.
- **Glenaire, Inc.** -provider of continuing care contracts; operator of Glenaire Life Plan Community (Cary, NC)

3. Key Persons and Management

Definitions (for purposes of this Section):

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

3.1 Senior Officers of Glenaire, Inc. and Kintura

Name / Role	Education	Experience	Length of Service
Timothy J. Webster – Chief Executive Officer	BSBA Accounting, Appalachian State University; Certified Public Accountant; Licensed Nursing Home Administrator	31+ years in senior living operations – held positions as Assistant Controller, Controller, Director of Finance, Director of Operations, and Vice President and Chief Operating Officer and Chief Executive Officer	31+ years with The Presbyterian Homes (which became Brightspire and is now Kintura); serves as Chief Executive Officer of Kintura; employed by Kintura
Hank Lovvorn – Chief Operating Officer	BS Economics, Florida State University; Licensed Nursing Home Administrator	29+ years in senior living operations – held positions as Regional Vice President of Operations, Vice President and Director of Operations and Chief Operating Officer	8 years with Westminster Retirement Communities of Florida; 17+ years with The Presbyterian Homes (which became Brightspire and is now Kintura); serves as Chief Operating Officer of Kintura; employed by Kintura
K. Alan Tutterow – Chief Financial Officer	Accounting degree, University of North Carolina at Chapel Hill; Certified Public Accountant; licensed North Carolina Nursing Home Administrator; Certified Aging Services Professional; Financial Surveyor for CARF/CCAC	32+ years in senior living operations – held positions as Executive Director, Chief Operating Officer, Director of Philanthropy and Chief Financial Officer	32+ years with Well Spring Retirement Community and The Well Spring Group (which is now Kintura); serves as Chief Financial Officer of Kintura; employed by Kintura

Name / Role	Education	Experience	Length of Service
Mark Collins – EVP of Human Resources	University of North Carolina at Chapel Hill; B.S. in Industrial Engineering, B.A. in Psychology	13+ in senior living operations, VP & EVP of Human Resources experience	13 years with The Presbyterian Homes (which became Brightspire and is now Kintura); employed by Kintura

Business Address: 5603 New Garden Village Drive, Greensboro, NC 27410

Disclosure: None of the above listed officers have reported any Outside Interests or Adverse Disclosures.

3.2 Community Management – Glenaire, Inc.

Name / Role	Education	Experience	Length of Service
Michael Williams– Executive Director	BBA, James Madison University w/ concentration in Management; NHA	31 years in Senior Living/ Aging Services Field with experience as Administrator of Westminster Canterbury of Shenandoah Valley; Chief Operating Officer of Williamsburg Landing; VP of Operations at LifeSpire Virginia	Began March 2026
Emily Smith– Associate Executive Director	Associate's degree, Iowa Western	19 years at Glenaire in roles of Adult Day Program Director, Wellness Director, and Sales and Marketing Director. Before moving to North Carolina, Emily worked for the Chamber of Commerce in Kansas City.	2006 (19 years)
Luke Childs– Director of Health Care Services	Appalachian State University, Major in Exercise Science – Pre-Professional and Minor in Psychology; M.B.A. Interdisciplinary Business from Appalachian State University	8 years of experience as a Licensed Nursing Home Administrator; 5 years of managing for-profit skilled nursing and rehabilitation facilities, including PruittHealth prior to coming to Glenaire.	February 2023 (3 years)

Business Address: 4000 Glenaire Circle, Cary, NC 27511

Disclosure: The Executive Director and other community management have reported no Outside Interests or Adverse Disclosures.

3.3 Board of Directors — Glenaire, Inc.

Name / Role	Education	Experience	Length of Service
Cantey Alexander - Board member, Finance and Governance (Nominating) Committee member	BS – Appalachian State University	Retired from BB&T/Truist after 36 ½ years	Kintura Board 10/1/2024 (1.5 years)
Jane Baker - Board Member and Executive Committee member	BA – UNC Chapel Hill AA – Pearce College	Retired Executive Director of NC Board of Nursing Home Administrators (34 years)	Kintura Board 10/1/2024 (1.5 years)
Kathryn “Cookie” Billings - Vice Chair of Board, Chair of Strategic Planning Committee, Executive, Audit and Compliance and Governance (Nominating) Committee member	BS Business Administration (Magna Cum Laude) Local government commission – Institute of Government Advance certificates – Management	32 years in local government, Internal auditor for Guilford County Schools (4 years) and Town of Jamestown – Finance Director, Assistant Manager and Town Manager Volunteer – Girl Scout Board (8 years), President Girl Scout Board (6 years), National G.S. Volunteer US (4 years), Rotarian leadership (30 years)	Kintura Board 10/1/2024 (1.5 years) Well Spring and Well Spring Foundation Board
Bob Chandler - Board Member, Finance Committee member	BA – NC State (Business Management)	Retired from Chandler Concrete Co, Inc.	Kintura Board 10/1/2024 (1.5 years) TVAB Board – 3 years, WS Board – 2 years
Tim Clontz - Board Member and Treasurer, Chair of Finance Committee, Strategic Planning and Executive Committee member	BA – UNC Chapel Hill MHA – Duke	Senior VP, Cone Health (retired) CEO, Community Care Center (retired)	Kintura Board 10/1/2024 (1.5 years) Well Spring Board (2002- 2010 / 2014- 2024)

Name / Role	Education	Experience	Length of Service
David Coulter - Board member, Audit and Compliance and Strategic Planning Committee member	BA – VMI MHA – VCO/MCV	Senior VP WakeMed Health & Hospitals (retired) VP Operations, Rex UNC Hospitals	Kintura Board 10/1/2024 (1.5 years) Brightspire Board (2014-2024)
Wendy Gatlin - Board member, Finance Committee member	BS Finance and International Business M.S. Taxation	30+ years Tax and wealth management services	Kintura Board 10/1/2024 (1.5 years) Well Spring Board – 5+ years
Barry Goldstein - Board member, Finance, Audit and Compliance and Strategic Planning Committee member	BS Economics – Wharton School at University of Pennsylvania	Partner at International CPA Firm CFO – Office Depot Chair of Audit Committee of 7 companies	Kintura Board 10/1/2024 (1.5 years)
Lori Haddock - Board Chair, Executive, Strategic Planning and Governance (Nominating) Committee member	BSBA and MBA – East Carolina University CFP	Senior VP – Wells Fargo Bank (31 years) Managing Partner – Midtown Financial Advisors (12 years)	Kintura Board 10/1/2024 (1.5 years) Brightspire Board (23 years)
Leigh Ann Klee - Board member, Chair of Audit and Compliance Committee	BS Business Administration – UNC Chapel Hill Masters of Accounting – UNC Chapel Hill	President & COO – Pace Communications CPA	Kintura Board 10/1/2024 (1.5 years) Brightspire Board (9 years)
Harold Martin - Board member, Audit and Compliance Committee member	BS and MS Science (electrical engineering) – NC A&T Doctoral degree (electrical engineering) – Virginia Tech	12 th Chancellor of NC A&T University (retired) Vice Chancellor of Academic Affairs – NC A&T Dean of College of Engineering – NC A&T Chancellor – Winston Salem State University	Kintura Board 10/1/2024 (1.5 years)

Name / Role	Education	Experience	Length of Service
Alex Maultsby - Board member, Governance (Nominating) Committee member	BA – Davidson College JD – UNC	Attorney	Kintura Board 10/1/2024 (1.5 years) Brightspire Board
William C. McIlwain - Board member and Secretary, Strategic Planning and Executive Committee member	BA (History) – Davidson College JD – Wake Forest University	Chief District Court Judge – Hoke, Scotland Counties (retired)	Kintura Board 10/1/2024 (1.5 years) Presbyterian Homes & Brightspire Board
David Sprinkle - Board member, Strategic Planning and Governance (Nominating) Committee member and Resident Board of Advisors member	BS (Economics) – Davidson College MBA – UNC Chapel Hill MS – The American College	Retired CEO – The John O. Todd Organization, Inc. Retired agent/sales – Northern Mutual Life Insurance Co. BOT Chair UNCG (10 years) BOT Davidson College (20+ years) BOT – The Armfield Foundation	Kintura Board 10/1/2024 (1.5 years)
Benjamin Zuraw - Board member, Audit and Compliance, Finance and Strategic Planning Committee member	BA – Dartmouth College JD – Yale Law School	Retired partner at Pillsbury, Madison & Sutro in San Francisco specializing in large bank mergers and acquisitions. Also, retired civics teacher at Greensboro Day School	Kintura Board 10/1/2024 (1.5 years) Well Spring Solutions Board (2014-2020) Well Spring Board (2020-2024)

Disclosure: No one on the Board of Directors has reported Outside Interests or Adverse Disclosures.

3.4 Management Entity

The absolute rights of management of Glenaire, Inc. are reserved by the Corporation, its Board of Directors and its administrators as delegated by said Board of Directors. The Corporation reserves the right to accept or reject any person for residency. Residents do not have the right to determine admissions or terms of admission of any other resident. Senior Officers operate out of Kintura Management Office in Greensboro.

- **Business Address:** 5603 New Garden Village Drive, Greensboro, NC 27410
- **Key Officers:** Timothy Webster (President & CEO), Hank Lovvorn (COO), K. Alan Tutterow (CFO), and Mark Collins (EVP, HR) — see Senior Officers of Glenaire, Inc. and Kintura for education, experience, and length of service.

3.5 Individuals Holding ≥10% Equity or Beneficial Interest in Provider or Controlling Person

There are no other professional service firms, associations, trusts, partnerships, or corporations in which the Officers, Directors or Administrative Staff has, or which has in these persons, a ten percent (10%) or greater interest and which it is presently intended shall currently or in the future provide goods, leases, or services to the community, or to residents of the community, of an aggregate value of five hundred dollars (\$500.00) or more within any year. No Board Member or Administrative Staff person has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or Federal license or permit suspended or revoked as a result of action brought by a governmental agency or department.

4. Governing Body and Oversight

4.1 Provider Governing Body

Glenaire, Inc. is a Kintura life plan community. Kintura serves as Glenaire's controlling corporate parent and sole member and appoints Glenaire's Board of Directors.

Glenaire, Inc. operates under Kintura's Board Member-in-common governance model, in which members of the Kintura board also serve simultaneously on the Glenaire Board. The Glenaire Board consists of 15 members, including two resident representatives, and retains decision-making authority for the community. A Kintura-appointed Board of Advisors, composed of resident representatives from each Kintura community, provides additional insight and feedback to inform Kintura decision-making.

The Board's primary duties include:

- **Financial Oversight:** Reviewing and approving budgets, monitoring financial performance, and ensuring fiscal integrity.
- **Compliance:** Ensuring adherence to applicable laws, regulations, and contractual obligations.
- **Resident Welfare:** Overseeing the quality of resident care and services, including safety and satisfaction.
- **Risk Management:** Monitoring risks to solvency and operational stability.

4.1.1 Selection of Members

The Glenaire Board consists of 15 members, including two resident representatives, and retains decision-making authority for the community.

4.1.2 Oversight of Management and Operations

Glenaire, Inc. provides an Executive Director, who serves as the general manager of the corporation. The Executive Director oversees all employees, implements Board policies, and manages operations. The Board maintains oversight through:

- Regular review of financial and operational reports.
- Approval of major contracts, capital projects, and debt issuances.
- Quarterly Board meetings and committee reports.
- Evaluation of management performance and compliance with corporate policies.

4.1.3 Committees

The Board maintains an Executive Committee and may establish additional standing or special committees. Committees assist with governance but cannot exercise certain powers reserved to the full Board, such as electing Directors, approving dissolution or mergers, or amending by laws. The Glenaire Board maintains the following standing committees with the following descriptions:

- **Executive Committee:** The Executive Committee acts as an advisor to the CEO, provides guidance on Board agendas and presentations, and acts on behalf of the Board as circumstances require. The Committee receives confidential information related to personnel matters, risk management, strategic initiatives (including affiliations, acquisitions, and partnerships), and provides input or takes action as appropriate. All actions of the Executive Committee are reported to the full Board, and minutes of its meetings are maintained as part of the corporation's official records.
- **Finance Committee:** The Finance Committee oversees the organization's overall financial health and monitors compliance with board-approved financial policies. It develops and recommends policies limiting executive authority in financial matters and reviews and recommends annual operating and capital budgets. The committee also recommends policies governing investment of resources, budget

planning parameters, and corporate financial performance targets, and establishes parameters for insurance coverage. Working with the President and Chief Executive Officer (or designated staff), the Finance Committee annually reviews Form 990 and submits a recommendation for approval to the full governing board prior to IRS submission. The committee oversees short- and long-term investment performance, recommends investment parameters, and periodically reviews administrative policies related to charitable contribution requests. It also recommends revisions to existing financial management policies or the development of new policies, reports on financial irregularities, concerns, or opportunities to the board, and as needed, reviews and recommends any issuance of debt.

- **Nominating Committee:** The Nominating Committee shall nominate candidates to the Board of Directors for election at each annual meeting, to fill vacancies among elected Directors, and to serve as officers of the corporation. The committee shall also review the Chairperson's proposed slate of committee members and committee chairs (excluding the Nominating Committee) and make recommendations to the Board of Directors. In addition, the Nominating Committee shall evaluate the effectiveness of the corporation's governance structure and Board performance, identify and cultivate qualified leadership candidates, and assess and support the ongoing education needs of the Board of Directors in collaboration with management.
- **Audit & Compliance Committee:** The Audit and Compliance Committee assists the Board of Directors in overseeing audit, compliance, and ethics matters, including compliance with applicable laws and regulations governing long-term health care operations. The Committee recommends the independent audit firm, reviews annual audit reports, and reports financial irregularities to the Board. It oversees the effectiveness of the organization's compliance and ethics program, including regulatory compliance, risk identification and mitigation, and quality-of-care standards, and periodically reviews and recommends updates to the Code of Conduct. The Committee monitors significant compliance risks and violations, evaluates regulatory and enforcement trends, and may conduct or authorize investigations within its scope. It meets at least quarterly with the Compliance Official, may request reports from management or others, maintains meeting minutes, and reports regularly to the Board.

4.2 Controlling Person Governing Body

Glenaire, Inc. does not identify a separate controlling person in its bylaws, other than the Board of Directors.

5. Related Parties

Kintura serves as Glenaire Inc.'s controlling corporate parent company. Presbyterian Homes, Inc. is the obligated party of Glenaire, Inc. Relationship explained more in Section 2.1.

6. Relationships with Religious, Charitable, or Other Organizations

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

7. Other Persons Responsible for Provider Obligations

No other person or entity is responsible for the financial or contractual obligations of Glenaire, Inc other than the obligated group as stated in 8 below.

8. Obligated Groups

Glenaire, Inc. is jointly obligated, through the Brightspire obligated group, for the indebtedness of the Glenaire, River Landing at Sandy Ridge and Scotia Village life plan communities, within the Kintura. These obligations are shown through the financial statements.

9. Debt Covenants and Compliance

The ratio debt covenant requirements are 120 Days' Cash on Hand and 1.20 Debt Service Coverage as established by the Master Trust Indenture.

10. Third-Party Management

Glenaire, Inc. does not contract any third-party management.

11. Leases of Real Property

Glenaire, Inc. does not lease any of the real property that makes up the Glenaire campus.

12. Endowment Funds

Glenaire, Inc. does not have nor control any endowment funds. The Brightspire obligated group, that Glenaire, Inc. is a part of, does have endowment funds through the Presbyterian Homes Foundation, Inc. The Foundation's endowments consist of approximately nine individual funds established for a variety of purposes. The endowments include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

13. Description and Location of Property

Glenaire is situated at the northwest intersection of Kildaire Farm and Cornwall Road in Cary, North Carolina. The campus is surrounded by natural flora and scenic grounds, making it a perfect place for strolling. Glenaire offers its residents an active, fulfilling, and vibrant lifestyle while being located just a few minutes away from the charming Downtown Cary.

Glenaire offers its residents walking paths, six dining venues, thoughtfully designed classrooms and studio spaces, a state-of-the-art wellness center spread over 25,000 square feet, for all residents to enjoy. The mailing and street address is 4000 Glenaire Circle, Cary, NC 27511-3202.

14. Number of Living Units

As of December 31, 2025, the community comprises 417 independent living accommodations, 71 nursing beds, and 68 assisted living apartments.

15. Continuing Care at Home Program

Glenaire, Inc. does not have nor operate a Continuing Care at Home (CCaH) program.

16. Resident Population

As of December 31, 2025, the census at Glenaire, Inc. was:

- 630 residents in independent living
- 67 residents in assisted living
- 69 residents in skilled living

17. Occupancy Rates

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

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

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
12/31/2025	97.36%	98.53%	97.18%
12/31/2024	97.60%	95.45%	95.77%
12/31/2023	96.44%	91.84%	94.37%
12/31/2022	97.32%	67.35%	90.14%
12/31/2021	97.33%	85.71%	81.69%

18. Semiannual Resident Meetings

Glenaire, Inc. holds meetings with residents monthly. These monthly “Residents Association Meetings” are typically held on the 4th Tuesday of every month at 10am with all residents.

Most Recent Meeting Dates

- October 28, 2025
- November 25, 2025
- February 3, 2026

19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of Glenaire, Inc. Glenaire, Inc. retains full ownership and control of the property.

20. Services Provided

Glenaire, Inc. offers services under a continuing care contract. The following disclosures describe the services included in the contract, as well as those available for additional charge.

20.1 Health Care Services

Glenaire, Inc. provides access to assisted living, skilled nursing, and specialized care support on campus to its residents. The community contracts with local physicians and physician extenders who provide medical director services and who are responsible for the health care of each resident unless the resident has designated another physician to provide care. Pharmaceutical services are provided under a contract by a pharmacy. Physical Therapy, Occupational Therapy, Speech Therapy, Podiatry and Dental Services are provided by appointment as ordered or approved by the attending physician.

20.2 Continuing Care Contracts (CCRC)

Glenaire, Inc. residents receive the following services as part of their monthly fees, with additional services available at an extra charge.

20.2.1 Services Included in Monthly Fees

- Utilities (Apartments): Water, sewer, trash, heating, air conditioning, and electricity included.
- Furnishings: Standard flooring, TV system, emergency call system, fixtures, appliances, and features outlined in accommodation materials.
- Meals: Three well-balanced meals available daily. The amount of the meal allowance for each resident may vary depending on where the resident resides in Independent Living
- Housekeeping: Weekly vacuuming, dusting, kitchen and bathroom cleaning, and trash removal.
- Maintenance & Repairs: Maintenance of property, furnishings, and equipment included.
- Groundskeeping: Lawn, tree, and shrub care provided.
- Parking: One personal vehicle per resident plus guest parking.
- Common Areas: Access to dining rooms, kitchen, living rooms, post office, multi-purpose rooms, chapel, lounges, and sitting areas.
- Transportation: Limited scheduled local transportation is available.

- Activities: Social, recreational, spiritual, educational, and cultural programs.
- Health Services: See Section 20.1.

20.2.2 Services Available at Additional Charge

- Utilities (Cottages): Resident responsible for heating, air conditioning, and electricity.
- Telephone: Resident responsible for installation and monthly service.
- Special Dietary Meals: Additional charges may apply for special dietary meals.
- Extra Meals: If resident exceeds the meal allowance in any given month, the additional cost incurred by resident above the current meal allowance will be added to resident's next monthly statement in addition to the standard monthly charge.
- Transportation: Additional charges may apply for certain destinations or special trips.

20.3 Delivery of Services

Core residential, assisted living, and skilled nursing services are provided directly by Glenaire, Inc. Certain therapies (physical, occupational, and speech) are furnished under contract with a third party.

21. Resident Fees

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

21.1.1 CCRC Contracts ((Residence & Care Agreement)

CCRC contracts represent the Residence & Care Agreement for residents who live at Glenaire, Inc.

Table 21.1: Current Monthly Fees for Glenaire, Inc.

Unit Type	Single Occupant	Double Occupant
Independent Living (IL) – Beech, Studio	\$3,309	N/A
IL– Thistle, One Bedroom	\$3,875	\$1,461
IL- Thyme, Expanded One Bedroom	\$3,875	\$1,461
IL – Twinflower, One Bedroom / Study	\$4,531	\$1,461
IL – Rhododendron – Two Bedroom	\$4,531	\$1,461

Unit Type	Single Occupant	Double Occupant
IL- Willow, Expanded Two Bedroom	\$4,531	\$1,461
IL – Jasmine, Two Bedroom/Den	\$4,920	\$1,461
IL – Gardenia, Two Bedroom/Den	\$4,944	\$1,461
IL – Laurel, Two Bedroom/Den	\$5,226	\$1,461
IL – Azalea, Two Bedroom/Den	\$5,353	\$1,461
IL – Magnolia, Two Bedroom/Den	\$6,028	\$1,461
IL – Fern Carport, Two Bedroom/Den	\$4,695	\$1,461
IL – Fern Garage, Two Bedroom/Den	\$4,695	\$1,461
IL – Heather, Two Bedroom/Den	\$5,198	\$1,461
IL – Juniper, Two Bedroom/Den	\$5,198	\$1,461
IL – Wintergreen, Two Bedroom Expanded /Den	\$5,198	\$1,461
IL – Ivy, Two Bedroom/Den	\$5,246	\$1,461
IL – Camellia, Two Bedroom	\$5,246	\$1,461
IL – Tupelo, Two Bedroom	\$5,278	\$1,461
IL – Chestnut, Two Bedroom/Den	\$5,414	\$1,461
IL – Birch, Two Bedroom/Den	\$5,414	\$1,461
IL – Dogwood, Two Bedroom/Den	\$5,414	\$1,461
IL - Bradford, Two Bedroom/Den	\$5,549	\$1,461
IL – Leyland, Two Bedroom/Den	\$5,686	\$1,461
IL – Hawthorn, Two Bedroom/Den	\$5,686	\$1,461
IL – Sycamore, Three Bedroom	\$6,024	\$1,461
IL – Cypress, Three Bedroom / Den	\$6,901	\$1,461
Assisted Living	\$7,951-\$10,411	N/A
Skilled Nursing	\$412/day	N/A

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

Table 21.3: Historical Increases in Monthly Fees

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2026	4.25%	\$217	Annual
09/30/2025	4.50%	\$220	Annual
09/30/2024	5.70%	\$223	Annual
09/30/2023	7.00%	\$253	Annual
09/30/2022	3.80%	\$131	Annual

Table 21.4: Current Entrance Fees for Glenaire, Inc.

Unit Type	Entrance Fee
Independent Living (IL) – Beech, Studio	\$87,000
IL– Thistle, One Bedroom	\$208,000
IL- Thyme, Expanded One Bedroom	\$210,000
IL – Twinflower, One Bedroom / Study	\$259,000
IL – Rhododendron – Two Bedroom	\$276,000
IL- Willow, Expanded Two Bedroom	\$282,000
IL – Jasmine, Two Bedroom/Den	\$424,000
IL – Gardenia, Two Bedroom/Den	\$431,000
IL – Laurel, Two Bedroom/Den	\$474,000
IL – Azalea, Two Bedroom/Den	\$526,000
IL – Magnolia, Two Bedroom/Den	\$588,000
IL – Fern Carport, Two Bedroom/Den	\$434,000
IL – Fern Garage, Two Bedroom/Den	\$476,000
IL – Heather, Two Bedroom/Den	\$549,000
IL – Juniper, Two Bedroom/Den	\$597,000
IL – Wintergreen, Two Bedroom Expanded /Den	\$597,000
IL – Ivy, Two Bedroom/Den	\$526,000
IL – Camellia, Two Bedroom	\$526,000
IL – Tupelo, Two Bedroom	\$588,000
IL – Chestnut, Two Bedroom/Den	\$632,000

Unit Type	Entrance Fee
IL – Birch, Two Bedroom/Den	\$654,000
IL – Dogwood, Two Bedroom/Den	\$654,000
IL - Bradford, Two Bedroom/Den	\$699,000
IL – Leyland, Two Bedroom/Den	\$721,000
IL – Hawthorn, Two Bedroom/Den	\$721,000
IL – Sycamore, Three Bedroom	\$800,000
IL – Cypress, Three Bedroom / Den	\$1,025,000
Assisted Living	\$25,000
Skilled Nursing	\$12,475

Refundability terms are disclosed in Section 22.

Table 21.4: Historical Increases in Entrance Fees

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2026	8.10%	\$38,852	Annual
09/30/2025	6.20%	\$27,741	Annual
09/30/2024	5.00%	\$21,630	Annual
09/30/2023	11.60%	\$44,630	Annual
09/30/2022	4.00%	\$14,779	Annual

21.2 Household Composition Changes

According to the Glenaire, Inc. Residence and Care Agreement, if a resident while occupying a Living Accommodation marries another Resident or elects to share a Living Accommodation with a person who is also a resident, the two residents may occupy the Living Accommodation of either resident and shall surrender the Living Accommodation not to be occupied by them. No refund will be payable with respect to the Living Accommodation surrendered. Such residents will pay the Monthly Charge for double occupancy associated with the Living Accommodation occupied by them. In the event that a resident shall marry or elect to share a Living Accommodation with a person who is not a resident of Glenaire, Inc., the non-resident spouse/cohabitant may become a resident if such spouse/cohabitant meets all of the then current requirements for admission to

Glenaire, enters into a then current version of the Residence and Care Agreement with Corporation and pays an Entrance Fee in an amount determined by Corporation in its discretion but in any event no more than two-thirds of the then current Entrance Fee associated with the type of Living Accommodation to be occupied by the resident and non-resident spouse/cohabitant. If the resident's spouse/cohabitant shall not meet the requirements of Glenaire, Inc. for admission as a resident, the current resident may terminate the Residence and Care Agreement.

21.3 Transfer Fees and Resale Fees

Glenaire, Inc. will evaluate and consider a Resident's request to move from one Living Unit to another within Independent Living. The determination to allow a resident to move is within the sole discretion of Glenaire, Inc. and will be administered under the guidelines of Glenaire, Inc.'s transfer policy in effect at the time of the resident's request to move. No resale fees are charged because residents do not hold ownership rights in their units.

22. Refundable Entrance Fees

22.1 Conditions for Refunds

During the first thirty days a Glenaire resident shall receive a refund of the Entrance Fee paid less a service charge as determined by Glenaire, Inc. Not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee paid.

After the first thirty days a Glenaire resident shall receive a refund of the Entrance Fee paid to Glenaire depending on the entrance fee option selected:

- Standard – Refund of entrance fee paid less a 4% non-refundable fee less 2% per month for 48 months.
- 50% Refundable – Refund of entrance fee paid less a 4% non-refundable fee less 2% per month for 23 months. The refund is never less than 50% except for possible offsets and reductions as described in the Residence and Care Agreement.
- 90% Refundable – Refund of entrance fee paid less a 4% non-refundable fee less 1% per month for 6 months. The refund is never less than 90% except for possible offsets and reductions as described in the Residence and Care Agreement.

22.2 Refund Obligations as of December 31, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	33	\$13,901,350
Refunds currently due (including amounts 30+ days past due)	0	\$0
Resident now in non-independent living unit – unit not resold	0	\$0
Resident now in non-independent living unit – unit resold	0	\$0

As of December 31, 2025, Glenaire, Inc. had \$64,728,924 in total contractual refund obligations on non-refundable contracts in the event of move-out, death, or a termination.

23. Policies for Residents in Financial Hardship

23.1 Policies for Residents Unable to Pay

It is the policy of Glenaire, Inc. that the Residence and Care Agreement will not be ended simply because a resident is unable to continue paying the monthly fee or other charges due to circumstances beyond the resident's control. This policy does not change Glenaire's right to end the Residence and Care Agreement as otherwise allowed under its terms.

If a resident's situation warrants special financial consideration, Glenaire, Inc. will carefully review the circumstances and may choose to help cover part or all of the monthly fee or other charges, as long as doing so does not threaten Glenaire's financial stability. Any financial assistance decision is made at Glenaire's discretion and, if approved, will be addressed in a separate agreement.

If Glenaire, Inc. asks, the resident agrees to apply for Medicaid, public assistance, or other reasonably available public benefit programs to help cover the monthly fee or other charges.

23.2 Sources of Financial Support

- **Benevolent Assistance Endowment Fund** – Glenaire, Inc. does not have its own endowment fund, but the Presbyterian Homes Foundation, Inc. does in which the income can be used to assist Residents who would otherwise not be able to live at Glenaire because of financial considerations. The income from the fund may be used for the purposes of providing financial assistance in accordance with the provisions of this section.

23.3 Conditions or Limitations

- Glenaire, Inc. will not terminate a resident's CCRC contract solely due to the resident's inability to continue paying the monthly charge or other charges payable under the contract due to circumstances beyond the resident's control. This declaration shall not be construed to limit or qualify Glenaire, Inc.'s right to terminate the Residence and Care Agreement in accordance with its terms.
- If a resident presents information that, in the sole judgment of Glenaire, Inc., warrants special financial consideration, Glenaire, Inc. will carefully consider subsidizing, in whole or in part, the monthly charge and other charges payable by the resident, provided that such subsidy does not impair Glenaire's ability to achieve its objectives while operating on a sound financial basis.
- Any financial assistance granted shall be entirely within the sole discretion of Glenaire, Inc. and shall be governed by a separate written agreement between Glenaire, Inc. and the resident. If requested by Glenaire, Inc., the resident agrees to apply for Medicaid, public assistance, or any other reasonably available public benefit programs to help offset the monthly charge or other charges payable under the Residence and Care Agreement.

23.4 Narrative

In 2025, Presbyterian Homes, Inc. distributed \$1,978,035 in benevolent care support to Glenaire Community residents.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Glenaire, Inc. may terminate the Residence and Care Agreement at any time upon the occurrence of any of the following:

- A material misrepresentation or omission by the resident in the Application for Admission, Personal Health History, or Confidential Financial Statement;

- A material change in the resident's health occurring prior to occupancy (the Admission Date);
- The resident's failure to pay any fees or charges due to Glenaire, Inc. within sixty (60) days of the date such payment is due;
- The resident's failure to comply with the rules and regulations adopted by Glenaire, as determined by Glenaire, Inc.; or
- The resident's breach of any term or condition of the Residence and Care Agreement.

24.2 Resident-Initiated Cancellation

A resident may cancel the Residence and Care Agreement under the following circumstances:

- Cancellation within the rescission period and within the first sixty (60) days of occupancy
 - A resident may cancel the Residence and Care Agreement at any time after the rescission period and prior to the sixty-first (61st) day of occupancy by providing written notice to Glenaire.
 - In such cases, the resident shall receive a refund of the Entrance Fee paid, less an administrative fee of four percent (4%) of the total Entrance Fee.
 - If the resident, the resident's spouse, or a roommate dies prior to occupancy, or if illness, injury, incapacity, or financial reversal prevents occupancy, the contract is automatically terminated, and the full Entrance Fee paid will be refunded.
- Cancellation after the first sixty (60) days of occupancy

24.3 Refunds Upon Cancellation

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fees. Refunds will be made once the resident's living accommodation has been reserved by a prospective resident who has paid their Entrance Fee.
- No interest shall accrue or be payable on any refunded amount.

24.4 Refunds Upon Death

The Glenaire, Inc. Residence and Care Agreement shall automatically terminate upon the death of the resident. However, in the event that two residents occupy a living unit under the terms of the Residence and Care Agreement, the Residence and Care Agreement shall continue in effect as to the remaining or surviving resident. A refund, if applicable, shall be determined in accordance with the provisions set forth in the Residence and Care Agreement, and shall be paid to the Estate of the deceased Resident.

25. Re-occupancy of Vacated Living Units

A Living Unit at Glenaire, Inc. is considered vacated for re-occupancy only after one of the following:

- Death of the Resident
- Voluntary termination with notice
- Termination by Glenaire, Inc.
- Permanent transfer to Health Center with surrender of unit

Until termination, the Resident still holds occupancy rights.

25.1 Temporary Absences

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

25.2 Refunds

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Refundable Entrance Fees.

26. Resident Relocation to Another Living Unit

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

26.1 Resident Needs

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

26.2 Provider Needs

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

26.3 Process

- From time to time, Glenaire, Inc. may undertake additions and/or renovations to the community. Glenaire, Inc. will use reasonable efforts to minimize any disturbance to residents.
- The resident agrees to cooperate with Glenaire, Inc. in these efforts and, if necessary, to relocate to a substantially comparable Living Unit under the terms and conditions of the Residence and Care Agreement.
- In the event it becomes necessary to close or otherwise cease ordinary operations at the Glenaire community, as determined in the sole discretion of Glenaire Inc.'s Board of Directors, the resident agrees to allow Glenaire, Inc. to relocate them to a substantially comparable community managed by Glenaire, Inc. within the same general locality. The Residence and Care Agreement shall remain in full force and effect with respect to the continuing care retirement facility.
- The resident further agrees that any transfer of residency shall not terminate the Residence and Care Agreement nor shall it entitle the resident to a full or partial refund of their entrance fee.

26.4 Financial Obligations

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

27. Health and Financial Admission / Continuation Standards

27.1 Admission Requirements

Admission to Glenaire, Inc. is subject to both health and financial screening at the time of application.

27.1.1 CCRC Contracts (Residence & Care Agreement)

- **Financial Standards:** Financial guidelines required for acceptance of a Resident are reviewed on a case-by-case basis. However, Residents of Glenaire are expected to have sufficient financial resources to pay the entrance fee, monthly fee and other personal expenses for the duration of the anticipated residence at the community.
- **Health Standards:** Glenaire, Inc. requires that a resident submit a report of a physical examination of the resident made by a physician selected by the resident within 60 days of the projected occupancy date. If the results of any physical examination materially differ from the information provided in the resident's Application for Admission or Personal Health History, Glenaire, Inc. reserves the right to:

- Decline admission;
- Terminate the Residence and Care Agreement; or
- At Glenaire Inc.'s discretion, permit the resident to take occupancy in accommodations suitable to the resident's needs.

27.2 Continuation Requirements

- Once admitted, residents may remain at the community regardless of changes in health or financial status, subject to the hardship policies described in Section 23 – Policies for Residents in Financial Hardship. Residents may be required to relocate to a higher level of care (see Section 26 – Resident Relocation to Another Unit) if their health needs can no longer be met safely in their current living unit.

27.3 Changes in Condition Before Occupancy or Commencement of Services

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

28. Age and Insurance Requirements for Admission

28.1 Age Requirements

- The admission requirements for residence at Glenaire, Inc. are nondiscriminatory except as to age, and Glenaire, Inc. is open to both married and single men and women of all races and religions and without regard to place of former residence.
- Admission is restricted to persons 62 years of age or older, except that in the case of a married couple in which one spouse is at least 62 years of age, the other spouse shall be at least 55 years of age.

28.2 Insurance Requirements

Applicants for CCRC contracts must:

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

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

28.3 Special Conditions

- None

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of December 31, 2025, The Presbyterian Homes, Inc. held \$191,693,051 in unrestricted cash and investments.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 738 days, representing approximately twenty-four months of projected operating expenses without new revenues.

29.2 Investment Management and Oversight

- **Oversight Body:** Finance Committee of the Board of Directors of Glenaire, Inc.
- **Day-to-Day Management:** Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and Executive Director (ED)
- **Experience:** Management has over 100+ combined years of experience in senior living. CEO and CFO have combined over 60 years of experience as CPA.
- **Policy and Controls:** Investments are managed under a Board-approved policy. The policy recognizes that the strategic allocations of Portfolios assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability. Diversification across and within asset classes is the primary means by which the Committee expects the Portfolios to avoid undue risks of large losses over long time periods. To protect the Portfolios against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations.

29.3 Statutory Operating Reserve Requirement

North Carolina General Statutes Chapter 58, Article 64 requires The Presbyterian Homes, Inc. to maintain an operating reserve equal to 25% of the total operating costs projected for the twelve-month operating period of the first year of the financial forecast. The operating reserve of 25% assumes an occupancy level of 93% and a debt service coverage ratio of greater than 2 as of the most recent fiscal year, however the forecast shows less than 2, therefore 25% reserve used. The forecast assumes an occupancy rate exceeding 93% occupancy in the forecast period. Years 2025 through 2029 were developed using management's understanding of markets and circumstances as of the forecast date.

Table 29.1: Statutory Operating Reserve Calculation (as of December 31, 2025)

Component	Amount
Total projected operating expenses	\$123,132
Add: Debt service (principal and interest)	\$10,543
Less: Depreciation and amortization	(\$21,566)
Less: Debt Service provided	(3,826)
Less: Commissioner approved extraordinary items (Foundation operating expenses of \$54,000 have been deducted from the total operating expenses because the communities are not liable for these)	(54)
Projected operating costs	\$108,229
Applicable reserve percentage based on occupancy	25%
Required operating reserve	\$27,058

Summary: As of December 31, 2025, The Presbyterian Homes, Inc. needs \$27,058 set aside as an operating reserve, which is 25% of the total projected costs of \$108,229.

29.4 Refund Security (Entrance Fee Refunds)

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

- \$164,635,051 of unrestricted liquidity above the statutory operating reserve.

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

The Presbyterian Homes, Inc. is not required by statute to escrow entrance fees and none are maintained in escrow.

Table 29.2: Unrestricted Cash and Investment Summary as of December 31, 2025

Category	Amount	Notes
Total unrestricted cash & investments	\$191,693,051	All liquid balances (cash and investments)
Less: Required operating reserve	(\$27,058,000)	Must be maintained; release requires regulatory approval
Excess unrestricted cash and investments above operating reserve and board designated refund reserve	\$164,635,051	Available for operations and refund needs (outside of designated reserves)

30. Expansion or Renovation Plans

Glenaire, Inc. has a multi-year, phased renovation planned for the skilled nursing households, which will replace and refresh finishes, including carpet, lighting, wall coverings, furnishings, and other interior elements.

31. Audit Opinion and Timeliness

Glenaire, Inc., along with other members of the Brightspire obligated group, have changed from September 30th fiscal year end to December 31st fiscal year end. The statements include a statement of operations and cash flow for the fifteen months from October 1, 2024 to December 31, 2025 and balance sheet as of December 31, 2025. The audited financial statements are prepared on a consolidated basis for the Brightspire obligated group including Glenaire, Inc. by Bernard Robinson & Company, L.L.P. (Greensboro, NC).

- **Timeliness:** The audit will be completed and issued within 150 days of December 31, 2025 fiscal year-end, meeting statutory requirements.
- **Audit Opinion:** The independent auditor opinion will be issued on the consolidated December 31, 2025 audited financial statements.

32. Audited Financial Statements

The audited consolidated financial statements of Glenaire Inc., for the fiscal year ended December 31, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes.

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Glenaire, Inc. for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by Bernard Robinson & Company, L.L.P. and include a summary of significant assumptions and accounting policies.

34. Explanation of Variances from Projections

For the fiscal year ending December 31, 2025, management reviewed the results of operations for Glenaire, Inc. against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions, such as occupancy, used in preparing the projections.

Glenaire, Inc., along with other members of the Brightspire obligated group, have changed from September 30th fiscal year end to December 31st fiscal year end. The statements include a statement of operations and cash flow for the fifteen months from October 1, 2024 to December 31, 2025 and balance sheet as of December 31, 2025. The audited financial statements are prepared on a consolidated basis for the Brightspire obligated group including Glenaire, Inc. by Bernard Robinson & Company, L.L.P. (Greensboro, NC).

The following material variances were identified:

Table 34.1: Variance Analysis - Fiscal Year Ended 12/31/25

Category	Projected Amount (in millions)	Actual Amount (in millions)	Variance (in millions)	Explanation +/- 2 million
Cash and cash equivalents	0.5	3.8	3.3	Projection held cash constant at .5 million remainder is invested
Property and equipment, net	254	258	4.0	More than projected investment in property & equipment than was forecasted
Deferred revenue from entrance fees - nonrefundable	24.2	41.7	17.5	More than projected entrance fees became nonrefundable at year end. Offset by variance in deferred revenue from entrance fees -refundable
Deferred revenue from entrance fees - refundable	69	50	(19.0)	More than projected entrance fees became nonrefundable at year end. Offset by variance in deferred revenue from entrance fees - nonrefundable
Assets without donor restrictions	66.6	72.8	6.2	Greater than projected income due to 15 month period vs. 12 month period as well as investment income.
Resident fees	40.8	51.5	10.7	Greater than projected income due to 15 month period vs. 12 month period. 15 months annualized is in line with projection. Services fees for all levels of care were separated out in forecast and combined in the audit.

Routine Services (Resident Care)	9.4	12.1	2.7	Greater than projected expense due to 15 month period vs. 12 month period. 15 months annualized is in line with projection.
Dining Services	9.3	12.1	2.8	Greater than projected expense due to 15 month period vs. 12 month period. 15 months annualized is in line with projection.
Administrative	8	10.3	2.3	Greater than projected expense due to 15 month period vs. 12 month period. 15 months annualized is in line with projection.
Depreciation and other charges	13	10.9	(2.1)	Deprecation in forecast was over projected.
Net unrealized (gain) loss on investments	0	2.7	2.7	Projection does not include changes in the investment market
Redemption of investments, net of proceeds	0	5.4	5.4	More than projected growth in investment funds

35. Key Financial Metrics

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

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

Full statutory text of definitions is provided in Appendix E.

35.1 Liquidity Ratios

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

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

Table 35.1: Liquidity Ratios – Community Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	900	284	263	253	293	270
CUSH	33.89	4.45	4.93	5.26	7.28	3.63

Narrative – Community Only:

DCOH fell from 900 in FY-2 to 284 in FY-1 and continued declining to 253 in FY+1 due to funding renovation and construction using operating cash. Similarly, the CUSH ratio dropped from 33.89 in FY-2 to 4.45 in FY-1 due to funding renovation and construction using operating cash.

Table 35.1A: Liquidity Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	887	879	738	677	696	704
CUSH	13.15	9.08	10.98	10.64	12.35	13.92

Narrative – Obligated Group:

DCOH and the CUSH ratios vary year to year depending on use of operating cash for significant renovations/construction on the campuses.

35.2 Profitability Ratios

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

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

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

Table 35.2: Profitability Ratios – Community Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	101.56%	94.17%	88.42%	90.35%	89.85%	89.60%
NOM	-1.56%	5.83%	11.58%	9.65%	10.15%	10.40%
NOM-A	15.05%	61.07%	23.81%	24.90%	25.42%	25.73%

Narrative – Community Only:

OR improved from 101.56% in FY-2 to 88.42% in FY, stabilizing just around 90% in subsequent years. NOM strengthened from a negative -1.56% in FY-2 to double digits by FY, remaining relatively consistent thereafter. NOM-A spiked in FY-1, due to entry fee collections, normalizing thereafter.

Table 35.2A: Profitability Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	94.08%	87.78%	89.14%	90.67%	90.10%	89.84%
NOM	5.92%	12.22%	10.86%	9.33%	9.90%	10.16%
NOM-A	20.67%	47.55%	22.92%	24.74%	25.32%	25.63%

Narrative – Obligated Group:

OR improved from 94.08% in FY-2 to 89.14% in FY, stabilizing around 90% in later years. NOM remains at approximately 10%. NOM-A spiked in FY-1, due to entry fee collection, normalizing thereafter.

35.3 Capital Structure Ratios

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

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

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

Table 35.3: Capital Structure Ratios – Community Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	3.25	4.26	1.37	1.44	1.51	1.61
CD	0.34	0.29	0.29	0.30	0.37	0.37
CED	22.14	1.21	0.85	0.47	0.31	0.25

Narrative – Community Only:

DSCR varied in FY-2 and FY-1 due to entry fee collection and debt structure. DSCR beginning in FY remained stable year to year. CD remained relatively stable, with a modest uptick in later years. CED was high in FY-2 due to significant renovation and construction resulting in less need in subsequent years.

Table 35.3A: Capital Structure Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	1.64	2.46	2.08	1.89	1.98	2.10
CD	0.65	0.91	1.09	1.14	1.28	1.41
CED	6.66	1.14	1.050	0.71	0.59	0.62

Narrative – Obligated Group:

DSCR varies slightly year to year due to entry fee collection and debt structure. CD strengthened steadily throughout the period, rising from 0.65 to 1.41 by FY+3. CED was high in FY-2 due to significant renovations and construction resulting in less need in subsequent years.

35.4 Overall Summary

Both the community, Glenaire, Inc., the obligated Group, Presbyterian Homes, Inc. demonstrate sound liquidity, profitability ratio compare favorably to industry benchmarks, and capital structure demonstrate the ability to add debt in the future if desired.

36. Actuarial Opinion and Balance

The opinion of a qualified independent actuary is attached as Appendix C. The actuarial report evaluates Glenaire, Inc.'s projected financial position and assesses whether Glenaire, Inc. is in satisfactory actuarial balance.

The most recent actuarial report is dated August 15, 2019, and is based on a comprehensive study as of September 30, 2018. The data and assumptions used for population and financial projections provide a reasonable basis for the projections. The methods used to develop the projections are consistent with sound actuarial principles and practices as prescribed by the Society of Actuaries and the American Academy of

Actuaries. Based on this analysis, Glenaire, Inc. was found to be in adequate financial condition to meet its obligations, as defined by Actuarial Standard of Practice No. 3 (ASOP 3).

37. Most Recent Examination Report

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

38. Other Material Information

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

39. Continuing Care Contract

Glenaire, Inc. only offers one continuing care contract, known as the Residence and Care Agreement, attached hereto as Appendix D.

39.1 Continuing Care Contracts

Glenaire, Inc. offers one continuing care contract, known as the Residence and Care Agreement. The contract offers the following recission of the Residence and Care Agreement:

- A resident may cancel the Residence and Care Agreement within 30 days of signing or receiving the disclosure statement and receive a full refund, minus any standard charges for the time they actually lived in the community. If the resident moves in and then cancels within the 30 days, the refund may be reduced by a service fee of up to the greater of \$1,000 or 2% of the entrance fee, and any refund will be paid within 60 days. A representative form of this contract is included in Appendix D.

40. Appendix Index

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

- 40.1 Appendix A – Audited Financial Statements.....
- 40.2 Appendix B – Five-Year Prospective Financial Statements.....
- 40.3 Appendix C – Statement of Actuarial Opinion.....
- 40.4 Appendix D – Representative Continuing Care Contract.....
- 40.5 Appendix E – Statutory Ratio and Supporting Definitions.....

40.1 Appendix A – Audited Financial Statements

THE PRESBYTERIAN HOMES, INC.
dba BRIGHTSPIRE

COMBINED FINANCIAL STATEMENTS

**FIFTEEN MONTH PERIOD ENDED DECEMBER 31, 2025
AND THE YEAR ENDED SEPTEMBER 30, 2024.**



THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE

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Independent Auditor's Report

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

Opinion

We have audited the combined financial statements of The Presbyterian Homes, Inc. and Its Combined Affiliates dba Brightspire, (the "Organization"), which comprise the combined statements of financial position for the fifteen month period ended December 31, 2025 and the year ended September 30, 2024, and the related combined statements of operations and changes in net assets, expenses by nature and function, and cash flows for the periods then ended and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the financial position of The Presbyterian Homes, Inc. and Its Combined Affiliates dba Brightspire, as of December 31, 2025 and September 30, 2024, and the changes in their net assets and their cash flows for the year and fifteen month period then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Combined Financial Statements

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

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

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

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
March 13, 2026

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**Combined Statements of Financial Position****For the Fifteen Month Period ended December 31, 2025 and the Year Ended September 30, 2024**

	<u>Assets</u>	
	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and cash equivalents	\$ 12,485,666	\$ 11,522,975
Assets limited as to use, required for current liabilities	1,831,461	3,704,411
Accounts receivable, net of allowance for doubtful accounts		
\$653,169 in 2025; \$1,287,530 in 2024	2,793,726	2,761,788
Other receivables	1,715,281	2,803,797
Unconditional promises to give, net	100,000	20,000
Other	1,458,189	619,108
Total current assets	<u>20,384,323</u>	<u>21,432,079</u>
Assets limited as to use, net of amount required for current liabilities:		
Under bond agreement	548	47,011
Reserves required by state statute	27,058,000	23,844,000
By donors for permanent endowment funds	5,435,801	5,085,598
Residents' cash deposits	20,093	102,906
	<u>32,514,442</u>	<u>29,079,515</u>
Investments and other assets:		
Investments	152,855,739	146,763,674
Other assets	868,536	2,088,583
Interest rate swap agreement	963,553	1,262,669
	<u>154,687,828</u>	<u>150,114,926</u>
Property and Equipment	586,429,642	567,077,786
Less accumulated depreciation	171,209,424	152,836,719
	<u>415,220,218</u>	<u>414,241,067</u>
Total assets	<u><u>\$ 622,806,811</u></u>	<u><u>\$ 614,867,587</u></u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**Combined Statements of Financial Position (Continued)****For the Fifteen Month Period ended December 31, 2025 and the Year Ended September 30, 2024**

	<u>Liabilities and Net Assets</u>	
	<u>2025</u>	<u>2024</u>
Current Liabilities:		
Current maturities of long-term debt	\$ 10,445,731	\$ 10,503,361
Accounts payable	4,633,034	5,048,440
Accrued payroll and related expenses	1,758,914	2,472,190
Accrued interest	1,460,172	2,895,079
Other accrued expenses	2,686,010	1,416,858
Estimated refundable entrance fees	1,613,393	1,169,597
Total current liabilities	<u>22,597,254</u>	<u>23,505,525</u>
Long-term debt, less current maturities and unamortized deferred financing costs	<u>165,737,177</u>	<u>179,612,233</u>
Deferred revenue and other liabilities:		
Deferred revenue from entrance fees - nonrefundable	80,112,975	64,810,821
Deferred revenue from entrance fees - refundable	65,260,050	89,544,198
Refundable entrance fees	17,636,530	18,338,925
Admission deposits	4,928,750	3,063,000
Other accrued expenses	-	1,531,760
Residents' cash deposits	20,093	102,906
	<u>167,958,398</u>	<u>177,391,610</u>
Total liabilities	<u>356,292,829</u>	<u>380,509,368</u>
Net Assets:		
Assets without donor restrictions	253,853,236	224,318,074
Assets with donor restrictions	12,660,746	10,040,145
Total net assets	<u>266,513,982</u>	<u>234,358,219</u>
Total liabilities and net assets	<u>\$ 622,806,811</u>	<u>\$ 614,867,587</u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**Combined Statements of Operations and Changes in Net Assets****For the Fifteen Month Period ended December 31, 2025 and the Year Ended September 30, 2024**

	<u>2025</u>	<u>2024</u>
Changes in net assets without donor restrictions:		
Operating revenues:		
Resident fees	\$ 116,362,326	\$ 84,905,746
Amortization of entrance fees	27,109,156	19,690,982
Food service income	1,004,994	657,762
Reimbursed medical	3,608,533	3,369,173
Golf course revenue	140,427	128,802
Management fee	6,097,378	2,568,440
Contributions	403,403	542,299
Investment income, net	15,948,234	9,612,859
Net assets released from restrictions	891,045	1,960,498
Other	2,354,133	750,070
Total operating revenues	<u>173,919,629</u>	<u>124,186,631</u>
Operating expenses:		
Routine services	29,792,014	22,124,025
Special services	2,541,617	1,928,911
Dining services	22,808,089	16,013,021
Environmental services	6,592,584	5,022,968
Maintenance	13,190,719	9,940,699
Project and development	-	340,664
Marketing	1,890,354	1,744,576
Administrative	30,402,142	18,634,330
Depreciation and other charges	19,411,838	14,434,060
Bond and note interest, and amortization	9,267,305	8,672,454
Purchased medical services	3,789,650	3,287,327
Golf course and grounds expense	1,696,954	1,252,743
Miscellaneous, net	2,950,983	2,450,612
Total operating expenses	<u>144,334,249</u>	<u>105,846,390</u>
Increase in net assets without donor restrictions from operations	<u>29,585,380</u>	<u>18,340,241</u>
Nonoperating gains (losses):		
Net unrealized appreciation of investments	2,212,803	21,691,528
Change in fair value of interest rate swap agreement	(299,115)	(2,636,249)
Loss on disposal of property and equipment	(1,466,484)	(441,821)
Total nonoperating gains	<u>447,204</u>	<u>18,613,458</u>
Change in net assets without donor restrictions	<u>\$ 30,032,584</u>	<u>\$ 36,953,699</u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**Combined Statements of Operations and Changes in Net Assets (Continued)****For the Fifteen Month Period ended December 31, 2025 and the Year Ended September 30, 2024**

	<u>2025</u>	<u>2024</u>
Changes in net assets with donor restrictions:		
Contributions	\$ 1,974,456	\$ 1,591,271
Contributions in perpetual endowment	341,445	311,699
Net unrealized appreciation of investments	(22,907)	642,193
Net realized investment income	721,230	383,318
Net assets released from restrictions	(891,045)	(1,960,498)
Increase in net assets with donor restrictions	<u>2,123,179</u>	<u>967,983</u>
Changes in net assets	32,155,763	37,921,682
Net assets, beginning	<u>234,358,219</u>	<u>196,436,537</u>
Net assets, ending	<u><u>\$ 266,513,982</u></u>	<u><u>\$ 234,358,219</u></u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**Combined Statement of Expenses by Nature and Function (Excluding depreciation and amortization,
bond and note interest, and miscellaneous, net)****For the Fifteen Month Period ended December 31, 2025**

	Routine Services	Special Services	Dining Services	Environmental Services	Maintenance
Salaries and wages	\$ 25,825,246	\$ 1,968,892	\$ 11,539,167	\$ 5,469,671	\$ 5,045,649
Payroll taxes and employee benefits	1,717,684	92,854	858,359	324,178	336,988
Supplies	1,157,078	58,221	1,460,068	473,591	295,593
Contracted outside services	45,174	20,533	41,224	-	1,091,913
Raw food and nourishments	-	-	7,982,576	-	-
Repairs and maintenance, equipment	20,854	16,285	232,272	52,043	153,737
Repairs and maintenance, buildings	-	-	-	-	1,375,896
Repairs and maintenance, grounds	-	-	-	-	530,640
Gas	-	-	-	-	466,397
Electricity	-	-	-	-	2,369,916
Water	-	-	-	-	1,096,225
Telephone	10,515	3,514	891	1,819	11,201
Dues and subscriptions	18,957	33,970	42,284	-	5,191
Insurance, general	-	-	-	-	-
Printing	-	-	-	-	-
Promotions	2,849	-	-	-	-
Postage	-	-	-	-	-
Legal and accounting	23,619	-	-	-	-
Consultant's fees	213,069	766	-	-	-
Travel and seminars	26,946	19,693	9,220	133	64,001
Employee recruitment and retention	45,317	1,842	7,743	4,369	3,683
Meetings and special events	169,182	150,677	(471,831)	3,615	847
Purchased medical	17,400	-	-	-	-
Outside services	496,699	160,309	1,106,116	275,853	334,534
Rent, buildings and equipment	-	-	-	-	40,964
Reimbursed foundation expenses	-	7,516	-	-	16,230
Miscellaneous	1,425	6,545	-	(12,688)	(48,886)
Changes in net assets without restrictions	<u>\$ 29,792,014</u>	<u>\$ 2,541,617</u>	<u>\$ 22,808,089</u>	<u>\$ 6,592,584</u>	<u>\$ 13,190,719</u>

See Notes to Combined Financial Statements

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**Combined Statement of Expenses by Nature and Function (Excluding depreciation and amortization,
bond and note interest, and miscellaneous, net) (Continued)****For the Fifteen Month Period ended December 31, 2025**

	Marketing	Administration	Purchased Medical Services	Golf Course	Totals
Salaries and wages	\$ 1,165,033	\$ 5,060,912	\$ -	\$ 910,428	\$ 56,984,998
Payroll taxes and employee benefits	86,018	8,380,871	-	72,160	11,869,112
Supplies	11,812	95,078	309,966	60,812	3,922,219
Contracted outside services	-	2,958,011	-	-	4,156,855
Raw food and nourishments	-	-	-	-	7,982,576
Repairs and maintenance, equipment	-	6,794	-	44,748	526,733
Repairs and maintenance, buildings	-	-	-	-	1,375,896
Repairs and maintenance, grounds	-	-	-	582,083	1,112,723
Gas	-	-	-	-	466,397
Electricity	-	-	-	-	2,369,916
Water	-	-	-	-	1,096,225
Telephone	1,047	91,146	-	474	120,607
Dues and subscriptions	213	136,050	-	693	237,358
Insurance, general	-	2,085,296	-	-	2,085,296
Printing	81,527	22,287	-	-	103,814
Promotions	353,492	-	-	-	356,341
Postage	25,557	10,486	-	-	36,043
Legal and accounting	-	252,575	-	-	276,194
Consultant's fees	51,326	45,448	-	-	310,609
Travel and seminars	4,269	65,565	-	5,609	195,436
Employee recruitment and retention	847	336,927	-	1,071	401,799
Meetings and special events	98,663	116,716	-	1,475	69,344
Purchased medical	-	-	3,457,601	-	3,475,001
Outside services	10,550	93,488	22,083	17,243	2,516,875
Rent, buildings and equipment	-	206,994	-	-	247,958
Reimbursed foundation expenses	-	99,235	-	-	122,981
Allocation of management services office expense	-	10,401,900	-	-	10,401,900
Miscellaneous	-	(63,637)	-	158	(117,083)
Changes in net assets without restrictions	<u>\$ 1,890,354</u>	<u>\$ 30,402,142</u>	<u>\$ 3,789,650</u>	<u>\$ 1,696,954</u>	<u>\$ 112,704,123</u>

See Notes to Combined Financial Statements

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**Combined Statement of Expenses by Nature and Function (Excluding depreciation and amortization,
bond and note interest, and miscellaneous, net)****Year Ended September 30, 2024**

	Routine Services	Special Services	Dining Services	Environmental Services	Maintenance	Project and Development
Salaries and wages	\$ 18,480,410	\$ 1,426,281	\$ 8,408,459	\$ 3,972,692	\$ 3,591,582	\$ 260,047
Payroll taxes and employee benefits	1,797,484	143,262	677,698	402,879	401,717	29,357
Supplies	945,794	71,762	1,123,605	343,848	236,030	325
Contracted outside services	43,181	5,666	43,967	-	476,256	1,752
Raw food and nourishments	-	-	5,751,986	-	-	-
Repairs and maintenance, equipment	9,670	23,374	152,267	33,429	135,265	-
Repairs and maintenance, buildings	-	-	-	-	1,130,548	-
Repairs and maintenance, grounds	-	-	-	-	221,054	-
Gas	-	-	-	-	282,926	-
Electricity	-	-	-	-	1,906,901	-
Water	-	-	-	-	769,265	-
Telephone	10,242	5,327	827	2,011	9,155	1,326
Dues and subscriptions	19,326	15,004	36,971	211	1,224	1,394
Insurance, general	-	-	26,172	-	-	-
Printing	-	-	-	-	-	42,878
Promotions	712	-	-	-	-	-
Postage	-	-	-	-	-	-
Legal and accounting	22,545	-	-	-	-	-
Consultant's fees	215,813	5,372	-	-	60,634	-
Travel and seminars	21,699	18,371	8,746	-	51,309	2,446
Employee recruitment and retention	4,505	185	623	100	209	-
Meetings and special events	149,603	146,437	(352,523)	2,661	311	-
Purchased medical	23,443	-	-	-	-	-
Outside services	363,647	58,732	133,583	264,779	634,465	-
Rent, buildings and equipment	-	-	-	-	20,661	-
Reimbursed foundation expenses	14,717	8,894	-	-	11,138	-
Miscellaneous	1,234	244	640	358	49	1,139
Changes in net assets without restrictions	<u>\$ 22,124,025</u>	<u>\$ 1,928,911</u>	<u>\$ 16,013,021</u>	<u>\$ 5,022,968</u>	<u>\$ 9,940,699</u>	<u>\$ 340,664</u>

See Notes to Combined Financial Statements

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**Combined Statement of Expenses by Nature and Function (Excluding depreciation and amortization,
bond and note interest, and miscellaneous, net) (Continued)****Year Ended September 30, 2024**

	Marketing	Administration	Purchased Medical Services	Golf Course	Totals
Salaries and wages	\$ 1,015,242	\$ 7,704,050	\$ -	\$ 570,465	\$ 45,429,228
Payroll taxes and employee benefits	138,835	5,421,818	-	63,328	9,076,378
Supplies	8,661	256,640	256,815	39,258	3,282,738
Contracted outside services	-	1,781,633	-	84,308	2,436,763
Raw food and nourishments	-	-	-	-	5,751,986
Repairs and maintenance, equipment	1,725	21,325	-	35,076	412,131
Repairs and maintenance, buildings	-	279	-	-	1,130,827
Repairs and maintenance, grounds	-	2,500	-	175,242	398,796
Gas	-	327	-	-	283,253
Electricity	-	11,539	-	-	1,918,440
Water	-	2,028	-	-	771,293
Telephone	1,950	80,721	-	488	112,047
Dues and subscriptions	1,110	68,624	-	257	144,121
Insurance, general	-	1,658,895	-	-	1,685,067
Printing	56,795	10,701	-	-	110,374
Promotions	233,065	-	-	-	233,777
Postage	31,233	16,021	-	-	47,254
Legal and accounting	-	135,941	-	-	158,486
Consultant's fees	129,600	279,274	-	-	690,693
Travel and seminars	984	96,011	-	5,157	204,723
Employee recruitment and retention	110	366,878	-	-	372,610
Meetings and special events	98,421	102,611	-	1,775	149,296
Purchased medical	-	-	3,030,512	-	3,053,955
Outside services	22,632	115,586	-	265,373	1,858,797
Rent, buildings and equipment	-	171,459	-	-	192,120
Reimbursed foundation expenses	-	239,267	-	11,800	285,816
Miscellaneous	4,213	90,202	-	216	98,295
Changes in net assets without restrictions	<u>\$ 1,744,576</u>	<u>\$ 18,634,330</u>	<u>\$ 3,287,327</u>	<u>\$ 1,252,743</u>	<u>\$ 80,289,264</u>

See Notes to Combined Financial Statements

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**Combined Statements of Cash Flows****For the Fifteen Month Period ended December 31, 2025 and the Year Ended September 30, 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Changes in net assets	\$ 32,155,763	\$ 37,921,682
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Entrance fees received	71,790,883	13,614,740
Entrance fees received - initial units	(49,730,935)	49,730,935
Amortization of entrance fees	(27,109,156)	(19,690,982)
Loss on sale of property and equipment	1,466,484	-
Depreciation and amortization	19,411,838	14,434,060
Change in fair value of interest rate swap agreement	306,965	2,639,033
Realized and unrealized gains on investments and investment income	(7,371,449)	(20,606,848)
Net realized investment income	(11,041,679)	(5,825,458)
Changes in working capital components:		
(Increase) decrease in:		
Trade and other receivables	889,054	654,218
Other assets	(843,081)	40,238
Due from related parties	900,466	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,331,637)	(157,108)
Residents' cash deposits	(82,813)	37,458
Due to related parties	1,306,972	-
Net cash provided by operating activities	<u>27,717,675</u>	<u>72,791,968</u>
Cash flows from investing activities:		
Purchases of property and equipment	(22,596,606)	(16,477,438)
Redemption of investments, net of proceeds	11,952,318	18,103,952
Net cash provided by (used in) investing activities	<u>(10,644,288)</u>	<u>1,626,514</u>
Cash flows from financing activities:		
Principal payments of long-term debt	(13,190,587)	(84,187,979)
Refunds of refundable fees	(2,920,109)	(1,451,908)
Net cash used in financing activities	<u>(16,110,696)</u>	<u>(85,639,887)</u>
Net increase (decrease) in cash and cash equivalents	962,691	(11,221,405)
Cash and cash equivalents, beginning	11,522,975	22,744,380
Cash and cash equivalents, ending	<u>\$ 12,485,666</u>	<u>\$ 11,522,975</u>
Supplemental disclosures of cash flow information:		
Cash payments for interest	<u>\$ 10,702,212</u>	<u>\$ 6,462,808</u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Control

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

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

On September 30, 2024, Brightspire (The Presbyterian Homes, Inc.) and the Well-Spring Group closed on our affiliation and our new parent organization, Kintura was formed. Kintura will be responsible for the management and development of both Brightspire and the Well-Spring Group. Both entities will remain as will their obligated groups. A new fifteen-member governing board has been formed. The original board is made up of 5 members from the former Brightspire Board of Governors, five members from the former Well-Spring Board of Directors, three community at large members, and one resident from both the Brightspire and Well-Spring communities.

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

Principles of Combination

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

Adoption of New Accounting Standard

During the year ended December 31, 2025, the Organization adopted Accounting Standards Update (ASU) 2025-05, Financial Instruments—Credit Losses (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU introduces a practical expedient that allows entities to estimate expected credit losses on current trade receivables using historical loss information, adjusted for current conditions, without requiring forecasts of future economic conditions. The Company elected to apply this practical expedient to all trade receivables arising from revenue transactions within the scope of ASC 606, Revenue from Contracts with Customers, that are due within one year or less. This election is consistent with the Company's historical experience and the short-term nature of these assets.

Additionally, as a non-public business entity, the Organization elected the related accounting policy permitted under ASU 2025-05 to incorporate subsequent cash collections received after the balance sheet date when estimating expected credit losses. The Organization considers cash collections through 60 days subsequent to period end in its evaluation. The adoption of this practical expedient did not have a material impact on the Organization's financial statements.

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Assets Limited As To Use

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

Investments and Fair Value

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

Accounts Receivable

The Communities record accounts receivable at the total unpaid balance which approximates estimated fair value. The Communities determine past-due status on individual accounts based on the billing dates. The Communities estimate their allowance for credit losses based on a combination of factors, including the Communities' knowledge of the current composition of receivables, historical losses, collections subsequent to year end through March 13, 2026, current economic conditions, as well as management's knowledge of the current composition of accounts receivable. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination.

Property and Equipment

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

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Paid Annual Leave

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

At December 31, 2025 and September 30, 2024, the total liability for PAL was \$1,692,582 and \$2,948,547, respectively, and is recorded as other accrued expenses. Of this amount, \$1,692,582 and \$1,416,787 is shown as a current liability as of December 31, 2025 and September 30, 2024, respectively. The current amount is the amount of PAL that management estimates will be paid out in the next year.

Deferred Financing Costs

Financing costs relative to the permanent financing of the facilities have been deferred and are being amortized using the effective interest method to bond and note interest and amortization on the combined statements of operations and changes in net assets over the terms of the loans. During 2025 and 2024, amortization expense for deferred financing costs was \$152,877 and \$167,485, respectively.

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

<u>Years Ending December 31,</u>	
2026	\$ 141,408
2027	128,565
2028	119,277
2029	109,617
2030	99,434
Thereafter	<u>1,069,227</u>
	<u><u>\$ 1,667,528</u></u>

Bond Premiums and Discounts

Bond premiums and discounts are being amortized to bond and note interest, and amortization on the combined statements of operations and changes in net assets over the terms of the loans. During 2025 and 2024, the net amortization expense for bond discounts was \$910,384 and \$917,862, respectively.

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Premiums and Discounts

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

<u>Years Ending December 31,</u>	
2026	\$ 901,028
2027	892,767
2028	773,546
2029	767,792
2030	762,089
Thereafter	7,005,578
	<u>\$ 11,102,800</u>

Interest Rate Swap Agreement

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

Classification of Net Assets

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

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

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

Changes in Assets Without Restrictions

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

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

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

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

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

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

Income Tax Status

The Presbyterian Homes, Inc. dba Brightspire and Glenaire, Inc. are nonprofit organizations exempt from income taxes under Internal Revenue Code Section 501(c)(3), and The Presbyterian Homes Foundation, Inc. is an organization exempt from income taxes under Internal Revenue Code Section 501(a). The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2025.

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the combined financial statements. No material uncertain tax positions were identified for 2025 and 2024.

Obligation to Provide Future Services

The Communities annually calculate the present value of the net cost of future services and use of facilities to be provided to current residents, and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. At December 31, 2025 and September 30, 2024, deferred revenue from entrance fees exceeded the present value of the net cost of future services and use of facilities, thus no obligation is recorded.

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Resident Fees

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

Estimated Third-Party Payor Settlements

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

Entrance Fees

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

Property Tax Exemption

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

Benevolent Assistance

The Communities have a policy of providing benevolent assistance to residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since the Communities do not expect to collect the normal charges for services provided, estimated charges for benevolent assistance are not included in revenue. Costs associated with services provided were approximately \$6,824,000 and \$4,969,000 for the fifteen month period ended December 31, 2025 and the year ended September 30, 2024, respectively.

Social Accountability

The Communities provide building space to several religious and charitable organizations and a reduced rental rate to a childcare center. The dollar amount of space provided based upon local fair market value rental rates is approximately \$1,502,000 and \$639,000 for the fifteen month period ended December 31, 2025 and the year ended September 30, 2024, respectively.

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Social Accountability (Continued)

The Communities also provide numerous charity benefits which include donated volunteer services in the amounts of approximately \$209,000 and \$1,321,000 for the fifteen month period ended December 31, 2025 and the year ended September 30, 2024, respectively. These contribution amounts are reflected in the combined statements of operations and changes in net assets.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables and other assets approximate fair value. Investments are reported at fair value as of the date of the combined financial statements. The carrying amount of accounts payable, accrued expenses and other liabilities approximate fair value. The interest rate swap agreement is reported at fair value as of the date of the combined financial statements. Fixed-rate long-term debt is carried at cost net of any unamortized premiums or discounts. The fair value of the fixed-rate long-term debt is approximately \$14,000,000 less than the carrying value.

Use of Estimates

The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization evaluated the effect of subsequent events through March 13, 2026, which is the date the combined financial statements were available to be issued.

NOTE B - INVESTMENTS

Investments are carried at fair value and consist of the following at December 31, 2025 and September 30, 2024:

	<u>2025</u>	<u>2024</u>
Investments:		
Mutual funds:		
Equity funds	\$ 16,412,781	\$ 15,451,878
Fixed-income funds	43,821,850	44,152,285
Tangible assets	1,764,559	1,636,229
Equity securities	117,162,935	108,750,894
Captive insurance	749,025	616,388
	<u>179,911,150</u>	<u>170,607,674</u>
Less assets classified as assets limited as to use:		
Operating reserves required by state statute	27,055,411	23,844,000
	<u>\$ 152,855,739</u>	<u>\$ 146,763,674</u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE B - INVESTMENTS (Continued)

Investments are carried at fair value and consist of the following at December 31, 2025 and September 30, 2024: (Continued)

	<u>2025</u>	<u>2024</u>
Investments included in assets limited as to use:		
Under bond agreement:		
Cash and cash equivalents	\$ 1,834,598	\$ 3,751,422
	<u>1,834,598</u>	<u>3,751,422</u>
Less assets limited as to use:		
Required for current liabilities	1,834,050	3,704,411
	<u>\$ 548</u>	<u>\$ 47,011</u>
Permanent endowment funds:		
Equity funds	\$ 1,728,065	\$ 1,571,218
Fixed-income funds	948,133	959,546
Tangible assets	41,767	38,052
Equity securities	2,717,836	2,516,782
	<u>\$ 5,435,801</u>	<u>\$ 5,085,598</u>

Net realized investment income consists of \$10,198,797 and \$4,655,486 of realized gains/(losses), and \$6,470,667 and \$5,340,691 of interest and dividends for the fifteen month period ended December 31, 2025 and the year ended September 30, 2024, respectively.

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

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

NOTE C - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 18,940,401	\$ 18,750,401
Land improvements	7,578,934	7,202,276
Buildings	514,069,065	509,106,614
Equipment, furniture, and other	25,942,569	26,007,044
Construction-in-progress	19,898,673	6,011,451
	<u>\$ 586,429,642</u>	<u>\$ 567,077,786</u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE D - LONG-TERM DEBT

Long-term debt as of December 31, 2025 and September 30, 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
North Carolina Medical Care Commission Series 2015 first revenue refunding bonds at a fixed rate of 3.42% per annum due July 1, 2031.	\$ 3,724,396	\$ 4,761,890
North Carolina Medical Care Commission Series 2016A first mortgage revenue bonds at a variable rate of 82.65% of one-month TERM SOFR plus 1.103% per annum due April 1, 2027 swapped to a fixed rate of 2.395%.	2,733,978	5,240,851
North Carolina Medical Care Commission Series 2016B tax-exempt bonds at a variable rate of 82.65% of one-month TERM SOFR plus 0.984% per annum due October 1, 2027 swapped to a fixed rate of 2.176%.	10,657,502	17,754,610
North Carolina Medical Care Commission Series 2016C tax-exempt bonds with the following maturities and rates:		
Term bonds at 4% due October 1, 2031 priced to yield 2.770%.	10,000,000	10,000,000
Term bonds at 5% due October 1, 2031 priced to yield 2.470%.	15,770,000	15,770,000
Term bonds at 3% due October 1, 2036 priced to yield 3.125%.	1,000,000	1,000,000
Term bonds at 5% due October 1, 2036 priced to yield 2.710%.	2,450,000	2,450,000
	29,220,000	29,220,000
North Carolina Medical Care Commission Series 2020A tax-exempt bonds with the following maturities and rates:		
Serial bonds at 4% due October 1, 2031 priced to yield 1.60%.	5,345,000	5,345,000
Term bonds at 4% due October 1, 2035 priced to yield 2.47%.	3,820,000	3,820,000
Term bonds at 4% due October 1, 2040 priced to yield 3.03%.	7,000,000	7,000,000
Term bonds at 5% due October 1, 2040 priced to yield 2.73%.	14,950,000	14,950,000
Term bonds at 4% due October 1, 2045 priced to yield 3.23%.	10,000,000	10,000,000
Term bonds at 5% due October 1, 2045 priced to yield 2.93%.	18,670,000	18,670,000
Term bonds at 4% due October 1, 2050 priced to yield 3.33%.	10,000,000	10,000,000
Term bonds at 5% due October 1, 2050 priced to yield 3.03%.	26,250,000	26,250,000
	96,035,000	96,035,000
Total North Carolina Medical Care Commission non-taxable bonds	142,370,876	153,012,351

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE D - LONG-TERM DEBT (Continued)

Long-term debt as of December 31, 2025 and September 30, 2024 consists of:

	<u>2025</u>	<u>2024</u>
Construction loan of \$34,574,000 payable to a bank, with interest only payments through July 1, 2020, and interest and principle payments beginning on August 1, 2020 through maturity on July 1, 2035. The loan was drawn down as spent from the date of issuance on June 28, 2018. The Organization entered into a forward rate swap agreement on June 28, 2018, effective July 1, 2020 at a rate of 4.152% through July 1, 2035.	\$ 24,376,760	\$ 26,910,462
	166,747,636	179,922,813
Less unamortized deferred financing costs	1,667,528	1,820,405
Less unamortized bond premium	(11,102,800)	(12,013,186)
Less current maturities	10,445,731	10,503,361
	<u>\$ 165,737,177</u>	<u>\$ 179,612,233</u>

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

<u>Years Ending December 31,</u>	
2026	\$ 10,445,731
2027	13,429,726
2028	9,122,954
2029	9,517,419
2030	10,009,918
Thereafter	114,221,888
	<u>\$ 166,747,636</u>

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

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

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

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

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE D - LONG-TERM DEBT (Continued)

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

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

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

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

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

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

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

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE D - LONG-TERM DEBT (Continued)

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Organization entered into interest rate swap agreements for the 2016 bonds. Under these agreements, interest is payable at a fixed rate of 1.307% - 4.152% based on the outstanding balance of the related bonds and is effective April 1, 2027 through July 1, 2035. The annual gain or loss on the fair value of the swap agreements are reported as revenue or expense in the combined statement of activities and changes in net assets. The interest rate swap agreements have a combined notional principal amount of \$50,071,923 and a fair value of \$963,553 at December 31, 2025, which is recorded as an asset on the combined statements of financial position. The fair value of these interest swap agreements were derived from proprietary models as of a given date, supplied by the swap advisor. The valuation is calculated on a mid market basis and does not include bid/offered spread that would be reflected in an actual price quotation. This model relies on certain assumptions regarding past, present and future market conditions.

NOTE E - REFUNDABLE FEES

The Communities offer three alternative entrance fee plans which provide refunds to residents from re-occupancy proceeds. Under the standard entrance fee option, prior to 48 months of occupancy, the resident would receive a refund equal to the entrance fee, less 2% per month of occupancy less a 4% non-refundable fee. The 50% refundable plan offers the resident a refund equal to 50% of the entrance fee after 23 months of occupancy. Prior to 23 months of occupancy, the resident is entitled to a refund of the entrance fee, less 2% per month of occupancy, less a 4% non-refundable fee. The 90% refundable plan offers the resident a refund equal to 90% of the entrance fee after 6 months of occupancy. Prior to 6 months of occupancy, the resident is entitled to a refund of the entrance fee, less 1% per month of occupancy, less a 4% non-refundable fee. The estimated amount of entrance fee that is expected to be refunded to current residents is shown on the combined statements of financial position as refundable fees. This amount is estimated using an average of the last eight years' refunds. The total amount of contractual refund obligations under existing contracts totaled approximately \$84,510,000 and \$109,053,000 at December 31, 2025 and September 30, 2024, respectively, and is included in deferred revenue from entrance fees, net of the estimated amount to be refunded to current residents, on the combined statements of financial position.

NOTE F - NET ASSETS

Net assets without donor restrictions contain \$42,435,184 and \$41,387,430 in board-designated amounts at December 31, 2025 and September 30, 2024, respectively. Of these amounts, \$105,457 and \$95,116 is designated for special maintenance projects as of December 31, 2025 and September 30, 2024, respectively. The remaining portion relates to resident assistance in the amount of \$42,329,727 and \$41,292,314 as of December 31, 2025 and September 30, 2024, respectively.

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE F - NET ASSETS (Continued)

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

	<u>2025</u>	<u>2024</u>
Subject to expenditures for specified purposes or passage of time:		
Principal amount:		
Special maintenance project	<u>\$ 1,909,805</u>	<u>\$ 487,819</u>
	<u>1,909,805</u>	<u>487,819</u>
Investment activity:		
Net unrealized appreciation (depreciation) of investments whose income is restricted for resident assistance and special maintenance projects	<u>1,649,085</u>	<u>1,466,774</u>
Undistributed realized appreciation of investments whose income is restricted as to purpose including dividends interest	<u>3,528,229</u>	<u>2,851,809</u>
	<u>7,087,119</u>	<u>4,806,402</u>
Subject to the Organization's spending policy and appropriation to support:		
Resident subsidies	<u>3,909,046</u>	<u>3,838,183</u>
Maintenance of rose garden	<u>65,291</u>	<u>55,362</u>
Healthcare equipment	<u>29,588</u>	<u>29,588</u>
Employee scholarship	<u>1,329,546</u>	<u>1,070,454</u>
Any activities of the Organization	<u>240,156</u>	<u>240,156</u>
	<u>5,573,627</u>	<u>5,233,743</u>
	<u><u>\$ 12,660,746</u></u>	<u><u>\$ 10,040,145</u></u>

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

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

Purpose restrictions accomplished:	<u>2025</u>	<u>2024</u>
Special maintenance expenses	<u>\$ 678,484</u>	<u>\$ 1,674,424</u>
Resident assistance	<u>212,561</u>	<u>286,074</u>
	<u><u>\$ 891,045</u></u>	<u><u>\$ 1,960,498</u></u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE G - ENDOWMENTS

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

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

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

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

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

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

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE G - ENDOWMENTS (Continued)

Endowment net assets composition by type of fund as of December 31, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Board-designated endowment funds	<u>\$ 42,241,673</u>	<u>\$ 9,552,325</u>	<u>\$ 51,793,998</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	340,885	340,885
Accumulated investment gains	<u>1,159,289</u>	<u>858,732</u>	<u>2,018,021</u>
	<u><u>\$ 43,400,962</u></u>	<u><u>\$ 10,751,942</u></u>	<u><u>\$ 54,152,904</u></u>

Changes in endowment net assets as of December 31, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning	<u>\$ 42,241,673</u>	<u>\$ 9,552,325</u>	<u>\$ 51,793,998</u>
Contributions	884,081	340,885	1,224,966
Investment income	4,449,085	974,442	5,423,527
Net appreciation	228,615	182,310	410,925
Appropriated	<u>(4,402,492)</u>	<u>(298,020)</u>	<u>(4,700,512)</u>
Endowment net assets, ending	<u><u>\$ 43,400,962</u></u>	<u><u>\$ 10,751,942</u></u>	<u><u>\$ 54,152,904</u></u>

Endowment net assets composition by type of fund as of September 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Board-designated endowment funds	<u>\$ 36,171,271</u>	<u>\$ 7,971,415</u>	<u>\$ 44,142,686</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	307,520	307,520
Accumulated investment gains	<u>6,070,402</u>	<u>1,273,390</u>	<u>7,343,792</u>
	<u><u>\$ 42,241,673</u></u>	<u><u>\$ 9,552,325</u></u>	<u><u>\$ 51,793,998</u></u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE G - ENDOWMENTS (Continued)

Changes in endowment net assets as of September 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning	\$ 36,171,271	\$ 7,971,415	\$ 44,142,686
Contributions	595,867	307,520	903,387
Investment income	3,605,195	447,458	4,052,653
Net depreciation	4,298,519	1,191,808	5,490,327
Appropriated	(2,429,178)	(365,877)	(2,795,055)
Endowment net assets, ending	<u>\$ 42,241,674</u>	<u>\$ 9,552,324</u>	<u>\$ 51,793,998</u>

NOTE H - CREDIT RISK

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

In addition to providing services to private pay residents, the Communities also serve residents covered under various third-party payor programs including Medicaid and Medicare programs. As of December 31, 2025 and September 30, 2024, approximately 25% of the Communities' unreserved accounts receivable were due from these programs.

NOTE I - JOINT VENTURE AGREEMENT

In November 2019, Brightspire, Inc. ("PHI") entered into a Joint Venture Agreement with DHIC, Inc. ("DHIC") to develop an affordable housing project, Milner Senior Housing Partners, LLC, for senior adults at the site of the former Milner Memorial Presbyterian Church in Raleigh, North Carolina. On December 1, 2022, \$48,000,000 of financing for the project was closed. Brightspire has a .0021% ownership interest in the Joint Venture for the development of Milner Senior Housing. Construction was completed during the fifteen month period ended December 31, 2025.

NOTE J - COMMITMENTS

At December 31, 2025, the remaining construction commitments for the Communities are:

<u>Community/Project:</u>	<u>Amount</u>
Scotia Village: Dining and common space renovation	<u>\$ 3,957,433</u>
Total	<u>\$ 3,957,433</u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE K - FAIR VALUE MEASUREMENTS

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

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

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE K - FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level the fair value hierarchy of the Organization's financial assets and liabilities accounted for at fair value on a recurring basis as of December 31, 2025 and September 30, 2024.

2025				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Investments:				
Equity securities:				
U.S.	\$ 101,244,462	\$ 18,140,846	\$ -	\$ 119,385,308
International	18,636,309	-	-	18,636,309
Fixed-income:				
Asset-backed	-	3,603,329	-	3,603,329
Certificates of deposit	-	2,730,802	-	2,730,802
Corporate bonds	-	40,242,178	-	40,242,178
Government bonds	-	-	-	-
Cash and cash equivalents	1,834,598	-	-	1,834,598
	<u>\$ 121,715,369</u>	<u>\$ 64,717,155</u>	<u>\$ -</u>	<u>\$ 186,432,524</u>
2024				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Investments:				
Equity securities:				
U.S.	\$ 90,309,638	\$ 17,023,117	\$ -	\$ 107,332,755
International	20,958,016	-	-	20,958,016
Fixed-income:				
Asset-backed	-	1,674,281	-	1,674,281
Certificates of deposit	-	2,597,574	-	2,597,574
Corporate bonds	-	42,514,258	-	42,514,258
Government bonds	-	-	-	-
Cash and cash equivalents	3,751,422	-	-	3,751,422
	<u>\$ 115,019,076</u>	<u>\$ 63,809,230</u>	<u>\$ -</u>	<u>\$ 178,828,306</u>

NOTE L - RELATED PARTY TRANSACTIONS

The Communities engage in significant transactions with related party Kintura. Monthly combined expenses are run through Kintura and then paid back by the Communities. As of December 31, 2025, the Communities owed Kintura \$993,428.

NOTE M - RETIREMENT PLAN

The Organization offers a 401(k) plan to their employees to promote tax-deferred savings. The plan covers substantially all employees who are age 21 or older. The Organization contributes 100 percent of the first 3 percent, plus 50 percent of the next 2 percent of the participant's contribution to the plan. The Organization's contributions relating to the plan were approximately \$1,203,000 and \$925,000 in 2025 and 2024, respectively.

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Notes to the Combined Financial Statements

NOTE N - ASSETS LIQUIDITY

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

Financial assets, at year end	\$ 204,296,315
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	5,435,801
Assets limited as to use	1,851,554
Board designations: Quasi-endowment fund for long-term investing	<u>43,400,962</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 153,607,998</u></u>

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

NOTE O - RECLASSIFICATION

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

SUPPLEMENTARY INFORMATION



**Independent Auditor's Report
on the Supplementary Information**

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

We have audited the combined financial statements of The Presbyterian Homes, Inc. dba Brightspire as of and for the fifteen month period ended December 31, 2025, and have issued our report thereon dated March 13, 2026, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position, property and equipment information, operations and changes in net assets, and cash flows as of and for the fifteen month period ended December 31, 2025 are presented for the purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
March 13, 2026

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combining Statement of Financial Position
December 31, 2025

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes, Inc.	Glenaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	PHI Management Services LLC	PHI Rehab Services LLC	Combining Entries	Total
Assets											
Current Assets:											
Cash and cash equivalents	\$ 163,737	\$ 4,400,595	\$ (140,220)	\$ 4,424,112	\$ 3,799,579	\$ 3,555,621	\$ 11,779,312	\$ 703,874	\$ 2,480	\$ -	\$ 12,485,666
Assets limited as to use, required for current liabilities	105,018	776,037	-	881,055	950,406	-	1,831,461	-	-	-	1,831,461
Accounts receivable, net	1,194,443	792,703	-	1,987,146	806,580	-	2,793,726	-	-	-	2,793,726
Other receivables	77,055	608,631	389,142	1,074,828	368,617	-	1,443,445	271,836	-	-	1,715,281
Unconditional promises to give, net	-	-	-	-	-	100,000	100,000	-	-	-	100,000
Other	268,574	639,015	-	907,589	550,600	-	1,458,189	-	-	-	1,458,189
Due from other divisions	(762,633)	196,600	-	(566,033)	986,031	-	419,998	-	-	(419,998)	-
Total current assets	1,046,194	7,413,581	248,922	8,708,697	7,461,813	3,655,621	19,826,131	975,710	2,480	(419,998)	20,384,323
Assets limited as to use:											
Under bond agreement	363	2,118	-	2,481	(1,933)	-	548	-	-	-	548
Reserves required by state statute	4,411,000	11,071,000	-	15,482,000	11,576,000	-	27,058,000	-	-	-	27,058,000
By donors for permanent endowment funds	-	304,407	-	304,407	-	5,131,394	5,435,801	-	-	-	5,435,801
Residents' cash deposits	18,563	-	-	18,563	1,530	-	20,093	-	-	-	20,093
	4,429,926	11,377,525	-	15,807,451	11,575,597	5,131,394	32,514,442	-	-	-	32,514,442
Investments and other assets:											
Investments	6,258,751	79,914,143	-	86,172,894	16,128,617	50,554,228	152,855,739	-	-	-	152,855,739
Other assets	23,425	18,079	-	41,504	27,032	-	68,536	-	800,000	-	868,536
Interest rate swap agreement	19,530	923,803	-	943,333	20,220	-	963,553	-	-	-	963,553
	6,301,706	80,856,025	-	87,157,731	16,175,869	50,554,228	153,887,828	-	800,000	-	154,687,828
Property and Equipment	56,281,128	204,238,555	-	260,519,683	325,909,959	-	586,429,642	-	-	-	586,429,642
Less accumulated depreciation	28,411,574	75,356,507	-	103,768,081	67,441,343	-	171,209,424	-	-	-	171,209,424
	27,869,554	128,882,048	-	156,751,602	258,468,616	-	415,220,218	-	-	-	415,220,218
Total assets	\$ 39,647,380	\$ 228,529,179	\$ 248,922	\$ 268,425,481	\$ 293,681,895	\$ 59,341,243	\$ 621,448,619	\$ 975,710	\$ 802,480	\$ (419,998)	\$ 622,806,811

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combining Statement of Financial Position (Continued)
December 31, 2025

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes, Inc.	Glenaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	PHI Management Services LLC	PHI Rehab Services LLC	Combining Entries	Total
Liabilities and Net Assets											
Current Liabilities:											
Current maturities of long-term debt	\$ 981,166	\$ 7,926,510	\$ -	\$ 8,907,676	\$ 1,538,055	\$ -	\$ 10,445,731	\$ -	\$ -	\$ -	\$ 10,445,731
Accounts payable	458,184	2,524,368	(21,428)	2,961,124	722,793	-	3,683,917	949,117	-	-	4,633,034
Accrued payroll and related expenses	338,369	677,770	-	1,016,139	742,775	-	1,758,914	-	-	-	1,758,914
Accrued interest	25,201	306,854	-	332,055	1,128,117	-	1,460,172	-	-	-	1,460,172
Other accrued expenses	296,236	740,748	-	1,036,984	655,598	-	1,692,582	-	-	-	1,692,582
Estimated refundable entrance fees	274,178	477,295	-	751,473	861,920	-	1,613,393	-	-	-	1,613,393
Due to other divisions	164,433	437,179	(381)	601,231	392,197	419,998	1,413,426	-	-	(419,998)	993,428
Total current liabilities	<u>2,537,767</u>	<u>13,090,724</u>	<u>(21,809)</u>	<u>15,606,682</u>	<u>6,041,455</u>	<u>419,998</u>	<u>22,068,135</u>	<u>949,117</u>	<u>-</u>	<u>(419,998)</u>	<u>22,597,254</u>
Long-term debt, less current maturities and unamortized debt issuance costs											
	<u>2,626,252</u>	<u>56,057,418</u>	<u>-</u>	<u>58,683,670</u>	<u>107,053,507</u>	<u>-</u>	<u>165,737,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,737,177</u>
Deferred revenue and other liabilities:											
Deferred revenue from entrance fees:											
Non refundable	6,608,288	31,760,273	-	38,368,561	41,744,414	-	80,112,975	-	-	-	80,112,975
Refundable	3,046,597	12,247,799	-	15,294,396	49,965,654	-	65,260,050	-	-	-	65,260,050
Refundable entrance fees	-	3,735,180	-	3,735,180	13,901,350	-	17,636,530	-	-	-	17,636,530
Admission deposits	550,596	2,189,204	-	2,739,800	2,188,950	-	4,928,750	-	-	-	4,928,750
Residents' cash deposits	18,563	-	-	18,563	1,530	-	20,093	-	-	-	20,093
	<u>10,224,044</u>	<u>49,932,456</u>	<u>-</u>	<u>60,156,500</u>	<u>107,801,898</u>	<u>-</u>	<u>167,958,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,958,398</u>
Total liabilities	<u>15,388,063</u>	<u>119,080,598</u>	<u>(21,809)</u>	<u>134,446,852</u>	<u>220,896,860</u>	<u>419,998</u>	<u>355,763,710</u>	<u>949,117</u>	<u>-</u>	<u>(419,998)</u>	<u>356,292,829</u>
Net Assets:											
Assets without donor restrictions	24,259,317	108,136,621	270,731	132,666,669	72,785,035	47,572,459	253,024,163	26,593	802,480	-	253,853,236
Assets with donor restrictions	-	1,311,960	-	1,311,960	-	11,348,786	12,660,746	-	-	-	12,660,746
Total net assets	<u>24,259,317</u>	<u>109,448,581</u>	<u>270,731</u>	<u>133,978,629</u>	<u>72,785,035</u>	<u>58,921,245</u>	<u>265,684,909</u>	<u>26,593</u>	<u>802,480</u>	<u>-</u>	<u>266,513,982</u>
Total liabilities and net assets	<u>\$ 39,647,380</u>	<u>\$ 228,529,179</u>	<u>\$ 248,922</u>	<u>\$ 268,425,481</u>	<u>\$ 293,681,895</u>	<u>\$ 59,341,243</u>	<u>\$ 621,448,619</u>	<u>\$ 975,710</u>	<u>\$ 802,480</u>	<u>\$ (419,998)</u>	<u>\$ 622,806,811</u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Property and Equipment Information
December 31, 2025

	Assets				Accumulated Depreciation				Book Value
	Balance October 1, 2024	Acquisitions	Transfers and Retirements	Balance December 31, 2025	Balance October 1, 2024	Acquisitions	Transfers and Retirements	Balance December 31, 2025	December 31, 2025
Scotia Village:									
Land	\$ 201,635	\$ -	\$ -	\$ 201,635	\$ -	\$ -	\$ -	\$ -	\$ 201,635
Land improvements	1,213,412	-	289,149	1,502,561	918,714	64,954	-	983,668	518,893
Buildings	48,266,584	-	303,273	48,569,857	23,756,894	1,595,590	21,590	25,374,074	23,195,783
Equipment, furniture and other equipment	2,049,698	-	150,790	2,200,488	1,445,920	190,131	6,637	1,642,688	557,800
Vehicles	473,753	-	-	473,753	401,608	37,761	(28,225)	411,144	62,609
Construction-in-progress	322,500	3,753,546	(743,212)	3,332,834	-	-	-	-	3,332,834
	<u>52,527,582</u>	<u>3,753,546</u>	<u>-</u>	<u>56,281,128</u>	<u>26,523,136</u>	<u>1,888,436</u>	<u>2</u>	<u>28,411,574</u>	<u>27,869,554</u>
River Landing:									
Land	4,646,574	-	22,624	4,669,198	-	-	-	-	4,669,198
Land improvements	3,331,839	-	122,033	3,453,872	1,472,590	253,700	13,954	1,740,244	1,713,628
Buildings	177,759,873	-	5,083,753	182,843,626	61,080,005	6,065,556	375,403	67,520,964	115,322,662
Equipment, furniture and other equipment	7,381,104	-	1,069,346	8,450,450	4,289,269	875,100	-	5,164,369	3,286,081
Vehicles	1,160,242	-	140,213	1,300,455	802,618	126,404	1,908	930,930	369,525
Construction-in-progress	2,019,230	6,094,702	(4,592,978)	3,520,954	-	-	-	-	3,520,954
	<u>196,298,862</u>	<u>6,094,702</u>	<u>1,844,991</u>	<u>204,238,555</u>	<u>67,644,482</u>	<u>7,320,760</u>	<u>391,265</u>	<u>75,356,507</u>	<u>128,882,048</u>
Management Services Office:									
Land	22,623	-	(22,623)	-	-	-	-	-	-
Land improvements	34,524	-	(34,524)	-	11,364	2,877	(14,241)	-	-
Buildings	1,810,284	-	(1,810,284)	-	436,202	34,759	(470,961)	-	-
Equipment, furniture and other equipment	1,527,710	-	(1,527,710)	-	1,487,943	12,450	(1,500,393)	-	-
Vehicles	203,397	-	(203,397)	-	126,367	20,233	(146,600)	-	-
Construction-in-progress	913	-	(913)	-	-	-	-	-	-
	<u>3,599,451</u>	<u>-</u>	<u>(3,599,451)</u>	<u>-</u>	<u>2,061,876</u>	<u>70,319</u>	<u>(2,132,195)</u>	<u>-</u>	<u>-</u>
Glenaire:									
Land	13,879,568	-	190,000	14,069,568	-	-	-	-	14,069,568
Land improvements	2,622,501	-	-	2,622,501	985,242	215,903	-	1,201,145	1,421,356
Buildings	281,269,873	-	1,385,709	282,655,582	49,754,862	9,327,805	(106,683)	58,975,984	223,679,598
Equipment, furniture and other equipment	12,530,267	-	129,457	12,659,724	5,298,769	1,251,059	109,550	6,659,378	6,000,346
Vehicles	680,874	-	176,825	857,699	523,571	81,265	-	604,836	252,863
Construction-in-progress	3,668,808	11,262,078	(1,886,001)	13,044,885	-	-	-	-	13,044,885
	<u>314,651,891</u>	<u>11,262,078</u>	<u>(4,010)</u>	<u>325,909,959</u>	<u>56,562,444</u>	<u>10,876,032</u>	<u>2,867</u>	<u>67,441,343</u>	<u>258,468,616</u>
	<u>\$ 567,077,786</u>	<u>\$ 21,110,326</u>	<u>\$ (1,758,470)</u>	<u>\$ 586,429,642</u>	<u>\$ 152,791,938</u>	<u>\$ 20,155,547</u>	<u>\$ (1,738,061)</u>	<u>\$ 171,209,424</u>	<u>\$ 415,220,218</u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combining Statement of Operations and Changes in Net Assets
For the Fifteen Month period ended December 31, 2025

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes Inc.	Glenaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	PHI Management Services LLC	PHI Rehab Services LLC	Combining Entries	Total
Changes in net assets without donor restrictions:											
Operating revenues:											
Resident services:											
Amortized entry fees	\$ 2,062,900	\$ 8,856,188	\$ -	\$ 10,919,088	\$ 16,190,068	\$ -	\$ 27,109,156	\$ -	\$ -	\$ -	\$ 27,109,156
Service fees	19,000,013	45,819,440	-	64,819,453	51,542,873	-	116,362,326	-	-	-	116,362,326
	21,062,913	54,675,628	-	75,738,541	67,732,941	-	143,471,482	-	-	-	143,471,482
Food service income	101,024	559,604	-	660,628	344,366	-	1,004,994	-	-	-	1,004,994
Reimbursed medical	746,001	956,575	-	1,702,576	1,905,957	-	3,608,533	-	-	-	3,608,533
Golf course revenue	-	140,427	-	140,427	-	-	140,427	-	-	-	140,427
Management fee	-	-	-	-	-	-	-	6,097,378	-	-	6,097,378
Other	440,473	689,326	-	1,129,799	1,049,533	10,000	2,189,332	-	537,000	-	2,726,332
Total operating revenues	22,350,411	57,021,560	-	79,371,971	71,032,797	10,000	150,414,768	6,097,378	537,000	-	157,049,146
Operating expenses:											
Routine services	7,007,831	10,700,197	-	17,708,028	12,083,986	-	29,792,014	-	-	-	29,792,014
Special services	599,365	840,437	-	1,439,802	1,101,815	-	2,541,617	-	-	-	2,541,617
Dining services	2,646,540	8,078,888	-	10,725,428	12,082,661	-	22,808,089	-	-	-	22,808,089
Environmental services	1,250,994	2,069,858	-	3,320,852	3,271,732	-	6,592,584	-	-	-	6,592,584
Maintenance	2,254,339	4,616,825	-	6,871,164	6,319,555	-	13,190,719	-	-	-	13,190,719
Marketing	438,132	780,200	-	1,218,332	672,022	-	1,890,354	-	-	-	1,890,354
Administration	4,266,234	9,633,611	-	13,899,845	10,297,305	-	24,197,150	5,929,992	275,000	-	30,402,142
Depreciation and other charges	1,880,880	7,111,582	70,319	9,062,781	10,349,057	-	19,411,838	-	-	-	19,411,838
Bond and note interest, and amortization	173,955	3,319,079	-	3,493,034	5,774,271	-	9,267,305	-	-	-	9,267,305
Purchased medical services	957,100	978,424	-	1,935,524	1,854,126	-	3,789,650	-	-	-	3,789,650
Golf course expense	-	1,696,954	-	1,696,954	-	-	1,696,954	-	-	-	1,696,954
Miscellaneous, net	339,756	664,396	1,346,617	2,350,769	524,693	74,386	2,949,848	-	1,135	-	2,950,983
Total operating expenses	21,815,126	50,490,451	1,416,936	73,722,513	64,331,223	74,386	138,128,122	5,929,992	276,135	-	144,334,249
Increase (decrease) in net assets without donor restrictions from operations	535,285	6,531,109	(1,416,936)	5,649,458	6,701,574	(64,386)	12,286,646	167,386	260,865	-	12,714,897

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combining Statement of Operations and Changes in Net Assets (Continued)
For the Fifteen Month Period ended December 31, 2025

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes Inc.	Glenaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	PHI Management Services LLC	PHI Rehab Services LLC	Combining Entries	Total
Nonoperating gains (losses):											
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,403	\$ 403,403	\$ -	\$ -	\$ -	\$ 403,403
Grant income (expense)	1,950,985	1,602,114	500,000	4,053,099	624,478	(5,049,776)	(372,199)	-	-	-	(372,199)
Net realized investment income	864,817	7,280,943	-	8,145,760	2,802,050	5,000,424	15,948,234	-	-	-	15,948,234
Net unrealized gain (loss) on investments	201,778	1,609,638	-	1,811,416	(46,670)	448,057	2,212,803	-	-	-	2,212,803
Net assets released from restrictions	-	-	-	-	-	891,045	891,045	-	-	-	891,045
Transfers of assets between communities	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of interest rate swap agreement	(46,558)	(197,418)	-	(243,976)	(55,139)	-	(299,115)	-	-	-	(299,115)
Gain (loss) on disposal of property and equipment	-	-	(1,466,484)	(1,466,484)	-	-	(1,466,484)	-	-	-	(1,466,484)
Total nonoperating gains	<u>2,971,022</u>	<u>10,295,277</u>	<u>(966,484)</u>	<u>12,299,815</u>	<u>3,324,719</u>	<u>1,693,153</u>	<u>17,317,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,317,687</u>
Change in net assets without donor restrictions	<u>3,506,307</u>	<u>16,826,386</u>	<u>(2,383,420)</u>	<u>17,949,273</u>	<u>10,026,293</u>	<u>1,628,767</u>	<u>29,604,333</u>	<u>167,386</u>	<u>260,865</u>	<u>-</u>	<u>30,032,584</u>
Changes in net assets with donor restrictions:											
Contributions	-	-	-	-	-	1,974,456	1,974,456	-	-	-	1,974,456
Contributions in perpetual endowment	-	-	-	-	-	341,445	341,445	-	-	-	341,445
Net unrealized appreciation of investments	-	(21,081)	-	(21,081)	-	(1,826)	(22,907)	-	-	-	(22,907)
Net realized investment income	-	93,869	-	93,869	-	627,361	721,230	-	-	-	721,230
Net assets released from restrictions	-	-	-	-	-	(891,045)	(891,045)	-	-	-	(891,045)
Change in net assets with donor restrictions	<u>-</u>	<u>72,788</u>	<u>-</u>	<u>72,788</u>	<u>-</u>	<u>2,050,391</u>	<u>2,123,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,123,179</u>
Change in net assets	3,506,307	16,899,174	(2,383,420)	18,022,061	10,026,293	3,679,158	31,727,512	167,386	260,865	-	32,155,763
Net assets, beginning	<u>20,753,010</u>	<u>92,549,407</u>	<u>2,654,151</u>	<u>115,956,568</u>	<u>62,758,742</u>	<u>55,242,087</u>	<u>233,957,397</u>	<u>(140,793)</u>	<u>541,615</u>	<u>-</u>	<u>234,358,219</u>
Net assets, ending	<u>\$ 24,259,317</u>	<u>\$ 109,448,581</u>	<u>\$ 270,731</u>	<u>\$ 133,978,629</u>	<u>\$ 72,785,035</u>	<u>\$ 58,921,245</u>	<u>\$ 265,684,909</u>	<u>\$ 26,593</u>	<u>\$ 802,480</u>	<u>\$ -</u>	<u>\$ 266,513,982</u>

THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE
Combining Statement of Cash Flows
For the Fifteen Month Period ended December 31, 2025

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes, Inc.	Glenaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	PHI Management Services LLC	PHI Rehab Services LLC	Combining Entries	Total
Cash flows from operating activities:											
Change in net assets	\$ 3,506,307	\$ 16,899,174	\$ (2,383,420)	\$ 18,022,061	\$ 10,026,293	\$ 3,679,158	\$ 31,727,512	\$ 167,386	\$ 260,865	\$ -	\$ 32,155,763
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:											
Entrance fees received	1,774,322	9,430,076	-	11,204,398	60,586,485	-	71,790,883	-	-	-	71,790,883
Entrance fees received - initial units	-	-	-	-	(49,730,935)	-	(49,730,935)	-	-	-	(49,730,935)
Amortization of entrance fees	(2,062,900)	(8,856,188)	-	(10,919,088)	(16,190,068)	-	(27,109,156)	-	-	-	(27,109,156)
Forfeitures recognized	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of property and equipment	-	-	1,466,484	1,466,484	-	-	1,466,484	-	-	-	1,466,484
Depreciation and amortization	1,880,880	7,111,582	70,319	9,062,781	10,349,057	-	19,411,838	-	-	-	19,411,838
Change in fair value of interest rate swap agreement	54,408	197,418	-	251,826	55,139	-	306,965	-	-	-	306,965
Realized and unrealized losses on investments and investment income	(201,778)	(1,588,557)	-	(1,790,335)	46,670	(5,627,784)	(7,371,449)	-	-	-	(7,371,449)
Net realized investment income	(864,817)	(7,374,812)	-	(8,239,629)	(2,802,050)	-	(11,041,679)	-	-	-	(11,041,679)
Investment in perpetual endowment	-	-	-	-	-	-	-	-	-	-	-
Changes in working capital components:											
(Increase) decrease in:											
Trade and other receivables	203,703	778,468	(228,712)	753,459	1,163,821	(80,000)	1,837,280	(266,228)	(262,000)	(419,998)	889,054
Other assets	(209,951)	(389,195)	146,450	(452,696)	(390,385)	-	(843,081)	-	-	-	(843,081)
Due from related parties	789,456	938,298	35,734	1,763,488	(863,022)	-	900,466	-	-	-	900,466
Increase (decrease) in:											
Accounts payable	(72,591)	(65,701)	(94,409)	(232,701)	(714,538)	(250)	(947,489)	-	-	-	(947,489)
Accrued expenses	(135,760)	(525,424)	(1,688,800)	(2,349,984)	(1,034,164)	-	(3,384,148)	-	-	-	(3,384,148)
Residents' cash deposits	(78,157)	-	-	(78,157)	(4,656)	-	(82,813)	-	-	-	(82,813)
Due to other related parties	164,433	437,179	47,781	649,393	392,197	(948,699)	92,891	794,083	-	419,998	1,306,972
Net cash provided by (used in) operating activities	4,747,555	16,992,318	(2,628,573)	19,111,300	10,889,844	(2,977,575)	27,023,569	695,241	(1,135)	-	27,717,675
Cash flows from investing activities:											
Purchases of property and equipment	(3,753,547)	(7,592,435)	-	(11,345,982)	(11,250,624)	-	(22,596,606)	-	-	-	(22,596,606)
Payments of issuance costs	-	-	-	-	-	-	-	-	-	-	-
Purchases of investments	(7,715,900)	(24,379,681)	-	(32,095,581)	(18,773,810)	(14,827,619)	(65,697,010)	-	-	-	(65,697,010)
Proceeds from investments	7,924,567	26,176,185	1,568,571	35,669,323	23,724,381	18,255,624	77,649,328	-	-	-	77,649,328
Net cash provided by (used in) investing activities	(3,544,880)	(5,795,931)	1,568,571	(7,772,240)	(6,300,053)	3,428,005	(10,644,288)	-	-	-	(10,644,288)
Cash flows from financing activities:											
Investment in perpetual endowment	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Principal payments of long-term debt	(1,229,001)	(9,814,192)	-	(11,043,193)	(2,147,394)	-	(13,190,587)	-	-	-	(13,190,587)
Refunds of refundable fees	(45,738)	(249,410)	-	(295,148)	(2,624,961)	-	(2,920,109)	-	-	-	(2,920,109)
Net cash used in financing activities	(1,274,739)	(10,063,602)	-	(11,338,341)	(4,772,355)	-	(16,110,696)	-	-	-	(16,110,696)
Net increase (decrease) in cash and cash equivalents	(72,064)	1,132,785	(1,060,002)	719	(182,564)	450,430	268,585	695,241	(1,135)	-	962,691
Cash and cash equivalents, beginning	235,801	3,267,810	919,782	4,423,393	3,982,143	3,105,191	11,510,727	8,633	3,615	-	11,522,975
Cash and cash equivalents, ending	\$ 163,737	\$ 4,400,595	\$ (140,220)	\$ 4,424,112	\$ 3,799,579	\$ 3,555,621	\$ 11,779,312	\$ 703,874	\$ 2,480	\$ -	\$ 12,485,666

See Independent Auditor's Report on Supplementary Information

40.2 Appendix B – Five-Year Prospective Financial Statements

BRIGHTSPIRE
COMBINED FORECAST
FOR THE YEARS ENDING
DECEMBER 31, 2026 THROUGH 2030



BRIGHTSPIRE
Combined Forecast
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To the Board of Directors
Brightspire
Greensboro, North Carolina

Management is responsible for the accompanying combined financial forecast of Brightspire (the "Organization"), which comprises the forecasted combined statements of financial position as of December 31, 2026, 2027, 2028, 2029 and 2030, and the forecasted combined statements of operations and changes in net assets, and cash flows for the years then ending, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on the financial forecast.

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
February 19, 2026

BRIGHTSPIRE
Forecasted Combined Statements of Financial Position
December 31, 2026 through 2030

	(In Thousands of Dollars)				
	2026	2027	2028	2029	2030
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 7,550	\$ 7,550	\$ 7,550	\$ 7,550	\$ 7,550
Assets limited as to use, required for current liabilities	3,826	3,712	8,461	9,225	9,330
Accounts receivable, net	3,647	3,647	3,647	3,647	3,647
Other receivables	620	620	620	620	620
Other current assets	2,246	2,246	2,246	2,246	2,246
Total Current Assets	17,889	17,775	22,524	23,288	23,393
Assets Limited As to Use:					
Under bond agreement	4	4	4	4	4
Reserves required by state statute	27,058	27,520	26,978	27,887	28,886
Endowment funds	5,573	5,573	5,573	5,573	5,573
Residents' cash deposits	21	21	21	21	21
	32,656	33,118	32,576	33,485	34,484
Investments, Deferred Costs and Other Assets:					
Investments	159,368	169,927	179,274	195,095	215,319
Other assets	59	50	41	32	23
Interest rate swap agreement	964	964	964	964	964
	160,391	170,941	180,279	196,091	216,306
Property and Equipment:					
Land, buildings and equipment	604,870	617,698	631,339	643,068	653,675
	604,870	617,698	631,339	643,068	653,675
Less accumulated depreciation	195,851	217,445	239,270	261,065	283,092
	409,019	400,253	392,069	382,003	370,583
Total Assets	\$ 619,955	\$ 622,087	\$ 627,448	\$ 634,867	\$ 644,766
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current maturities of long-term debt	\$ 9,261	\$ 8,363	\$ 9,222	\$ 9,663	\$ 9,968
Accounts payable	3,452	3,452	3,452	3,452	3,452
Accrued expenses	3,451	3,451	3,451	3,451	3,451
Accrued interest	1,477	1,405	1,338	1,266	1,197
Other accrued expenses	13	10	11	12	6
Estimated refundable entrance fees	1,600	1,600	1,600	1,600	1,600
Total Current Liabilities	19,254	18,281	19,074	19,444	19,674
Long-Term Debt	156,120	147,499	138,022	128,106	117,888
Deferred Revenue and Other Liabilities:					
Deferred revenue - nonrefundable fees	81,546	83,711	85,732	87,645	89,419
Deferred revenue - refundable fees	66,620	67,042	67,261	67,300	67,155
Refundable entrance fees	17,732	17,796	17,804	17,762	17,670
Admission deposits	4,929	4,929	4,929	4,929	4,929
Other accrued expenses	1,532	1,532	1,532	1,532	1,532
Residents' cash deposits	21	21	21	21	21
	172,380	175,031	177,279	179,189	180,726
Total Liabilities	347,754	340,811	334,375	326,739	318,288
Net Assets:					
Assets without donor restrictions	266,628	275,703	287,500	302,555	320,905
Assets with donor restrictions	5,573	5,573	5,573	5,573	5,573
Total Net Assets	272,201	281,276	293,073	308,128	326,478
Total Liabilities and Net Assets	\$ 619,955	\$ 622,087	\$ 627,448	\$ 634,867	\$ 644,766

See Accountant's Compilation Report and Summary of Significant Accounting Policies and Assumptions

BRIGHTSPIRE**Forecasted Combined Statements of Operations and Changes in Net Assets
Years Ending December 31, 2026 through 2030**

	(In Thousands of Dollars)				
	2026	2027	2028	2029	2030
Changes in Net Assets without Donor Restrictions:					
Revenue:					
Resident fees	\$ 99,098	\$ 103,411	\$ 107,911	\$ 112,607	\$ 117,507
Amortized entry fees	18,427	19,719	21,237	22,752	24,357
Food service income	733	733	733	733	733
Reimbursed medical	2,204	2,204	2,204	2,204	2,204
Golf course revenue	98	98	98	98	98
Foundation support	1,234	1,234	1,234	1,234	1,234
Net realized investment income	7,210	7,105	7,522	8,080	8,754
Other	716	716	716	716	716
Total operating revenue	129,720	135,220	141,655	148,424	155,603
Expenses:					
Routine services	26,144	27,190	28,278	29,409	30,587
Special services	2,356	2,450	2,548	2,650	2,755
Dining services	19,546	20,329	21,142	21,987	22,867
Environmental services	6,130	6,374	6,631	6,895	7,170
Maintenance	11,121	11,566	12,028	12,508	13,009
Marketing	1,745	1,805	1,869	1,936	2,004
Administration	21,267	21,827	22,756	23,719	24,721
Depreciation, amortization and other charges	21,568	21,603	21,834	21,804	22,036
Bond and note interest	7,159	6,887	6,597	6,222	5,805
Purchased medical services	3,191	3,191	3,191	3,191	3,191
Golf course and grounds expense	1,459	1,517	1,578	1,641	1,706
Miscellaneous, net	1,407	1,406	1,406	1,407	1,402
Total operating expenses	123,093	126,145	129,858	133,369	137,253
Changes in net assets without donor restrictions	6,627	9,075	11,797	15,055	18,350
Net assets, beginning	265,574	272,201	281,276	293,073	308,128
Net assets, ending	\$ 272,201	\$ 281,276	\$ 293,073	\$ 308,128	\$ 326,478

BRIGHTSPIRE**Forecasted Combined Statements of Cash Flows**
Years Ending December 31, 2026 through 2030

	(In Thousands of Dollars)				
	2026	2027	2028	2029	2030
Cash flows from operating activities:					
Changes in net assets	\$ 6,627	\$ 9,075	\$ 11,797	\$ 15,055	\$ 18,350
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	22,448	23,569	24,749	25,985	27,285
Amortization of entrance fees	(18,427)	(19,719)	(21,237)	(22,752)	(24,357)
Depreciation	21,559	21,594	21,825	21,795	22,027
Amortization of deferred CON costs	9	9	9	9	9
Amortization of deferred financing costs	6	6	6	6	6
Amortization of bond premium	(273)	(264)	(261)	(259)	(256)
Changes in working capital:					
(Increase) decrease in:					
Trade and other receivables	(1)	-	-	-	-
Unconditional promises to give	100	-	-	-	-
Other current assets	(23)	-	-	-	-
Increase (decrease) in:					
Decrease in accounts payable and accrued expenses	-	(75)	(66)	(71)	(75)
Net cash provided by operating activities	32,025	34,195	36,822	39,768	42,989
Cash flows from investing activities:					
Purchases of property and equipment	(15,358)	(12,828)	(13,641)	(11,729)	(10,607)
Net proceeds (purchases) of investments	(9,168)	(10,907)	(13,554)	(17,494)	(21,328)
Net cash used in investing activities	(24,526)	(23,735)	(27,195)	(29,223)	(31,935)
Cash flows used in financing activities:					
Principal payments on long-term debt	(10,543)	(9,261)	(8,363)	(9,222)	(9,663)
Refunds of refundable fees	(1,145)	(1,199)	(1,264)	(1,323)	(1,391)
Net cash used in financing activities	(11,688)	(10,460)	(9,627)	(10,545)	(11,054)
Net decrease in cash and cash equivalents	(4,189)	-	-	-	-
Cash and cash equivalents, beginning	11,739	7,550	7,550	7,550	7,550
Cash and cash equivalents, ending	\$ 7,550	\$ 7,550	\$ 7,550	\$ 7,550	\$ 7,550
Supplemental disclosure of cash flow information:					
Cash payments for interest	\$ 7,182	\$ 6,919	\$ 6,602	\$ 6,229	\$ 5,808

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 1 - BASIS OF PRESENTATION

The accompanying financial forecast presents, to the best of the knowledge and belief of the management ("Management") of The Presbyterian Homes, Inc. dba Brightspire and Glenaire, Inc.'s (collectively, the "Communities") expected combined financial position, changes in net assets, and cash flows as of and for each of the five years ending through December 31, 2030. Accordingly, the combined forecast reflects Management's judgment as of February 19, 2026, of the expected conditions and its expected course of action during the forecast period.

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

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

Kintura was founded in 2024 through the affiliation of the former organizations The Presbyterian Homes, Inc., (d/b/a Brightspire) and Well-Spring Services, Inc. (d/b/a The Well-Spring Group). Kintura, located in Greensboro, N.C., is a North Carolina not-for-profit corporation chartered by the State of North Carolina in 2024. Kintura is the controlling corporate parent of each Kintura affiliated life plan community. As the corporate parent Kintura shall appoint the board of directors of each Kintura life plan community and shall serve as the sole corporate member of each life plan community.

While each Kintura life plan community has its own board, the common parent Kintura board and its life plan community boards follow a board members-in-common model which means that individuals who sit on the board of directors for the common parent Kintura board also sit on the boards of directors of the individual life plan community boards at the same time, essentially sharing their board membership. Decision-making for each life plan community is made by the life plan community board. The board of directors of the common parent, Kintura, as well as each life plan community board consists of fifteen members, two of which are residents of Kintura life plan communities. A Kintura Board of Directors and appointed Board of Advisors – made up of resident representatives of each Kintura life plan community, provides insight and feedback to help inform Kintura decision-making.

Currently within Kintura, there exists two financially obligated groups for any indebtedness by the life plan communities. One obligated group within Kintura is jointly obligated for the indebtedness of Glenaire, River Landing at Sandy Ridge and Scotia Village life plan communities. The second obligated group is jointly obligated to pay the indebtedness of The Village at Brookwood and Well-Spring Retirement Community life plan communities. The two obligated groups are not combined and are not obligated to pay the indebtedness of the other.

All resident care contracts and agreements are made between the individual Kintura life plan community and the resident(s).

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 2 - BACKGROUND OF THE ORGANIZATION

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

The Board of The Presbyterian Homes Foundation, Inc. is appointed by and serves at the pleasure of the Board of Directors of Kintura.

Principles of Combination

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

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS**Classification of Net Assets**

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

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

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

Changes in Assets Without Restrictions

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

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)**Cash and Cash Equivalents**

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

Accounts Receivable

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

Assets Limited As To Use

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

Resident Fees

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

Estimated Third-Party Payor Settlements

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

Investments

Investments in all debt and equity securities with a readily determinable market value are measured at fair value. The fair values of mutual funds and equity securities are determined based on quoted net asset values and share prices, respectively. The fair value of debt securities are based on quoted market prices. Changes in fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying forecasted combined statements of operations and changes in net assets. In determining realized gains and losses, the cost of investments is determined using the first-in, first-out method.

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)**Investments (Continued)**

Donated investments are stated at fair value at the date of the gift. Unrealized gains and losses on investments, except those determined to be other than temporarily impaired, are excluded from excess of revenue over expenses. Any other than temporary declines are accounted for as a nonoperating loss, whereby the historical cost of the related investment would be adjusted to the then-current fair market value.

Property and Equipment

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

Deferred Financing Costs

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

Income Tax Status

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

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

Revenue Recognition

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

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

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)**Revenue Recognition (Continued)**

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

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

Entrance Fees

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

Refundable Fees

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

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

Obligation to Provide Future Services

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

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)**Paid Time Off**

After an employee has worked at the Communities for 90 days, they begin to earn paid time off ("PTO") time. PTO time may be earned by regular-time employees who work at least 60 hours per pay period. For the first three years of employment, employees may earn up to 23 days of PTO each year, after three years and through five years employees may earn 28 days of PTO each year, and after five years and through 16 years an employees may earn 33 days annually. After 16 years, employees may earn 36 days annually. Employees may carry over up to 36 days to the next year. Days in excess of the 36 days carryover will be forfeited.

Property Tax Exemption

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

Fair Value of Financial Instruments

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

Benevolent Assistance

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

Social Accountability

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

Revenues

Amortized entry fees: Residents' entry fees are amortized into revenue based on the actuarially determined remaining life expectancy of the resident.

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

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Revenues (Continued)

The following schedules of fees are currently in effect at the facilities:

Glenaire, Inc.

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

Unit Type	Entrance Fees	Monthly Fees	
		First Person	Second Person
Apartments:			
Studio	\$87,000	\$3,309	N/A
One bedroom	\$208,000-\$210,000	\$3,815	\$1,461
One bedroom w/study	\$259,000	\$4,531	\$1,461
Two bedrooms	\$276,000	\$4,531	\$1,461
Two bedrooms w/den	\$282,000	\$4,531	\$1,461
Expansion apartments:			
Ivy	\$526,000	\$5,246	\$1,461
Camellia	\$526,000	\$5,246	\$1,461
Tupelo	\$588,000	\$5,278	\$1,461
Chestnut	\$632,000	\$5,414	\$1,461
Birch	\$654,000	\$5,414	\$1,461
Dogwood	\$654,000	\$5,414	\$1,461
Bradford	\$699,000	\$5,549	\$1,461
Leyland	\$721,000	\$5,686	\$1,461
Hawthorne	\$721,000	\$5,686	\$1,461
Sycamore	\$800,000	\$6,024	\$1,461
Cypress	\$1,025,000	\$6,901	\$1,461
Cottages:			
Two bedroom	\$434,000-\$476,000	\$4,695	\$1,461
Two bedroom, Expanded	\$549,000-\$597,000	\$5,198	\$1,461
120 Bldg, Jasmine	\$424,000	\$4,920	\$1,461
Gardenia	\$431,000	\$4,944	\$1,461
Laurel	\$474,000	\$5,226	\$1,461
Azalea	\$526,000	\$5,353	\$1,461
Magnolia	\$588,000	\$6,028	\$1,461
Health Center:			
Assisted living	\$25,000	\$7,951-\$10,411	N/A
Nursing	\$12,475	\$412/Day	N/A

Occupancy is forecasted at 96% in independent living, 94% in assisted living, and 93% in nursing.

Service fees are forecasted to increase approximately 4.25% in independent living and approximately 4.5% in assisted living and skilled nursing.

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Revenues (Continued)**River Landing at Sandy Ridge**

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

Unit Type	Entrance Fees	Monthly Fees	
		First Person	Second Person
Apartments:			
One bedroom	\$165,000	\$3,979	\$1,730
Two bedroom	\$231,000	\$4,892	\$1,730
Three bedroom	\$338,000	\$5,202	\$1,730
Three bedroom deluxe	\$443,000-\$473,000	\$5,857	\$1,730
Apartments (Hybrid):			
Two bedroom	\$427,000-\$469,000	\$5,287-\$5,357	\$1,730
Two bedroom with den	\$507,000	\$5,429	\$1,730
Three bedroom	\$578,000	\$6,030	\$1,730
Townhouses:			
Two bedroom	\$298,000	\$4,920	\$1,730
Three bedroom	\$400,000	\$5,255	\$1,730
Villas:			
Two bedroom	\$324,000	\$4,989	\$1,730
Three bedroom	\$429,000	\$5,321	\$1,730
Cottages:			
Two bedroom	\$389,000	\$5,121	\$1,730
Three bedroom	\$540,000	\$5,385	\$1,730
Cottages (Expansion):			
Two bedroom	\$524,000	\$5,386	\$1,730
Three bedroom	\$638,000	\$5,526	\$1,730
Assisted Living:			
Studio	\$20,000	\$6,624	N/A
One bedroom	\$25,000	\$8,136	\$6,099
Skilled nursing	\$15,000	\$425-552/day	N/A
Alzheimer's healthcare	\$15,000	\$10,492	N/A

Occupancy is forecasted at 96% in independent living, 93% in assisted living and 92% in nursing.

Service fees are forecasted to increase approximately 4.25% in independent living and approximately 4.5% in assisted living and skilled nursing.

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Revenues (Continued)**Scotia Village**

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

Unit Type	Entrance Fees	Monthly Fees	
		First Person	Second Person
Apartments:			
Studio	\$54,000	\$3,131	N/A
Expanded studio	\$60,000	\$3,362	N/A
One bedroom	\$82,000	\$3,558	\$1,286
Expanded one bedroom	\$101,000	\$3,748	\$1,286
Two bedroom	\$168,000	\$4,145	\$1,286
Garden Apartments:			
One bedroom	\$124,000	\$3,855	\$1,286
Two bedroom	\$195,000	\$4,233	\$1,286
Expanded two bedroom	\$201,000	\$4,630	\$1,286
Villas:			
Two bedroom	\$288,000	\$4,470	\$1,286
Three bedroom	\$323,000	\$4,620	\$1,286
Single family home:			
Two bedroom	\$335,000	\$4,633	\$1,286
Three bedroom	\$405,000	\$4,813	\$1,286
Two bedroom - Edinburgh	\$444,000	\$4,813	\$1,286
Three bedroom-Glasgow	\$359,000	\$4,617	\$1,286
Assisted living:			
Assisted living I	\$15,000	\$5,739	N/A
Assisted living II	\$18,000-\$20,000	\$6,704-\$7,695	\$5,719
Skilled nursing	\$10,000	\$382/day	N/A
Alzheimer's healthcare	\$10,000	\$388/day	N/A

Occupancy is forecasted at 96% in independent living, 89% in assisted living and 93% in nursing.

Service fees are forecasted to increase approximately 4.25% in independent living and approximately 4.5% in assisted living and skilled nursing.

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)**Other Revenues**

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

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

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

Expenses

Operating expenses are projected to increase approximately 4% annually.

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

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

Nonoperating Gains

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

Funds Held by Trustee

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

	2026	2027	2028	2029	2030
Interest	\$ 2,993	\$ 2,972	\$ 2,857	\$ 2,809	\$ 2,693
Principal	837	744	5,608	6,420	6,641
	<u>\$ 3,830</u>	<u>\$ 3,716</u>	<u>\$ 8,465</u>	<u>\$ 9,229</u>	<u>\$ 9,334</u>

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 4 - LONG-TERM DEBT

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

Long-term debt, consists of the following:

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

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

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

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

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

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

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 4 - LONG-TERM DEBT (Continued)

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

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

On October 1, 2020, Brightspire entered into Loan and Security agreements with the North Carolina Medical Care Commission pursuant to a \$96,035,000 First Mortgage Revenue Bond, Series 2020A. The Series 2020A bonds have a final maturity of October 1, 2055. Proceeds from the debt have been used to fund construction of an expansion and to pay the expenses incurred in connection with the issuance of the bonds.

Bonds payable to the North Carolina Medical Care Commission and Bank Qualified Debt as of January 1, 2025 are expected to be as follows:

Series 2015

Fixed rate of 3.42% per annum due July 1, 2031	<u>\$ 4,761,890</u>
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Series 2016A

Variable rate swapped to fixed rate of 2.395% due April 1, 2027	<u>\$ 5,240,851</u>
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Series 2016B

Variable rate swapped to fixed rate of 2.176% due October 1, 2027	<u>\$17,754,610</u>
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Series 2016C

Term bonds at rates between 3 and 5% due October 1, 2037	<u>\$29,220,000</u>
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Series 2020A

Term bonds at rates between 4 and 5% due October 1, 2055	<u>\$96,035,000</u>
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Construction Loan

Forward rate swap agreement of 4.152% due July 1, 2035	<u>\$26,910,462</u>
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NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

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

BRIGHTSPIRE**Summary of Significant Accounting Policies and Assumptions**

NOTE 6 - CURRENT ASSETS AND CURRENT LIABILITIES

Balances in receivables and other assets and payables and accrued expenses are based on balances at December 31, 2025, adjusted for increases in revenues and expenses.

NOTE 7 - PROPERTY AND EQUIPMENT

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

	2026	2027	2028	2029	2030
Beginning balance, cost	\$ 589,512	\$ 604,870	\$ 617,698	\$ 631,339	\$ 643,068
Purchases:					
Routine	15,358	12,828	13,641	11,729	10,607
Property and equipment, cost	604,870	617,698	631,339	643,068	653,675
Accumulated depreciation	195,851	217,445	239,270	261,065	283,092
	<u>\$ 409,019</u>	<u>\$ 400,253</u>	<u>\$ 392,069</u>	<u>\$ 382,003</u>	<u>\$ 370,583</u>

BRIGHTSPIRE (Scotia Village)
Forecasted Combined Statements of Financial Position
December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Assets limited as to use, required for current liabilities	125	78	46	445	453
Accounts receivable, net	1,202	1,202	1,202	1,202	1,202
Other receivables	161	161	161	161	161
Other current assets	390	390	390	390	390
Total Current Assets	<u>1,928</u>	<u>1,881</u>	<u>1,849</u>	<u>2,248</u>	<u>2,256</u>
Assets Limited As to Use:					
Under bond agreement	1	1	1	1	1
Reserves required by state statute	4,411	4,488	4,492	4,661	4,836
Endowment funds	-	-	-	-	-
Residents' cash deposits	19	19	19	19	19
	<u>4,431</u>	<u>4,508</u>	<u>4,512</u>	<u>4,681</u>	<u>4,856</u>
Investments, Deferred Costs and Other Assets:					
Investments	7,254	8,362	10,147	12,037	14,960
Other assets	20	17	14	11	8
Interest rate swap agreement	20	20	20	20	20
	<u>7,294</u>	<u>8,399</u>	<u>10,181</u>	<u>12,068</u>	<u>14,988</u>
Property and Equipment:					
Land, buildings and equipment	<u>57,091</u>	<u>58,516</u>	<u>60,240</u>	<u>61,155</u>	<u>61,745</u>
	57,091	58,516	60,240	61,155	61,745
Less accumulated depreciation	<u>29,819</u>	<u>31,392</u>	<u>32,988</u>	<u>34,370</u>	<u>35,775</u>
	<u>27,272</u>	<u>27,124</u>	<u>27,252</u>	<u>26,785</u>	<u>25,970</u>
Total Assets	<u>\$ 40,925</u>	<u>\$ 41,912</u>	<u>\$ 43,794</u>	<u>\$ 45,782</u>	<u>\$ 48,070</u>

BRIGHTSPIRE (Scotia Village)**Forecasted Combined Statements of Financial Position****December 31, 2026 through 2030**

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current maturities of long-term debt	\$ 686	\$ 18	\$ 418	\$ 437	\$ 454
Accounts payable	1,464	1,464	1,464	1,464	1,464
Accrued expenses	634	634	634	634	634
Accrued interest	25	25	25	25	25
Other accrued expenses	-	-	-	-	-
Estimated refundable entrance fees	300	300	300	300	300
Total Current Liabilities	3,109	2,441	2,841	2,860	2,877
Long-Term Debt	1,938	1,918	1,498	1,058	601
Deferred Revenue and Other Liabilities:					
Deferred revenue - nonrefundable fees	7,126	7,634	8,145	8,664	9,185
Deferred revenue - refundable fees	3,282	3,536	3,793	4,054	4,316
Refundable entrance fees	-	-	-	-	-
Admission deposits	551	551	551	551	551
Other accrued expenses	-	-	-	-	-
Residents' cash deposits	19	19	19	19	19
	10,978	11,740	12,508	13,288	14,071
Total Liabilities	16,025	16,099	16,847	17,206	17,549
Net Assets:					
Assets without donor restrictions	24,900	25,813	26,947	28,576	30,521
Assets with donor restrictions	-	-	-	-	-
Total Net Assets	24,900	25,813	26,947	28,576	30,521
Total Liabilities and Net Assets	\$ 40,925	\$ 41,912	\$ 43,794	\$ 45,782	\$ 48,070

BRIGHTSPIRE (Scotia Village)**Forecasted Combined Statements of Operations and Changes in Net Assets****Years Ending December 31, 2026 through 2030**

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Changes in Net Assets without Donor Restrictions:					
Revenue:					
Resident fees	\$ 15,922	\$ 16,621	\$ 17,353	\$ 18,114	\$ 18,910
Amortized entry fees	1,622	1,759	1,879	2,000	2,135
Food service income	79	79	79	79	79
Reimbursed medical	341	341	341	341	341
Golf course revenue	-	-	-	-	-
Foundation support	409	409	409	409	409
Net realized investment income	300	474	519	589	688
Other	146	146	146	146	146
Total operating revenue	<u>18,819</u>	<u>19,829</u>	<u>20,726</u>	<u>21,678</u>	<u>22,708</u>
Expenses:					
Routine services	6,035	6,276	6,529	6,788	7,060
Special services	529	550	572	595	618
Dining services	2,179	2,266	2,357	2,451	2,549
Environmental services	1,121	1,166	1,213	1,261	1,311
Maintenance	1,812	1,885	1,960	2,038	2,120
Marketing	461	477	495	514	533
Administration	3,616	3,712	3,867	4,027	4,194
Depreciation, amortization and other charges	1,406	1,571	1,594	1,379	1,402
Bond and note interest	119	98	90	81	61
Purchased medical services	815	815	815	815	815
Golf course and grounds expense	-	-	-	-	-
Miscellaneous, net	100	100	100	100	100
Total operating expenses	<u>18,193</u>	<u>18,916</u>	<u>19,592</u>	<u>20,049</u>	<u>20,763</u>
Changes in net assets without donor restrictions	626	913	1,134	1,629	1,945
Net assets, beginning	<u>24,274</u>	<u>24,900</u>	<u>25,813</u>	<u>26,947</u>	<u>28,576</u>
Net assets, ending	<u>\$ 24,900</u>	<u>\$ 25,813</u>	<u>\$ 26,947</u>	<u>\$ 28,576</u>	<u>\$ 30,521</u>

BRIGHTSPIRE (Scotia Village)
Forecasted Combined Statements of Cash Flows
Years Ending December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Cash flows from operating activities:					
Changes in net assets	\$ 626	\$ 913	\$ 1,134	\$ 1,629	\$ 1,945
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	2,644	2,776	2,915	3,061	3,213
Amortization of entrance fees	(1,622)	(1,759)	(1,879)	(2,000)	(2,135)
Depreciation	1,407	1,573	1,596	1,382	1,405
Amortization of deferred CON costs	3	3	3	3	3
Amortization of deferred financing costs	6	5	5	4	4
Amortization of bond premium	(7)	(7)	(7)	(7)	(7)
Changes in working capital:					
(Increase) decrease in:					
Trade and other receivables	-	-	-	-	-
Unconditional promises to give	-	-	-	-	-
Other current assets	-	-	-	-	-
Increase (decrease) in:					
Decrease in accounts payable and accrued expenses	-	-	-	-	-
Net cash provided by operating activities	<u>3,057</u>	<u>3,504</u>	<u>3,767</u>	<u>4,072</u>	<u>4,428</u>
Cash flows from investing activities:					
Purchases of property and equipment	(809)	(1,425)	(1,724)	(915)	(590)
Net proceeds (purchases) of investments	(974)	(1,138)	(1,757)	(2,458)	(3,106)
Net cash used in investing activities	<u>(1,783)</u>	<u>(2,563)</u>	<u>(3,481)</u>	<u>(3,373)</u>	<u>(3,696)</u>
Cash flows used in financing activities:					
Principal payments on long-term debt	(982)	(686)	(18)	(418)	(437)
Refunds of refundable fees	(243)	(255)	(268)	(281)	(295)
Net cash used in financing activities	<u>(1,225)</u>	<u>(941)</u>	<u>(286)</u>	<u>(699)</u>	<u>(732)</u>
Net decrease in cash and cash equivalents	49	-	-	-	-
Cash and cash equivalents, beginning	<u>1</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Cash and cash equivalents, ending	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 50</u>
Supplemental disclosure of cash flow information:					
Cash payments for interest	<u>\$ 119</u>	<u>\$ 98</u>	<u>\$ 90</u>	<u>\$ 81</u>	<u>\$ 61</u>

BRIGHTSPIRE (River Landing)
Forecasted Combined Statements of Financial Position
December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Assets limited as to use, required for current liabilities	2,350	2,290	7,516	2,315	2,327
Accounts receivable, net	1,037	1,037	1,037	1,037	1,037
Other receivables	270	270	270	270	270
Other current assets	1,270	1,270	1,270	1,270	1,270
Total Current Assets	<u>5,427</u>	<u>5,367</u>	<u>10,593</u>	<u>5,392</u>	<u>5,404</u>
Assets Limited As to Use:					
Under bond agreement	1	1	1	1	1
Reserves required by state statute	11,576	11,755	12,092	12,506	12,969
Endowment funds	-	-	-	-	-
Residents' cash deposits	2	2	2	2	2
	<u>11,579</u>	<u>11,758</u>	<u>12,095</u>	<u>12,509</u>	<u>12,972</u>
Investments, Deferred Costs and Other Assets:					
Investments	20,501	26,669	24,459	39,254	50,127
Other assets	23	19	15	11	7
Interest rate swap agreement	20	20	20	20	20
	<u>20,544</u>	<u>26,708</u>	<u>24,494</u>	<u>39,285</u>	<u>50,154</u>
Property and Equipment:					
Land, buildings and equipment	335,250	339,513	342,941	346,024	349,057
	<u>335,250</u>	<u>339,513</u>	<u>342,941</u>	<u>346,024</u>	<u>349,057</u>
Less accumulated depreciation	83,742	97,308	110,861	124,328	137,713
	<u>251,508</u>	<u>242,205</u>	<u>232,080</u>	<u>221,696</u>	<u>211,344</u>
Total Assets	<u>\$ 289,058</u>	<u>\$ 286,038</u>	<u>\$ 279,262</u>	<u>\$ 278,882</u>	<u>\$ 279,874</u>

BRIGHTSPIRE (River Landing)
Forecasted Combined Statements of Financial Position
December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current maturities of long-term debt	\$ 800	\$ 5,791	\$ 606	\$ 656	\$ 608
Accounts payable	638	638	638	638	638
Accrued expenses	1,398	1,398	1,398	1,398	1,398
Accrued interest	1,106	1,073	1,068	1,061	1,058
Other accrued expenses	-	-	-	-	-
Estimated refundable entrance fees	800	800	800	800	800
Total Current Liabilities	<u>4,742</u>	<u>9,700</u>	<u>4,510</u>	<u>4,553</u>	<u>4,502</u>
Long-Term Debt	<u>106,175</u>	<u>100,388</u>	<u>99,786</u>	<u>99,134</u>	<u>98,530</u>
Deferred Revenue and Other Liabilities:					
Deferred revenue - nonrefundable fees	40,450	39,844	39,058	38,102	36,990
Deferred revenue - refundable fees	50,227	49,489	48,531	47,368	46,013
Refundable entrance fees	13,737	13,535	13,273	12,955	12,585
Admission deposits	2,189	2,189	2,189	2,189	2,189
Other accrued expenses	-	-	-	-	-
Residents' cash deposits	2	2	2	2	2
	<u>106,605</u>	<u>105,059</u>	<u>103,053</u>	<u>100,616</u>	<u>97,779</u>
Total Liabilities	<u>217,522</u>	<u>215,147</u>	<u>207,349</u>	<u>204,303</u>	<u>200,811</u>
Net Assets:					
Assets without donor restrictions	71,536	70,891	71,913	74,579	79,063
Assets with donor restrictions	-	-	-	-	-
Total Net Assets	<u>71,536</u>	<u>70,891</u>	<u>71,913</u>	<u>74,579</u>	<u>79,063</u>
Total Liabilities and Net Assets	<u>\$ 289,058</u>	<u>\$ 286,038</u>	<u>\$ 279,262</u>	<u>\$ 278,882</u>	<u>\$ 279,874</u>

BRIGHTSPIRE (River Landing)**Forecasted Combined Statements of Operations and Changes in Net Assets****Years Ending December 31, 2026 through 2030**

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Changes in Net Assets without Donor Restrictions:					
Revenue:					
Resident fees	\$ 44,830	\$ 46,778	\$ 48,809	\$ 50,929	\$ 53,141
Amortized entry fees	10,802	11,567	12,527	13,484	14,437
Food service income	264	264	264	264	264
Reimbursed medical	1,065	1,065	1,065	1,065	1,065
Golf course revenue	-	-	-	-	-
Foundation support	529	529	529	529	529
Net realized investment income	1,131	934	1,178	1,299	1,683
Other	300	300	300	300	300
Total operating revenue	<u>58,921</u>	<u>61,437</u>	<u>64,672</u>	<u>67,870</u>	<u>71,419</u>
Expenses:					
Routine services	10,712	11,142	11,585	12,050	12,533
Special services	994	1,034	1,075	1,118	1,163
Dining services	10,289	10,701	11,129	11,574	12,037
Environmental services	3,110	3,234	3,364	3,498	3,638
Maintenance	5,332	5,545	5,767	5,997	6,237
Marketing	594	614	635	657	679
Administration	9,270	9,544	9,959	10,389	10,833
Depreciation, amortization and other charges	13,223	13,570	13,557	13,471	13,389
Bond and note interest	4,578	4,545	4,426	4,297	4,273
Purchased medical services	1,448	1,448	1,448	1,448	1,448
Golf course and grounds expense	-	-	-	-	-
Miscellaneous, net	705	705	705	705	705
Total operating expenses	<u>60,255</u>	<u>62,082</u>	<u>63,650</u>	<u>65,204</u>	<u>66,935</u>
Changes in net assets without donor restrictions	(1,334)	(645)	1,022	2,666	4,484
Net assets, beginning	<u>72,870</u>	<u>71,536</u>	<u>70,891</u>	<u>71,913</u>	<u>74,579</u>
Net assets, ending	<u>\$ 71,536</u>	<u>\$ 70,891</u>	<u>\$ 71,913</u>	<u>\$ 74,579</u>	<u>\$ 79,063</u>

BRIGHTSPIRE (River Landing)
Forecasted Combined Statements of Cash Flows
Years Ending December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Cash flows from operating activities:					
Changes in net assets	\$ (1,334)	\$ (645)	\$ 1,022	\$ 2,666	\$ 4,484
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	9,938	10,436	10,956	11,504	12,080
Amortization of entrance fees	(10,802)	(11,567)	(12,527)	(13,484)	(14,437)
Depreciation	13,217	13,570	13,557	13,471	13,389
Amortization of deferred CON costs	3	4	4	4	4
Amortization of deferred financing costs	-	-	-	-	-
Amortization of bond premium	-	-	-	-	-
Changes in working capital:					
(Increase) decrease in:					
Trade and other receivables	-	-	-	-	-
Unconditional promises to give	-	-	-	-	-
Other current assets	(23)	-	-	-	-
Increase (decrease) in:					
Decrease in accounts payable and accrued expenses	-	(33)	(5)	(7)	(3)
Net cash provided by operating activities	10,999	11,765	13,007	14,154	15,517
Cash flows from investing activities:					
Purchases of property and equipment	(6,259)	(4,263)	(3,428)	(3,083)	(3,033)
Net proceeds (purchases) of investments	(5,592)	(6,287)	(3,353)	(10,008)	(11,348)
Net cash used in investing activities	(11,851)	(10,550)	(6,781)	(13,091)	(14,381)
Cash flows used in financing activities:					
Principal payments on long-term debt	(1,621)	(800)	(5,791)	(606)	(656)
Refunds of refundable fees	(395)	(415)	(435)	(457)	(480)
Net cash used in financing activities	(2,016)	(1,215)	(6,226)	(1,063)	(1,136)
Net decrease in cash and cash equivalents	(2,868)	-	-	-	-
Cash and cash equivalents, beginning	3,368	500	500	500	500
Cash and cash equivalents, ending	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Supplemental disclosure of cash flow information:					
Cash payments for interest	\$ 4,601	\$ 4,577	\$ 4,431	\$ 4,304	\$ 4,276

BRIGHTSPIRE (Glenaire)
Forecasted Combined Statements of Financial Position
December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Assets limited as to use, required for current liabilities	1,351	1,344	899	6,465	6,550
Accounts receivable, net	1,408	1,408	1,408	1,408	1,408
Other receivables	189	189	189	189	189
Other current assets	586	586	586	586	586
Total Current Assets	6,534	6,527	6,082	11,648	11,733
Assets Limited As to Use:					
Under bond agreement	2	2	2	2	2
Reserves required by state statute	11,071	11,277	10,394	10,720	11,081
Endowment funds	304	304	304	304	304
Residents' cash deposits	-	-	-	-	-
	11,377	11,583	10,700	11,026	11,387
Investments, Deferred Costs and Other Assets:					
Investments	80,266	82,214	90,601	88,302	93,235
Other assets	16	14	12	10	8
Interest rate swap agreement	924	924	924	924	924
	81,206	83,152	91,537	89,236	94,167
Property and Equipment:					
Land, buildings and equipment	212,529	219,669	228,158	235,889	242,873
	212,529	219,669	228,158	235,889	242,873
Less accumulated depreciation	82,290	88,745	95,421	102,367	109,604
	130,239	130,924	132,737	133,522	133,269
Total Assets	\$ 229,356	\$ 232,186	\$ 241,056	\$ 245,432	\$ 250,556

BRIGHTSPIRE (Glenaire)
Forecasted Combined Statements of Financial Position
December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current maturities of long-term debt	\$ 7,775	\$ 2,554	\$ 8,198	\$ 8,570	\$ 8,906
Accounts payable	930	930	930	930	930
Accrued expenses	1,419	1,419	1,419	1,419	1,419
Accrued interest	346	307	245	180	114
Other accrued expenses	13	10	11	12	6
Estimated refundable entrance fees	500	500	500	500	500
Total Current Liabilities	<u>10,983</u>	<u>5,720</u>	<u>11,303</u>	<u>11,611</u>	<u>11,875</u>
Long-Term Debt	<u>48,007</u>	<u>45,193</u>	<u>36,738</u>	<u>27,914</u>	<u>18,757</u>
Deferred Revenue and Other Liabilities:					
Deferred revenue - nonrefundable fees	33,970	36,233	38,529	40,879	43,244
Deferred revenue - refundable fees	13,111	14,017	14,937	15,878	16,826
Refundable entrance fees	3,995	4,261	4,531	4,807	5,085
Admission deposits	2,189	2,189	2,189	2,189	2,189
Other accrued expenses	1,532	1,532	1,532	1,532	1,532
Residents' cash deposits	-	-	-	-	-
	<u>54,797</u>	<u>58,232</u>	<u>61,718</u>	<u>65,285</u>	<u>68,876</u>
Total Liabilities	<u>113,787</u>	<u>109,145</u>	<u>109,759</u>	<u>104,810</u>	<u>99,508</u>
Net Assets:					
Assets without donor restrictions	115,265	122,737	130,993	140,318	150,744
Assets with donor restrictions	304	304	304	304	304
Total Net Assets	<u>115,569</u>	<u>123,041</u>	<u>131,297</u>	<u>140,622</u>	<u>151,048</u>
Total Liabilities and Net Assets	<u>\$ 229,356</u>	<u>\$ 232,186</u>	<u>\$ 241,056</u>	<u>\$ 245,432</u>	<u>\$ 250,556</u>

BRIGHTSPIRE (Glenaire)**Forecasted Combined Statements of Operations and Changes in Net Assets****Years Ending December 31, 2026 through 2030**

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Changes in Net Assets without Donor Restrictions:					
Revenue:					
Resident fees	\$ 38,346	\$ 40,012	\$ 41,749	\$ 43,564	\$ 45,456
Amortized entry fees	6,003	6,393	6,831	7,268	7,785
Food service income	390	390	390	390	390
Reimbursed medical	798	798	798	798	798
Golf course revenue	98	98	98	98	98
Foundation support	1,246	1,246	1,246	1,246	1,246
Net realized investment income	3,539	3,397	3,475	3,792	3,923
Other	270	270	270	270	270
Total operating revenue	50,690	52,604	54,857	57,426	59,966
Expenses:					
Routine services	9,397	9,772	10,164	10,571	10,994
Special services	833	866	901	937	974
Dining services	7,078	7,362	7,656	7,962	8,281
Environmental services	1,899	1,974	2,054	2,136	2,221
Maintenance	3,977	4,136	4,301	4,473	4,652
Marketing	690	714	739	765	792
Administration	8,381	8,571	8,930	9,303	9,694
Depreciation, amortization and other charges	6,939	6,462	6,683	6,954	7,245
Bond and note interest	2,462	2,244	2,081	1,844	1,471
Purchased medical services	928	928	928	928	928
Golf course and grounds expense	1,459	1,517	1,578	1,641	1,706
Miscellaneous, net	587	586	586	587	582
Total operating expenses	44,630	45,132	46,601	48,101	49,540
Changes in net assets without donor restrictions	6,060	7,472	8,256	9,325	10,426
Net assets, beginning	109,509	115,569	123,041	131,297	140,622
Net assets, ending	\$ 115,569	\$ 123,041	\$ 131,297	\$ 140,622	\$ 151,048

BRIGHTSPIRE (Glenaire)**Forecasted Combined Statements of Cash Flows****Years Ending December 31, 2026 through 2030**

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Cash flows from operating activities:					
Changes in net assets	\$ 6,060	\$ 7,472	\$ 8,256	\$ 9,325	\$ 10,426
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	9,866	10,357	10,878	11,420	11,992
Amortization of entrance fees	(6,003)	(6,393)	(6,831)	(7,268)	(7,785)
Depreciation	6,935	6,451	6,672	6,942	7,233
Amortization of deferred CON costs	3	2	2	2	2
Amortization of deferred financing costs	-	1	1	2	2
Amortization of bond premium	(266)	(257)	(254)	(252)	(249)
Changes in working capital:					
(Increase) decrease in:					
Trade and other receivables	(1)	-	-	-	-
Unconditional promises to give	-	-	-	-	-
Other current assets	-	-	-	-	-
Increase (decrease) in:					
Decrease in accounts payable and accrued expenses	-	(42)	(61)	(64)	(72)
Net cash provided by operating activities	16,594	17,591	18,663	20,107	21,549
Cash flows from investing activities:					
Purchases of property and equipment	(8,290)	(7,140)	(8,489)	(7,731)	(6,984)
Net proceeds (purchases) of investments	(1,981)	(2,147)	(7,059)	(3,593)	(5,379)
Net cash used in investing activities	(10,271)	(9,287)	(15,548)	(11,324)	(12,363)
Cash flows used in financing activities:					
Principal payments on long-term debt	(7,940)	(7,775)	(2,554)	(8,198)	(8,570)
Refunds of refundable fees	(507)	(529)	(561)	(585)	(616)
Net cash used in financing activities	(8,447)	(8,304)	(3,115)	(8,783)	(9,186)
Net decrease in cash and cash equivalents	(2,124)	-	-	-	-
Cash and cash equivalents, beginning	5,124	3,000	3,000	3,000	3,000
Cash and cash equivalents, ending	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>
Supplemental disclosure of cash flow information:					
Cash payments for interest	<u>\$ 2,462</u>	<u>\$ 2,244</u>	<u>\$ 2,081</u>	<u>\$ 1,844</u>	<u>\$ 1,471</u>

BRIGHTSPIRE (Brightspire Foundation)
Forecasted Combined Statements of Financial Position
December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Assets limited as to use, required for current liabilities	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Other receivables	-	-	-	-	-
Other current assets	-	-	-	-	-
Total Current Assets	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>
Assets Limited As to Use:					
Under bond agreement	-	-	-	-	-
Reserves required by state statute	-	-	-	-	-
Endowment funds	5,269	5,269	5,269	5,269	5,269
Residents' cash deposits	-	-	-	-	-
	<u>5,269</u>	<u>5,269</u>	<u>5,269</u>	<u>5,269</u>	<u>5,269</u>
Investments, Deferred Costs and Other Assets:					
Investments	51,347	52,682	54,067	55,502	56,997
Other assets	-	-	-	-	-
Interest rate swap agreement	-	-	-	-	-
	<u>51,347</u>	<u>52,682</u>	<u>54,067</u>	<u>55,502</u>	<u>56,997</u>
Property and Equipment:					
Land, buildings and equipment	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 60,616</u>	<u>\$ 61,951</u>	<u>\$ 63,336</u>	<u>\$ 64,771</u>	<u>\$ 66,266</u>

BRIGHTSPIRE (Brightspire Foundation)
Forecasted Combined Statements of Financial Position
December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current maturities of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	420	420	420	420	420
Accrued expenses	-	-	-	-	-
Accrued interest	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Estimated refundable entrance fees	-	-	-	-	-
Total Current Liabilities	420	420	420	420	420
Long-Term Debt	-	-	-	-	-
Deferred Revenue and Other Liabilities:					
Deferred revenue - nonrefundable fees	-	-	-	-	-
Deferred revenue - refundable fees	-	-	-	-	-
Refundable entrance fees	-	-	-	-	-
Admission deposits	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Residents' cash deposits	-	-	-	-	-
	-	-	-	-	-
Total Liabilities	420	420	420	420	420
Net Assets:					
Assets without donor restrictions	54,927	56,262	57,647	59,082	60,577
Assets with donor restrictions	5,269	5,269	5,269	5,269	5,269
Total Net Assets	60,196	61,531	62,916	64,351	65,846
Total Liabilities and Net Assets	\$ 60,616	\$ 61,951	\$ 63,336	\$ 64,771	\$ 66,266

BRIGHTSPIRE (Brightspire Foundation)**Forecasted Combined Statements of Operations and Changes in Net Assets****Years Ending December 31, 2026 through 2030**

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Changes in Net Assets without Donor Restrictions:					
Revenue:					
Resident fees	\$ -	\$ -	\$ -	\$ -	\$ -
Amortized entry fees	-	-	-	-	-
Food service income	-	-	-	-	-
Reimbursed medical	-	-	-	-	-
Golf course revenue	-	-	-	-	-
Foundation support	(950)	(950)	(950)	(950)	(950)
Net realized investment income	2,240	2,300	2,350	2,400	2,460
Other	-	-	-	-	-
Total operating revenue	<u>1,290</u>	<u>1,350</u>	<u>1,400</u>	<u>1,450</u>	<u>1,510</u>
Expenses:					
Routine services	-	-	-	-	-
Special services	-	-	-	-	-
Dining services	-	-	-	-	-
Environmental services	-	-	-	-	-
Maintenance	-	-	-	-	-
Marketing	-	-	-	-	-
Administration	-	-	-	-	-
Depreciation, amortization and other charges	-	-	-	-	-
Bond and note interest	-	-	-	-	-
Purchased medical services	-	-	-	-	-
Golf course and grounds expense	-	-	-	-	-
Miscellaneous, net	15	15	15	15	15
Total operating expenses	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>
Changes in net assets without donor restrictions	1,275	1,335	1,385	1,435	1,495
Net assets, beginning	<u>58,921</u>	<u>60,196</u>	<u>61,531</u>	<u>62,916</u>	<u>64,351</u>
Net assets, ending	<u>\$ 60,196</u>	<u>\$ 61,531</u>	<u>\$ 62,916</u>	<u>\$ 64,351</u>	<u>\$ 65,846</u>

BRIGHTSPIRE (Brightspire Foundation)
Forecasted Combined Statements of Cash Flows
Years Ending December 31, 2026 through 2030

(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Cash flows from operating activities:					
Changes in net assets	\$ 1,275	\$ 1,335	\$ 1,385	\$ 1,435	\$ 1,495
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	-	-	-	-	-
Amortization of entrance fees	-	-	-	-	-
Depreciation	-	-	-	-	-
Amortization of deferred CON costs	-	-	-	-	-
Amortization of deferred financing costs	-	-	-	-	-
Amortization of bond premium	-	-	-	-	-
Changes in working capital:					
(Increase) decrease in:					
Trade and other receivables	-	-	-	-	-
Unconditional promises to give	100	-	-	-	-
Other current assets	-	-	-	-	-
Increase (decrease) in:					
Decrease in accounts payable and accrued expenses	-	-	-	-	-
Net cash provided by operating activities	<u>1,375</u>	<u>1,335</u>	<u>1,385</u>	<u>1,435</u>	<u>1,495</u>
Cash flows from investing activities:					
Purchases of property and equipment	-	-	-	-	-
Net proceeds (purchases) of investments	<u>(621)</u>	<u>(1,335)</u>	<u>(1,385)</u>	<u>(1,435)</u>	<u>(1,495)</u>
Net cash used in investing activities	<u>(621)</u>	<u>(1,335)</u>	<u>(1,385)</u>	<u>(1,435)</u>	<u>(1,495)</u>
Cash flows used in financing activities:					
Principal payments on long-term debt	-	-	-	-	-
Refunds of refundable fees	-	-	-	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	754	-	-	-	-
Cash and cash equivalents, beginning	<u>3,246</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>
Cash and cash equivalents, ending	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>
Supplemental disclosure of cash flow information:					
Cash payments for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

40.3 Appendix C – Statement of Actuarial Opinion



Comprehensive Actuarial Study
As of September 30, 2018

Report Date: AUGUST 15, 2019

YOUR ACTUARIES FOR THE LONG-TERM!

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SECTION I - EXECUTIVE SUMMARY

Continuing Care Actuaries was retained by the management of The Presbyterian Homes, Inc., to conduct a Comprehensive Actuarial Study for their community Glenaire (“Glenaire”) located in Cary, North Carolina. The purpose of the actuarial analysis was to:

- Review the resident demographic experience,
- Provide a population projection of current and prospective residents,
- Calculate Glenaire’s cash flow projection and Actuarial Balance Sheet, and
- Conduct an Actuarial Pricing Analysis of the current residential lifecare contract.

Glenaire is a Continuing Care Retirement Community consisting of 224 independent living units, 49 assisted living units and 71 skilled nursing beds of September, 30 2018. A planned expansion will add 192 independent living units and 40 assisted living units. The basic cost of residents at Glenaire consists of the initial Entrance Fee and Monthly Service Fee. Residents requiring permanent or temporary health care are able to transfer to the needed level of care as determined appropriate by Glenaire medical and management staff in conjunction with residents and their physicians and family. Collectively, Monthly Service Fees and Entrance Fees are intended to cover the cost of constructing and operating the community and providing health care and other services to contract residents, as well as a portion of all other costs related to the operation of the community. Entrance Fees held by Glenaire are subject to refund requirements.

The scope of our study consisted of: (1) an evaluation of the actual resident demographic movements observed at Glenaire from September 1993 to September 30, 2018; (2) development of population projections based on the current demographic characteristics of the resident population and the assumptions used in the financial model for Glenaire; (3) development of projected statements of cash flows and actuarial balance sheet; and (4) preparation of an actuarial pricing analysis. This comprehensive actuarial study and review was performed under the guidelines contained in the American Academy of Actuaries’ Actuarial Standard of Practice No. 3, “Practices Relating to Continuing Care Retirement Communities.”

In order to perform the actuarial analysis, we projected first generation residents and subsequent residents through various levels of care until move-out or death. The rates using permanent and temporary nursing transfers, deaths and withdrawals were developed Continuing Care Actuaries’ demographic database for CCRC residents. This database comprises over 500,000 CCRC residential life-years of demographic experience. The database assumptions used in this analysis reflect experience of communities similar to Glenaire. The population projections were combined with expense and revenue assumptions to develop projected cash flows and contingent assets and liabilities. A by-product of these cash flow projections is the Actuarial Pricing Analysis that examines the financial adequacy of the fiscal year 2024 residential fee structures and the Actuarial Balance Sheet which is used as an indicator of the adequacy of historical residential fee structures as of September 30, 2023.

Section II presents the key assumptions used in this study.

Section III presents the summary of the current residential contracts including the financial requirements of residents. This section also includes a summary of the configuration of the community.

Section IV presents a summary of the open group population projection and an analysis of the historical information at Glenaire. This section includes an analysis of the expected demographic distribution and demographic characteristics of new entrants.

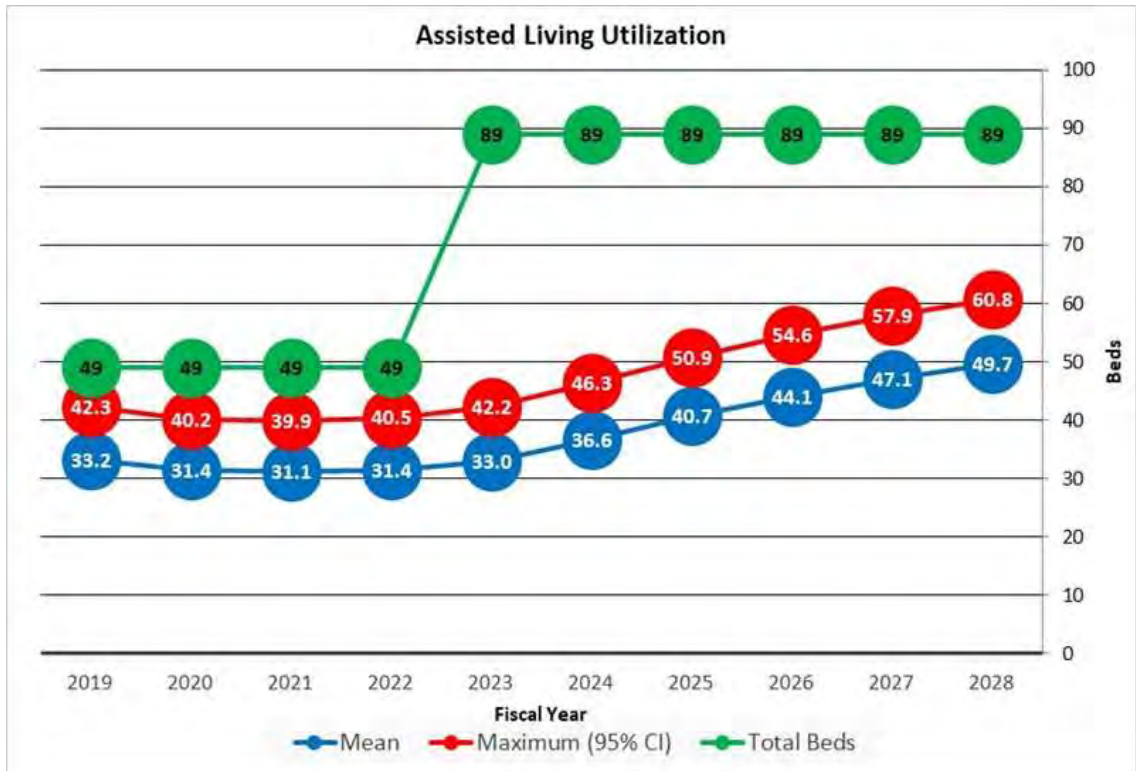
Section V presents a summary of the financial assumptions incorporated in the analysis and the cash flow projection.

Section VI presents the results of the Actuarial Balance Sheet as of September 30, 2023, the Actuarial Pricing Analysis of the residential contracts, and the Cash Flow statements.

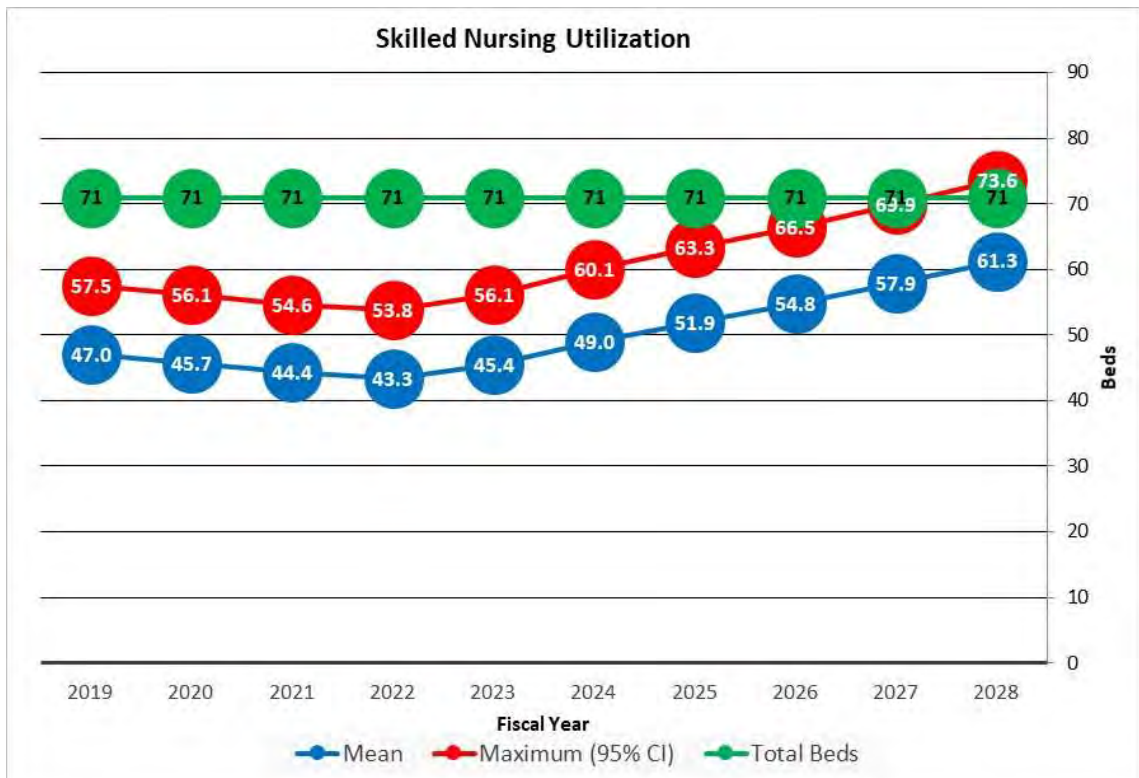
Summary of Findings and Notes

- 1) The data and assumptions used for the population and financial projections in this report form a reasonable basis for the projections. The methods used to produce the projections are consistent with sound actuarial principles and practices as prescribed by the Society of Actuaries and the American Academy of Actuaries.

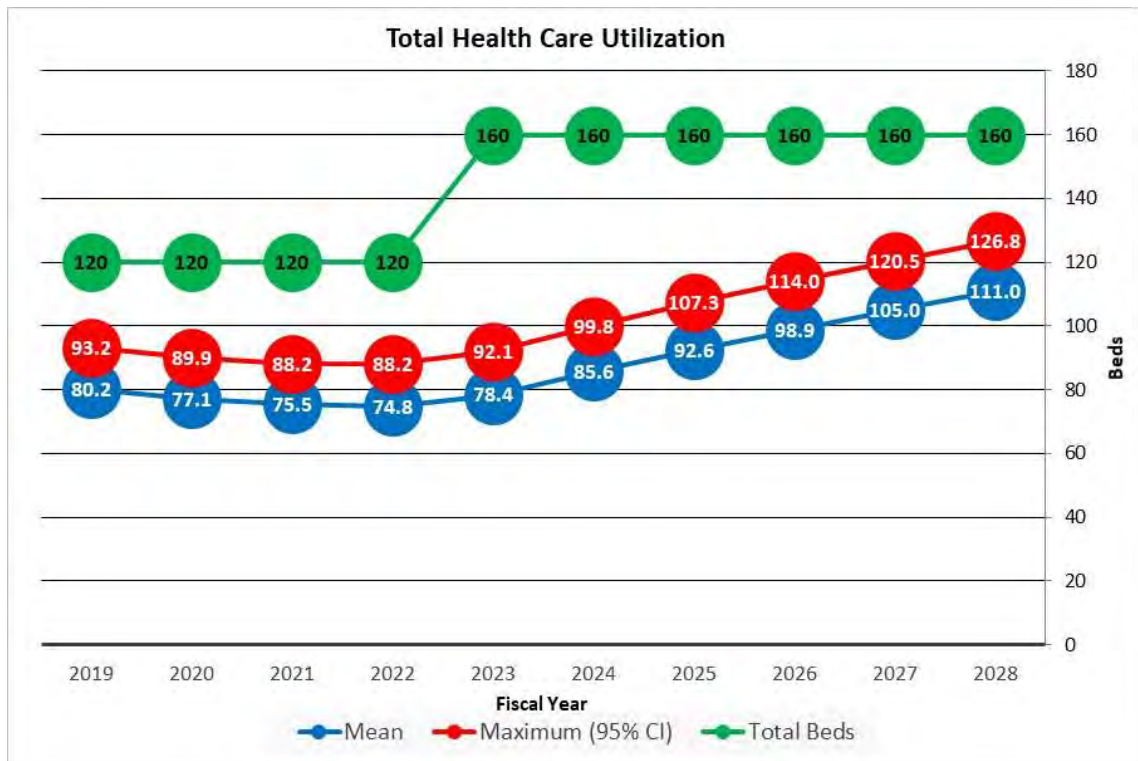
- 2) Below is the projected occupancy of the Assisted Living Units, by Life Care residents, with the 95% confidence interval.



- 3) Below is the projected occupancy of the Skilled Nursing Beds with the 95% confidence interval.



- 4) The projected occupancy of the Assisted Living Units and Skilled Nursing Beds with the 95% confidence interval is detailed below.



- 5) The financial projection indicates that Glenaire will generate positive annual cash flow throughout the projection, with the exception of 2020 when a large capital expenditure occurs; 2022 when half of the construction expense is realized; and 2024 and 2025, when the short term debt is repaid.
- 6) Based on the result of the Actuarial Balance Sheet as of September 30, 2023, our analysis concluded that Glenaire has current and future assets of \$477,300,000 with current and future liabilities of \$315,105,000. Based on these projected assets and liabilities, Glenaire's funded status is 151.5%, which is above our recommended target of 110% for a mature community.

The actuarial ratio determines the percent of future expenses that are expected to be covered by future revenues for the expected group of residents as of September 30, 2018. This measure is important in that it represents Glenaire's ability to deal with adverse experience. This ratio was calculated at 100.2%. The detail of the Actuarial Balance Sheet can be seen on page 24.

- 7) The actuarial pricing analysis for the 0% Refundable indicated that this plan is expected to produce an average surplus of \$176,378 at entry for new residents as of September 30, 2023, which represents a margin of 17.2% of the present value of contractual liabilities. This is shown in detail on pages 29, 30 and 31.
- 8) The actuarial pricing analysis for the 50% Refundable indicated that this plan is expected to produce an average surplus of \$136,403 at entry for new residents as of September 30,

2023, which represents a margin of 14.7% of the present value of contractual liabilities. This is shown in detail on page 32.

- 9) The actuarial pricing analysis for the 90% Refundable indicated that this plan is expected to produce an average surplus of \$107,864 at entry for new residents as of September 30, 2023, which represents a margin of 10.3% of the present value of contractual liabilities. This is shown in detail on pages 33.

Generally, it is our recommendation for a mature community to target a margin of approximately 10% in order to cover possible adverse fluctuations that may occur in the future. These adverse fluctuations can include both changes in economic assumptions, such as expected inflation, and changes in demographic assumptions, such as nursing care utilization. In aggregate, based on new entrant contract distribution assumptions, the Actuarial Pricing Analysis for new entrants at Glenaire is expected to cover the risk of adverse fluctuation, with a margin of 16.5%.

- 10) In conclusion, Glenaire is in ***adequate financial condition*** to meet its obligations as defined by Actuarial Standard of Practice No. 3 (ASOP 3). ASOP 3 defines adequacy based on the meeting of three required actuarial standards, which consist of the actuarial cash flow, the actuarial balance sheet, and the actuarial pricing analysis.

This study assumes that management will continue to operate under the original actuarial assumptions. That is, morbidity and mortality rates have remained unchanged. In practice, it is likely that a different philosophy of care will be adopted in regard to home health services and acuity levels in higher levels of care. The results in this report serve as a conservative projection, representing the need for outside nursing due to increased demand associated with the expansion.

The results of our study are based on estimates of the demographic and economic assumptions of the most likely outcome. Considerable uncertainty and variability are inherent in such estimates. Accordingly, the subsequent emergence of actual residential movements and of actual revenues and expenses may not conform to the assumptions used in our analysis. Consequently, the subsequent development of these items may vary considerably from expected results.

Management should scrutinize future developments that may have a negative impact on these projections. These developments include lower Independent Living occupancy than assumed, higher apartment vacancy rates, higher expense inflation, higher health care utilization and longer life expectancies than assumed in the current projection.



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SECTION II – KEY ASSUMPTIONS

Continuing Care Actuaries has utilized the following assumptions for Glenaire throughout the projection:

Revenue and Expense Assumptions:

Entrance Fee Inflation	3.0% (2.0% for Expansion EF's)
Monthly Fee Inflation	3.0%
General Expense Inflation	3.0%
Medical Expense Inflation	3.0%
Investment Income Rate	3.0%
Discount Rate	5.0%

Occupancy Assumptions:

Independent Living Units	Stabilizes at 215.0 units, 96.0%
Independent Living Units – Expansion	Stabilizes at 182.0 units, 94.8%
Assisted Living	Stabilizes at 80.0 units, 89.9%
Skilled Nursing	Stabilizes at 83.8 units, 118.0%

Distribution of New Residents by Contract Type:

0% Refundable	90.0%
50% Refundable	0.0%
90% Refundable	10.0%
0% Refundable – Expansion	100.0%

Distribution of New Residents by Gender/Couple/Age:

<u>Type of New Entrant</u>	<u>Assumed Distribution</u>	<u>Male Age</u>	<u>Female Age</u>
Single Male	10%	82	
Single Female	42%		79
Couple	48%	79	77

Distribution of New Residents by Gender/Couple/Age – Expansion:

<u>Type of New Entrant</u>	<u>Assumed Distribution</u>	<u>Male Age</u>	<u>Female Age</u>
Single Male	6%	79	
Single Female	19%		76
Couple	75%	76	74

SECTION III — RESIDENTIAL CONTRACT INFORMATION

Glenaire is a senior retirement community located in Cary, North Carolina. Under the terms of all contracts, the resident agrees to pay an initial Entrance Fee and a Monthly Service Fee, which entitles the resident to lifetime occupancy of a residential unit, subject to contractual conditions. Under these plans, residents pay the Monthly Service Fee that corresponds to their unit in Independent Living. Glenaire is currently offering three plan types to potential new residents: 0% Refundable, 50% Refundable and 90% Refundable. If a resident temporarily transfers to Glenaire's Healthcare Center, the resident is forecasted to be required to pay both the Monthly Service Fee for their Independent Living unit and the applicable current private daily rate at the Healthcare Center. If a resident is permanently transferred to the Healthcare Center under any of the plan types, the resident will pay the per diem rates and have up to 14 free days of healthcare to use per year.

Under the 0% Refundable, Glenaire will refund the Entrance Fee without interest to the resident upon reoccupancy with the following amortization schedule: an immediate 4% processing fee, followed by a 2.0% reduction for each month of occupancy thereafter for up to 48 months until termination at which point the Entrance Fee is no longer refundable. The 50% Refundable has a 4% processing fee along with a 2.0% reduction for each month of occupancy, not to drop below 50%. The 90% Refundable amortizes 1.0% per month after a 4.0% processing fee, not to drop below 90%.

Exhibit A

**Resident Contract Fees by Independent Living Unit Type
Average 2019 Fees**

Independent Living Units

0% Refundable

<u>Unit Type</u>	<u>Entrance Fees</u>	<u>Monthly Fees</u>
Willow	\$194,044	\$3,326
Rhododendron	190,064	3,326
Beech	64,681	2,429
Thistle	119,412	2,844
Rhododendron	190,064	3,326
Thistle	119,412	2,844
3BR	263,701	4,632
Willow	194,044	3,326
Thyme	149,265	2,844
Twinflower	159,216	3,326
Twinflower	159,216	3,326
Thistle	119,412	2,844
Thyme	149,265	2,844
Jasmine	263,701	3,611
Azelea	328,382	3,929
Magnolia	365,201	4,424
Laurel	294,549	3,835
Gardenia	268,676	3,628
Fern	257,730	3,446
Heather	326,392	3,815
Juniper	356,245	3,815
Wintergreen	356,245	3,815
<u>Fern</u>	<u>281,613</u>	<u>3,446</u>
Second Person	\$0	\$1,089

Exhibit A (cont.)

**Resident Contract Fees by Independent Living Unit Type
Average 2019 Fees**

Independent Living Units

50% Refundable

<u>Unit Type</u>	<u>Entrance Fees</u>	<u>Monthly Fees</u>
Willow	\$291,066	\$3,326
Rhododendron	285,096	3,326
Beech	97,520	2,429
Thistle	179,118	2,844
Rhododendron	285,096	3,326
Thistle	179,118	2,844
3BR	395,551	4,632
Willow	291,066	3,326
Thyme	223,897	2,844
Twinflower	238,824	3,326
Twinflower	238,824	3,326
Thistle	179,118	2,844
Thyme	223,897	2,844
Jasmine	395,551	3,611
Azelea	492,574	3,929
Magnolia	547,801	4,424
Laurel	441,824	3,835
Gardenia	403,015	3,628
Fern	386,596	3,446
Heather	489,588	3,815
Juniper	534,368	3,815
Wintergreen	534,368	3,815
<u>Fern</u>	<u>422,419</u>	<u>3,446</u>
Second Person	\$0	\$1,089

Exhibit A (cont.)

**Resident Contract Fees by Independent Living Unit Type
Average 2019 Fees**

Independent Living Units

90% Refundable

<u>Unit Type</u>	<u>Entrance Fees</u>	<u>Monthly Fees</u>
Willow	\$368,684	\$3,326
Rhododendron	361,121	3,326
Beech	122,895	2,429
Thistle	226,882	2,844
Rhododendron	361,121	3,326
Thistle	226,882	2,844
3BR	501,032	4,632
Willow	368,684	3,326
Thyme	283,603	2,844
Twinflower	302,510	3,326
Twinflower	302,510	3,326
Thistle	226,882	2,844
Thyme	283,603	2,844
Jasmine	501,032	3,611
Azelea	623,926	3,929
Magnolia	693,882	4,424
Laurel	559,643	3,835
Gardenia	510,485	3,628
Fern	489,688	3,446
Heather	620,145	3,815
Juniper	676,866	3,815
Wintergreen	676,866	3,815
<u>Fern</u>	<u>535,064</u>	<u>3,446</u>
Second Person	\$0	\$1,089

Exhibit A (cont.)

**Resident Contract Fees by Independent Living Unit Type
Average 2023 Fees**

Independent Living Units

0% Refundable – Expansion

<u>Unit Type</u>	<u>Entrance Fees</u>	<u>Monthly Fees</u>
2 Bedroom Apt - 1,455 sq. ft.	\$376,686	4,319
2 Bedroom Apt - 1,455 sq. ft.	376,686	4,319
2 Bedroom with Den - 1,547 sq. ft.	419,984	4,347
2 Bedroom with Den - 1,682 sq. ft.	449,209	4,458
2 Bedroom with Den - 1,666 sq. ft.	443,797	4,458
2 Bedroom with Den DLX - 1,832 sq. ft.	514,155	4,681
2 Bedroom with Den DLX - 1,809 sq. ft.	508,743	4,681
3 Bedroom Apt- 2,087 sq. ft.	568,277	4,960
<u>Penthouse - 2,700 sq. ft.</u>	<u>746,878</u>	<u>5,685</u>
Second Person	\$0	\$1,233

Exhibit B

**Type, Number and Square Footage of Units
As of September 30, 2018**

<u>Independent Living Units</u>		
Unit Type	Number of Units	Approximate Square Footage
Willow	4	1,138
Rhododendron	41	1,087
Beech	9	526
Thistle	32	785
Rhododendron	31	1,087
Thistle	4	805
3BR	1	1,610
Willow	2	1,138
Thyme	2	976
Twinflower	2	976
Twinflower	2	1,090
Thistle	33	784
Thyme	1	976
Jasmine	4	1,363
Azelea	2	1,808
Magnolia	2	2,088
Laurel	2	1,447
Gardenia	2	1,385
Fern	14	1,750
Heather	12	2,000
Juniper	1	2,100
Wintergreen	1	2,290
<u>Fern</u>	<u>20</u>	<u>1,750</u>
Independent Living Total	224	1,159(average unit size)

Exhibit B (cont.)

**Type, Number and Square Footage of Units – Expansion
As of September 30, 2022**

<u>Independent Living Units</u>		
Unit Type	Number of Units	Approximate Square Footage
2 Bedroom Apt - 1,455 sq. ft.	18	1,455
2 Bedroom Apt - 1,455 sq. ft.	10	1,455
2 Bedroom with Den - 1,547 sq. ft.	8	1,547
2 Bedroom with Den - 1,682 sq. ft.	16	1,682
2 Bedroom with Den - 1,666 sq. ft.	70	1,666
2 Bedroom with Den DLX - 1,832 sq. ft.	32	1,832
2 Bedroom with Den DLX - 1,809 sq. ft.	18	1,809
3 Bedroom Apt- 2,087 sq. ft.	18	2,087
<u>Penthouse - 2,700 sq. ft.</u>	<u>2</u>	<u>2,700</u>
Independent Living Total	192	1,723 (average unit size)

Type and Number of Assisted Living Units and Skilled Nursing Beds

<u>Assisted Living</u>	<u>Current Units</u>
Residential Assisted Living	20
Medical Assisted Living	29
<u>Medical Assisted Living – Expansion</u>	<u>40</u>
Total Units	49
<u>Skilled Nursing</u>	<u>Current Beds</u>
<u>Private</u>	<u>71</u>
Total Beds	71

SECTION IV - POPULATION PROJECTIONS AND HISTORICAL ANALYSIS

A. Methodology - Developing Demographic Assumptions

In order to project the future residents through the various levels of care, we first developed the demographic assumptions as input to the population projections using Continuing Care Actuaries' demographic database for CCRC residents. This database comprises over 500,000 CCRC residential life-years of demographic experience. The database assumptions used in this analysis reflect experience of communities with similar health care guarantees as Glenaire. These assumptions, which include mortality rates, morbidity rates (permanent and temporary transfer rates) and withdrawal rates (move-out rates), were applied to the future resident populations.

The demographic assumptions are based on data collected from Glenaire as well as other similar communities in the Continuing Care Actuaries Demographic Database for CCRC residents. The resulting life expectancy at each level of care is summarized in the chart below:

Life Expectancy at Time of Entry by Age at Entry

Female Entrants

Entry <u>Age</u>	Independent <u>Living</u>	Assisted <u>Living</u>	Skilled <u>Nursing</u>	<u>Total</u>
65	16.0	1.2	1.1	18.3
70	13.4	1.3	1.3	16.0
75	10.7	1.3	1.4	13.4
80	7.9	1.3	1.4	10.6
85	5.6	1.3	1.5	8.4
90	4.1	1.2	1.4	6.7

Male Entrants

Entry <u>Age</u>	Independent <u>Living</u>	Assisted <u>Living</u>	Skilled <u>Nursing</u>	<u>Total</u>
65	13.8	1.1	1.0	15.9
70	11.3	1.1	1.1	13.5
75	9.1	1.0	1.2	11.3
80	6.8	1.0	1.2	9.0
85	4.7	1.0	1.3	7.0
90	3.2	1.1	1.3	5.6

B. Methodology - Projections

After we developed the demographic assumptions, we projected the future residents assumed to reside at Glenaire at the beginning of the projection as of September 30, 2018 through the various levels of care until move-out or death. Independent Living Unit turnovers due to deaths, permanent transfers and move-outs were projected. New entrants were admitted into the community based on the fill-up schedule and the projected Independent Living Unit turnovers. The demographic characteristics of these new entrants were based on the resident list provided by the community. Each generation, or year, of new entrants, was tracked through various levels of care until death. The total Independent Living Unit turnover from each generation of entrants was developed in our projection system.

We developed population projections based on the expected scenario. The expected scenario was based on the most likely outcome. The output of our open group population projections under the expected scenario is presented in the Appendix.

C. Historical Analysis

Continuing Care Actuaries analyzed the historic demographic activity at Glenaire from September 1993 to September 30, 2018. The experience was analyzed to produce appropriate mortality, morbidity (or healthcare transfer rates) and voluntary withdrawal rates to be used in future projection flows at Glenaire. The development of appropriate projection assumptions involves the use of the mathematical concept of statistical credibility. Continuing Care Actuaries has developed a national CCRC demographic database that is based on the experience gathered for over 500,000 life years of experience by our company. This experience includes our demographic study sponsored by the National Institute of Health, as well as the Society of Actuaries and the American Association for Services and Homes for the Aging. This study was completed by Continuing Care Actuaries in 2002 and consists of the demographic experience at 70 CCRCs, representing multiple delivery, financing and geographical regions of the United States.

Utilization

ILU Information											
Fiscal Year	Units		People					New Entrants			End of Year
	Released	Occupied	New	With-Drawn	ALU Trans.	SNF Trans.	Deaths	Single Ratio	Couple Ratio	Avg. Age	Occupancy in %
2016	27	25	42	2	23	4	5	32%	68%	78.4	90%
2017	24	42	65	2	18	5	8	45%	55%	78.7	93%
2018	17	17	24	3	14	3	5	59%	41%	77.0	93%

ALU Information (Life Care Only)				
Fiscal Year	Transfers from ILU	Transfers to SNF	Deaths	End of Year Occupancy in %
2016	23	14	5	73%
2017	18	15	5	69%
2018	14	8	1	80%

SNF Information (Life Care Only)				
Fiscal Year	Transfers from ILU	Transfers from ALU	Deaths	End of Year Occupancy in %
2016	4	14	21	63%
2017	5	15	21	62%
2018	3	8	16	55%

Mortality & Morbidity Analysis

After analyzing Glenaire's history, we used the following factors to modify the Continuing Care Actuaries rates in order to project utilization of health care services at Glenaire.

	Assumption
Independent Living Mortality	75%
Transfer from Independent Living to Skilled Nursing	60%
Transfer from Independent Living to Assisted Living	135%
Transfer from Assisted Living to Skilled Nursing	140%
Assisted Living Mortality	95%
Skilled Nursing Mortality	90%
Withdrawal from Independent Living	100%
Temporary Transfer from Independent Living to Skilled Nursing	100%

Continuing Care Actuaries performed a study of Glenaire's mortality experience at each level of care. Our national database adjusts expected mortality by age and gender of the resident, as well as the number of years the resident has resided at the particular level of care.

D. Results

Demographic Characteristics of Future Residents

The current population projection of Entrance Fee paying residents was based on the demographic characteristics of Glenaire's residents as of September 30, 2018. The demographic distribution of the residents can be found in Appendix A.

Independent Living

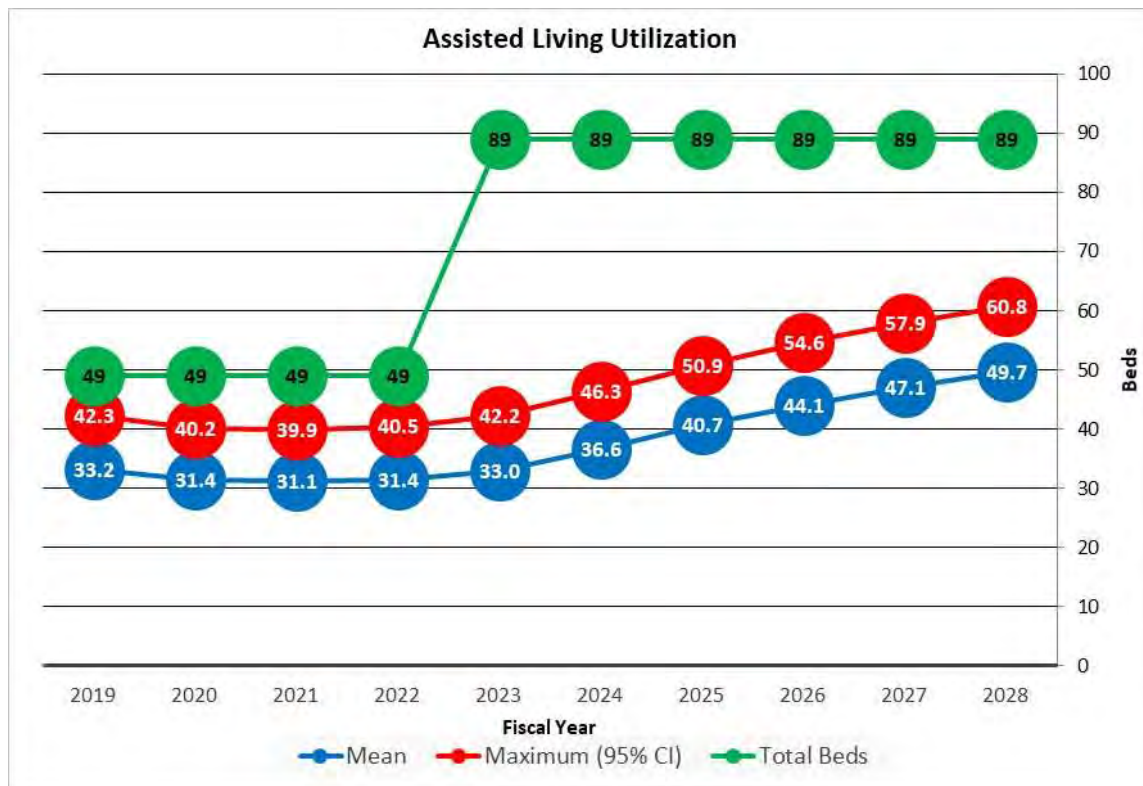
Year	Units Available	<u>Units Occupied</u>		Average	Average Occupancy
		Beginning of Year	End of Year		
2019	224	220.0	215.0	217.5	97.1%
2020	224	215.0	215.0	215.0	96.0%
2021	224	215.0	215.0	215.0	96.0%
2022	224	215.0	215.0	215.0	96.0%
2023	416	215.0	215.0	323.2	77.7%

Assisted Living

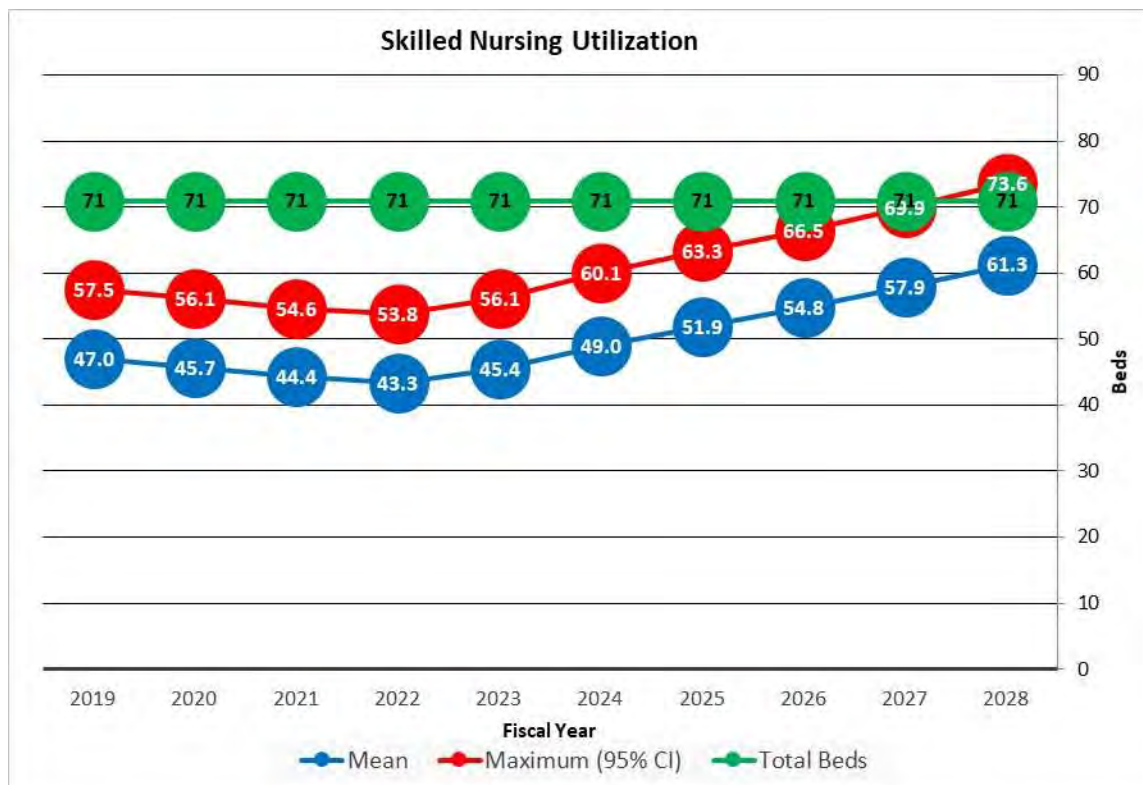
Year	Units Available	Contract Residents	Per Diem Residents	Average Number of Occupied Units	Average Occupancy
2019	49	36.1	7.9	44.0	89.8%
2020	49	32.3	11.7	44.0	49.4%
2021	49	31.3	12.7	44.0	49.4%
2022	49	31.3	12.7	44.0	49.4%
2023	89	32.2	26.8	59.0	66.3%

Skilled Nursing

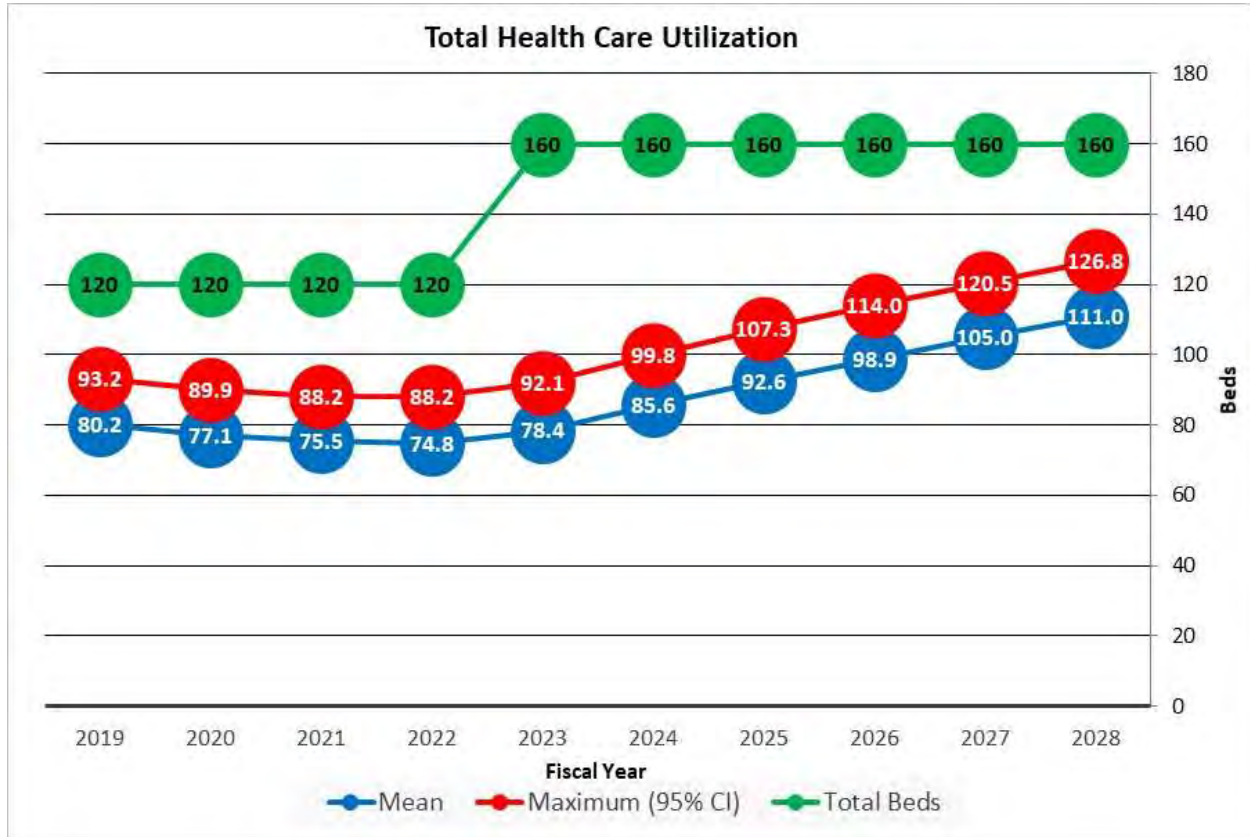
Year	Units Available	Contract Residents	Temporary Residents	Per Diem Residents	Total Residents	Average Occupancy
2019	71	39.5	7.0	19.5	66.0	93.0%
2020	71	39.4	6.9	19.7	66.0	93.0%
2021	71	38.1	6.9	21.0	66.0	93.0%
2022	71	37.0	6.8	22.2	66.0	93.0%
2023	71	36.6	8.7	20.7	66.0	93.0%



The projections detailed above provide the average occupancy of the Assisted Living Units by contract residents. There will naturally be fluctuations around the mean, as shown in the above chart, with the 95% confidence interval.



The projections detailed above provide the average occupancy of the Skilled Nursing Beds by contract residents. There will naturally be fluctuations around the mean, as shown in the above chart, with the 95% confidence interval. Similar to above, below is the projection of contract residents in Assisted Living Units and Skilled Nursing Beds.



New entrant assumptions were developed based on a review of demographic characteristics of independent living unit depositors. The following table summarizes the demographic distribution of new entrants into Glenaire. In subsequent years, the projection assumes that new entrants will be slightly older, a phenomena commonly experienced in the CCRC industry.

Existing

Type of New Entrant	Assumed Distribution	Male Age	Female Age
Single Male	10%	82	
Single Female	42%		79
Couple	48%	79	77

Expansion

Type of New Entrant	Assumed Distribution	Male Age	Female Age
Single Male	6%	79	
Single Female	19%		76
Couple	75%	76	74

SECTION V — FINANCIAL ASSUMPTIONS

The analysis represents the most likely, or expected, scenario with respect to both demographic and financial assumptions. Continuing Care Actuaries has utilized the key assumptions for Glenaire throughout the analysis. The assumptions can be found in Section II of this report. The chart below summarizes key Cash Flow Expenditures assumptions for the period 2019 through 2022:

Cash Flow Expenditures YEAR ENDING SEPTEMBER 30

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Construction Cost			95,000,000	95,000,000
Administration	\$2,600,641	\$2,678,660	\$2,759,020	\$2,841,791
Marketing	398,808	410,772	423,095	435,788
Dining Services	2,875,176	2,961,431	3,050,274	3,141,782
Resident Life Services	179,294	184,673	190,213	195,919
Wellness	353,434	364,037	374,958	386,207
Assisted Living	989,833	1,019,528	1,050,114	1,081,617
Nursing	3,488,744	3,593,406	3,701,209	3,812,245
Purchased Medical Services	1,091,767	1,124,520	1,158,256	1,193,003
Adult Day Care	145,895	150,272	154,780	159,423
Nursing Administration	1,565,804	1,612,778	1,661,161	1,710,996
Environmental Services	1,026,684	1,057,485	1,089,209	1,121,885
Maintenance	2,208,926	2,275,194	2,343,450	2,413,753
Administration - Expansion	0	0	0	0
Human Resources - Expansion	0	0	0	0
Resident Life Services - Expansion	0	0	0	0
Wellness - Expansion	0	0	0	0
Environmental Services - Expansion	0	0	0	0
Dining Services - Expansion	0	0	0	0
Maintenance - Expansion	0	0	0	0
Marketing - Expansion	0	0	37,500	196,750
Assisted Living - Expansion	0	0	0	0
Outside Nursing	0	0	0	0
Interest	451,908	399,300	8,998,058	10,497,627
Principal Repayment	2,013,703	2,080,373	2,056,093	1,602,172
<u>Capital Expenditures</u>	<u>1,474,000</u>	<u>9,321,913</u>	<u>3,210,680</u>	<u>2,838,680</u>
Total	\$20,864,617	\$29,234,342	\$127,258,070	\$128,629,640

SECTION VI — ACTUARIAL ANALYSIS

The purpose of the Actuarial Balance Sheet is to determine whether the projected assets and present value of future Monthly Service Fees equals or exceeds projected liabilities and the present value of future expenses associated with providing care to the expected closed group of residents of Glenaire as of September 30, 2023. While the Actuarial Balance Sheet analyzes the financial condition of Glenaire in aggregate historically, the Actuarial Pricing Analysis develops the financial adequacy of the current pricing structure for each Independent Living Unit type.

A. Actuarial Balance Sheet

The Actuarial Balance Sheet has been developed in accordance with Actuarial Standard of Practice No.3, "Practices Relating to Continuing Care Retirement Communities." The balance sheet directly evaluates the CCRC solvency for a community with respect to its expected set of residents. If the balance sheet shows a deficit, or if successive balance sheets reflect an undesirable reduction in surplus, consideration should be given to increasing fees or taking cost reduction measures. If the balance sheet shows a "reasonable" surplus, the existing fees may be appropriate. If the balance sheet shows an "excessive" surplus, consideration may be given to reducing the fees or increasing the services offered.

The actuarial balance sheet for the residents includes the present value of the Entrance Fees and Monthly Service Fees. Liabilities include the present value of Entrance Fee refunds and the present value of promised services under the continuing care contract.

The following table develops the expected surplus for the expected group of residents at Glenaire as of September 30, 2018. Based on the demographic and financial assumptions detailed, our analysis concluded that Glenaire will have assets of \$477,300,000 with current and future liabilities of \$315,105,000. Based on these projected assets and liabilities, Glenaire's funded status is 151.5%.

The actuarial ratio determines the percent of future expenses that are expected to be covered by future revenues for the expected group of residents as of September 30, 2018. This measure is important in evaluating a community's ability to handle adverse experience since any shortfall must be covered by a combination of existing assets and future residents. This ratio was calculated at 100.2%.

**Glenaire
Consolidated Financial Statements
Actuarial Balance Sheet (in 000's)
As of September 30, 2023**

ACTUARIAL ASSETS

Current Assets	\$128,669
Actuarial Present Value of Net Fixed Assets	293,442
Current Liabilities	(1,678)
Actuarial Present Value of Long-Term Debt	(253,286)

NET ACTUARIAL ASSETS \$167,148

ACTUARIAL LIABILITIES

Actuarial Present Value of Future Liabilities	\$309,408
Actuarial Present Value of Future Revenues	310,152
Net Actuarial Liabilities	(744)
Actuarial Present Value of Refund Liability	5,697
Actuarial Surplus (Deficit)	<u>162,195</u>

NET ACTUARIAL LIABILITIES \$167,148

Funded Status

Net Actuarial Assets + APV of Future Revenue	\$477,300
divided by	
APV of Future Liabilities + APV of Refund Liability	<u>÷315,105</u>

FUNDED STATUS 151.5%

The actuarial ratio evaluates the ratio of future revenue, which can be adjusted for inflation and demographic variations in experience to future liabilities. This ratio was calculated at 100.2%.

Actuarial Ratio

Actuarial Present Value of Future Revenue	\$310,152
divided by	
Actuarial Present Value of Future Liabilities	<u>÷309,408</u>

ACTUARIAL RATIO 100.2%

B. Actuarial Pricing Analysis

The purpose of the Actuarial Pricing Analysis is to calculate the expected contractual surplus (deficit) for each contract and for each type of new entrant at the time of entry to Glenaire. This analysis has parallels to insurance pricing. The present value of the Entrance Fee and Monthly Service Fees is calculated and the present value of contractual liabilities is also calculated for the new entrant at each level of care. Contractual liabilities include future refunds and the cost of Independent Living and Healthcare Center. A sufficient surplus indicates that the contracts are adequately priced, while a deficit indicates that fees are not sufficient to cover expenses.

The actuarial pricing analysis has been developed in accordance with Actuarial Standard of Practice No.3, "Practices Relating to Continuing Care Retirement Communities." The Pricing Analysis directly evaluates the contract solvency for a new resident. If the analysis shows a deficit, or if successive analyses reflect an undesirable reduction in surplus, consideration should be given to increasing fees or taking cost reduction measures. If the analysis shows a "reasonable" surplus, the existing fees may be appropriate. If the analysis shows an "excessive" surplus, consideration may be given to reducing the fees or increasing the services offered.

The actuarial surplus is developed in that projected expenses are allocated to each Independent Living and Healthcare Center Units. The actuarial surplus is defined to be the sum of the Entrance Fee and contingent assets such as Monthly Service Fees less the projected expenses for the particular resident or couple entering the unit. This analysis was conducted separately for single females, single males and couples entering each Independent Living unit under the contracts offered by Glenaire. The distribution of couples and singles on the chart below reflect expected demographics based on historical experience and management expectations.

New Entrant Unit Type Distribution Assumption

<u>Unit Type</u>	<u>Single Female</u>	<u>Single Male</u>	<u>Couples</u>
Willow	32.3%	7.7%	60.0%
Rhododendron	40.4%	9.6%	50.0%
Beech	68.7%	16.3%	15.0%
Thistle	60.6%	14.4%	25.0%
Rhododendron	40.4%	9.6%	50.0%
Thistle	52.5%	12.5%	35.0%
3BR	20.2%	4.8%	75.0%
Willow	32.3%	7.7%	60.0%
Thyme	48.5%	11.5%	40.0%
Twinflower	48.5%	11.5%	40.0%
Twinflower	32.3%	7.7%	60.0%
Thistle	60.6%	14.4%	25.0%
Thyme	48.5%	11.5%	40.0%
Jasmine	24.2%	5.8%	70.0%
Azelea	20.2%	4.8%	75.0%
Magnolia	16.2%	3.8%	80.0%
Laurel	20.2%	4.8%	75.0%
Gardenia	24.2%	5.8%	70.0%
Fern	20.2%	4.8%	75.0%
Heather	20.2%	4.8%	75.0%
Juniper	12.1%	2.9%	85.0%
Wintergreen	12.1%	2.9%	85.0%
<u>Fern</u>	<u>20.2%</u>	<u>4.8%</u>	<u>75.0%</u>
Composite	42.0%	10.0%	48.0%

New Entrant Unit Type Distribution Assumption – Expansion

<u>Unit Type</u>	<u>Single Female</u>	<u>Single Male</u>	<u>Couples</u>
2 Bedroom Apt - 1,455 sq. ft.	30.4%	9.6%	60.0%
2 Bedroom Apt - 1,455 sq. ft.	30.4%	9.6%	60.0%
2 Bedroom with Den - 1,547 sq. ft.	30.4%	9.6%	60.0%
2 Bedroom with Den - 1,682 sq. ft.	19.0%	6.0%	75.0%
2 Bedroom with Den - 1,666 sq. ft.	19.0%	6.0%	75.0%
2 Bedroom with Den DLX - 1,832 sq. ft.	15.2%	4.8%	80.0%
2 Bedroom with Den DLX - 1,809 sq. ft.	15.2%	4.8%	80.0%
3 Bedroom Apt- 2,087 sq. ft.	7.6%	2.4%	90.0%
<u>Penthouse - 2,700 sq. ft.</u>	<u>7.6%</u>	<u>2.4%</u>	<u>90.0%</u>
Composite	19.0%	6.0%	75.0%

The Actuarial Pricing Analysis develops the expected contractual surplus (deficit) for each contract and for each type of new entrant at the time of entry to Glenaire. In general, we recommend that management target contractual pricing to result in approximately a 10% surplus margin. That is, the expected surplus should equal approximately 10% of the present value of contractual liabilities.

The analysis for the 0% Refundable indicated that this contract is expected to produce an average surplus of \$176,378 at entry for new residents, which represents a margin of 17.2% of the present value of contractual liabilities.

The analysis for the 50% Refundable indicated that this contract is expected to produce an average surplus of \$136,403 at entry for new residents, which represents a margin of 14.7% of the present value of contractual liabilities.

The analysis for the 90% Refundable indicated that this contract is expected to produce an average surplus of \$107,864 at entry for new residents, which represents a margin of 10.3% of the present value of contractual liabilities.

Note that the percentage below the dollar amounts, in the following chart, represents the surplus as a percentage of the total contractual liabilities as of the entry date into Glenaire.

Actuarial Pricing Analysis as of September 30, 2018

0% Refundable

Unit Type	Single Female	Single Male	Couple	Composite
Willow	\$122,685 18.1%	\$142,477 26.6%	159,588 15.7%	\$146,349 16.8%
Rhododendron	132,734 20.0%	148,724 28.4%	174,275 17.5%	\$155,042 19.0%
Beech	56,978 11.5%	60,621 15.3%	111,953 14.3%	\$65,820 12.6%
Thistle	94,050 16.4%	103,299 22.7%	142,966 16.2%	\$107,613 17.0%
Rhododendron	138,175 20.8%	153,987 29.4%	180,008 18.1%	\$160,612 19.7%
Thistle	88,403 15.2%	99,198 21.6%	135,408 15.2%	\$106,204 15.8%
3BR	206,955 25.3%	222,076 34.8%	250,641 21.0%	\$240,446 22.0%
Willow	128,126 18.9%	147,741 27.6%	165,320 16.3%	\$151,951 17.5%
Thyme	67,320 10.7%	90,452 18.2%	99,448 10.4%	\$82,840 11.1%
Twinflower	130,344 20.7%	138,852 27.9%	180,681 18.9%	\$151,460 20.3%
Twinflower	98,152 14.8%	115,477 22.1%	137,598 13.8%	\$123,152 14.4%
Thistle	88,892 15.5%	98,241 21.6%	137,611 15.6%	\$102,420 16.2%
Thyme	72,761 11.5%	95,715 19.2%	105,181 11.0%	\$88,377 11.9%
Jasmine	166,197 22.2%	192,453 32.7%	196,126 17.8%	\$188,662 19.1%
Azelea	145,660 16.6%	194,611 28.4%	148,495 11.7%	\$150,140 12.9%
Magnolia	160,513 16.7%	215,121 28.8%	156,896 11.4%	\$159,720 12.4%
Laurel	200,510 25.9%	225,511 37.1%	232,436 20.5%	\$225,656 21.8%
Gardenia	167,238 22.2%	194,522 32.8%	195,970 17.7%	\$188,925 19.0%
Fern	32,525 3.8%	93,813 14.1%	19,097 1.5%	\$25,400 2.2%
Heather	77,008 8.3%	144,233 19.9%	57,241 4.3%	\$65,415 5.3%
Juniper	81,416 8.5%	155,308 20.8%	53,846 3.9%	\$60,113 4.6%
Wintergreen	27,763 2.7%	116,350 14.8%	(17,958) -1.2%	(\$8,545) -0.6%
Fern	58,643 6.8%	119,076 17.8%	46,614 3.7%	\$52,527 4.6%

Actuarial Pricing Analysis as of September 30, 2018

0% Refundable (cont.)

Unit Type	Single Female	Single Male	Couple	Composite
2 Bedroom Apt - 1,455 sq. ft.	209,572 <i>24.3%</i>	241,111 <i>35.3%</i>	244,142 <i>19.7%</i>	\$233,341 <i>21.8%</i>
2 Bedroom Apt - 1,455 sq. ft.	209,572 <i>24.3%</i>	241,111 <i>35.3%</i>	244,142 <i>19.7%</i>	\$233,341 <i>21.8%</i>
2 Bedroom with Den - 1,547 sq. ft.	223,867 <i>25.0%</i>	261,294 <i>36.9%</i>	251,985 <i>19.7%</i>	\$244,331 <i>22.1%</i>
2 Bedroom with Den - 1,682 sq. ft.	219,697 <i>23.3%</i>	264,619 <i>35.5%</i>	239,183 <i>17.9%</i>	\$237,007 <i>19.3%</i>
2 Bedroom with Den - 1,666 sq. ft.	219,794 <i>23.5%</i>	263,501 <i>35.6%</i>	240,669 <i>18.1%</i>	\$238,072 <i>19.5%</i>
2 Bedroom with Den DLX - 1,832 sq. ft.	257,436 <i>25.9%</i>	307,048 <i>39.0%</i>	272,280 <i>19.4%</i>	\$271,693 <i>20.7%</i>
2 Bedroom with Den DLX - 1,809 sq. ft.	259,855 <i>26.3%</i>	307,661 <i>39.4%</i>	276,807 <i>19.9%</i>	\$275,712 <i>21.2%</i>
3 Bedroom Apt- 2,087 sq. ft.	256,145 <i>23.7%</i>	318,000 <i>37.2%</i>	256,990 <i>17.0%</i>	\$258,390 <i>17.6%</i>
Penthouse - 2,700 sq. ft.	305,870 <i>23.6%</i>	394,385 <i>38.7%</i>	277,225 <i>15.6%</i>	\$282,214 <i>16.3%</i>
Average Surplus (Subsidy)	137,059 <i>19.0%</i>	170,644 <i>29.2%</i>	197,534 <i>15.9%</i>	\$176,378 <i>17.2%</i>

The chart below details an example of our analysis for the single female cohort entering the community in the Beech unit type.

Beech, single female:

Entrance Fee		\$74,983
NPV ILU Monthly Fees		262,875
<u>NPV Healthcare Center Monthly Fees</u>		<u>216,734</u>
Total Revenue		\$554,593
NPV ILU Costs		\$292,598
NPV Healthcare Center Costs		200,767
<u>NPV Refunds</u>		<u>4,250</u>
Total Expenses		\$497,615
Surplus		\$56,978
Margin	\$56,978/\$497,615	11.5%

Actuarial Pricing Analysis as of September 30, 2018

50% Refundable

Unit Type	Single Female	Single Male	Couple	Composite
Willow	\$141,531 18.3%	\$151,878 23.8%	186,771 17.0%	\$169,471 17.7%
Rhododendron	151,194 20.0%	157,932 25.3%	200,900 18.6%	\$176,695 19.5%
Beech	63,655 12.0%	64,121 14.9%	121,442 15.0%	\$72,400 13.0%
Thistle	106,131 16.7%	109,325 21.0%	160,391 17.1%	\$120,157 17.3%
Rhododendron	157,118 20.7%	163,437 26.0%	207,330 19.2%	\$182,832 20.1%
Thistle	100,484 15.7%	105,224 20.0%	152,833 16.2%	\$119,398 16.3%
3BR	232,567 24.6%	234,851 30.2%	287,582 21.9%	\$273,938 22.6%
Willow	147,456 19.0%	157,383 24.6%	193,200 17.5%	\$175,666 18.3%
Thyme	81,817 11.7%	97,683 17.0%	120,358 11.8%	\$99,064 12.2%
Twinflower	145,808 20.6%	146,566 25.2%	202,984 19.8%	\$168,766 20.6%
Twinflower	113,616 15.4%	123,191 20.3%	159,902 15.0%	\$142,124 15.4%
Thistle	100,489 15.9%	104,026 20.1%	154,339 16.5%	\$114,462 16.6%
Thyme	87,741 12.4%	103,187 17.8%	126,788 12.4%	\$105,142 12.9%
Jasmine	191,809 21.9%	205,229 28.2%	233,066 19.2%	\$221,463 20.0%
Azelea	177,554 17.1%	210,520 24.5%	194,497 13.8%	\$191,846 14.6%
Magnolia	195,983 17.3%	232,814 24.7%	208,055 13.5%	\$207,058 14.3%
Laurel	229,118 25.0%	239,781 31.4%	273,698 21.7%	\$263,066 22.5%
Gardenia	193,333 21.9%	207,539 28.2%	233,608 19.0%	\$222,345 19.9%
Fern	57,557 5.9%	106,299 13.2%	55,201 4.1%	\$58,134 4.6%
Heather	108,709 10.0%	160,047 17.8%	102,964 6.9%	\$106,868 7.8%
Juniper	116,016 10.2%	172,568 18.4%	103,751 6.8%	\$107,222 7.3%
Wintergreen	62,363 5.3%	133,609 13.7%	31,947 2.0%	\$38,564 2.5%
Fern	85,994 8.7%	132,720 16.2%	86,064 6.3%	\$88,293 7.0%
Average Surplus (Subsidy)	118,066 16.4%	127,655 21.6%	154,262 13.0%	\$136,403 14.7%

Actuarial Pricing Analysis as of September 30, 2018

90% Refundable

Unit Type	Single Female	Single Male	Couple	Composite
Willow	\$105,107 11.7%	\$99,242 12.7%	166,358 13.7%	\$141,407 13.1%
Rhododendron	115,516 13.1%	106,375 13.9%	180,907 15.2%	\$147,333 14.4%
Beech	51,119 9.0%	46,209 9.7%	114,209 13.5%	\$59,780 10.0%
Thistle	82,782 11.6%	75,584 12.3%	147,306 14.6%	\$97,875 12.7%
Rhododendron	120,507 13.6%	110,530 14.3%	186,813 15.7%	\$152,701 14.8%
Thistle	77,135 10.7%	71,483 11.6%	139,748 13.8%	\$98,343 12.1%
3BR	183,067 16.4%	163,319 16.8%	259,842 17.8%	\$239,699 17.5%
Willow	110,097 12.2%	103,396 13.1%	172,265 14.2%	\$146,882 13.6%
Thyme	53,798 6.7%	57,193 8.3%	104,656 9.5%	\$74,533 8.2%
Twinsflower	115,921 14.3%	103,376 14.8%	186,236 16.7%	\$142,600 15.5%
Twinsflower	83,729 9.9%	80,001 11.1%	143,153 12.4%	\$119,097 11.6%
Thistle	78,074 11.0%	71,634 11.8%	141,778 14.2%	\$93,071 12.1%
Thyme	58,789 7.3%	61,348 8.9%	110,562 10.0%	\$79,793 8.7%
Jasmine	142,309 13.6%	133,697 14.5%	205,327 15.0%	\$185,924 14.7%
Azelea	115,913 9.3%	121,442 11.0%	159,953 10.0%	\$149,209 9.9%
Magnolia	127,431 9.3%	133,749 11.1%	169,638 9.7%	\$161,440 9.7%
Laurel	173,827 15.7%	159,881 16.3%	242,714 17.0%	\$224,821 16.7%
Gardenia	142,899 13.5%	134,657 14.4%	205,345 14.9%	\$186,136 14.6%
Fern	9,178 0.8%	36,387 3.7%	28,089 1.9%	\$24,670 1.7%
Heather	47,441 3.6%	71,508 6.3%	68,630 4.1%	\$64,490 4.1%
Juniper	49,144 3.6%	75,932 6.3%	66,276 3.8%	\$64,479 3.8%
Wintergreen	(4,509) -0.3%	36,973 3.0%	(5,528) -0.3%	(\$4,178) -0.2%
Fern	33,132 2.8%	56,329 5.5%	56,440 3.7%	\$51,728 3.6%
Average Surplus (Subsidy)	87,194 10.6%	83,056 11.7%	131,105 10.0%	\$107,864 10.3%

In aggregate, based on new entrant contract distribution assumptions, the Actuarial Pricing Analysis for new entrants at Glenaire is expected to cover the risk of adverse fluctuation, with a margin of 16.5%. Generally, it is our recommendation to target a margin of approximately 10% in order to cover possible adverse fluctuations that may occur in the future. These adverse fluctuations can include both changes in economic assumptions, such as expected inflation, and changes in demographic assumptions, such as Independent Living occupancy and Healthcare Center utilization.

C. Cash Flow Projection

The actuarial cash flow methodology employs the same principles found in GAAP cash flow projections. Key assumptions for the expected revenues, operating expenses, interest expense, and capital replacement are summarized in Section II and can be found in the detailed projections that follow. The projected revenues and expenses for the baseline study are shown in detail with the resulting net cash flow on Pages 53 and 54. The financial projection indicates that Glenaire will generate positive annual cash flow throughout the projection, with the exception of 2020 when a large capital expenditure occurs; 2022 when half of the construction expense is realized; and 2024 and 2025, when the short term debt is repaid.

Financial Forecast
Key Demographic and Facility Assumptions

<u>Independent Living - Contract</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<u>Existing</u>										
Number of ILU Residents (Average)	299.4	290.7	286.9	284.2	282.3	280.9	279.9	279.1	278.4	277.7
ILU Units - Single Occupancy	135.6	139.3	143.1	145.8	147.7	149.1	150.1	150.9	151.6	152.3
ILU Units - Couple Occupancy	<u>81.9</u>	<u>75.7</u>	<u>71.9</u>	<u>69.2</u>	<u>67.3</u>	<u>65.9</u>	<u>64.9</u>	<u>64.1</u>	<u>63.4</u>	<u>62.7</u>
Number of Occupied ILUs (Average)	217.5	215.0	215.0	215.0	215.0	215.0	215.0	215.0	215.0	215.0
Occupancy Percentage	97.1%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%
<u>Expansion</u>										
Number of ILU Residents (Average)	0.0	0.0	0.0	0.0	188.0	309.6	301.6	297.8	290.5	283.6
ILU Units - Single Occupancy	0.0	0.0	0.0	0.0	28.5	54.4	62.4	66.2	73.5	80.4
ILU Units - Couple Occupancy	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>79.8</u>	<u>127.6</u>	<u>119.6</u>	<u>115.8</u>	<u>108.5</u>	<u>101.6</u>
Number of Occupied ILUs (Average)	0.0	0.0	0.0	0.0	108.3	182.0	182.0	182.0	182.0	182.0
Occupancy Percentage	0.0%	0.0%	0.0%	0.0%	56.4%	94.8%	94.8%	94.8%	94.8%	94.8%
<u>Assisted Living</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Lifecare - Permanent	36.1	32.3	31.3	31.3	31.6	31.8	32.0	32.1	32.4	32.7
Lifecare - Permanent - Expansion	0.0	0.0	0.0	0.0	0.6	3.0	6.7	10.2	13.2	15.7
2nd persons	5.7	9.7	11.3	11.8	11.7	11.3	11.0	10.8	10.6	10.6
2nd persons - Expansion	0.0	0.0	0.0	0.0	0.6	2.5	5.4	8.0	9.8	11.1
Lifecare - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lifecare - Temporary - Expansion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Per Diem Residents	<u>7.9</u>	<u>11.7</u>	<u>12.7</u>	<u>12.7</u>	<u>26.8</u>	<u>45.2</u>	<u>41.3</u>	<u>37.6</u>	<u>34.4</u>	<u>31.6</u>
Number of Occupied ALUs (Average)	44.0	44.0	44.0	44.0	59.0	80.0	80.0	80.0	80.0	80.0
Occupancy Percentage	89.8%	89.8%	89.8%	89.8%	66.3%	89.9%	89.9%	89.9%	89.9%	89.9%
<u>Skilled Nursing</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Lifecare - Permanent	39.5	39.4	38.1	37.0	36.3	36.0	36.0	36.2	36.5	37.0
Lifecare - Permanent - Expansion	0.0	0.0	0.0	0.0	0.3	1.6	3.8	6.3	8.6	11.1
2nd persons	7.8	8.4	9.8	11.0	11.6	11.8	11.9	11.9	11.9	11.9
2nd persons - Expansion	0.0	0.0	0.0	0.0	0.3	1.4	3.2	5.0	6.7	8.1
Lifecare - Temporary	7.0	6.9	6.9	6.8	6.8	6.8	6.8	6.8	6.7	6.7
Lifecare - Temporary - Expansion	0.0	0.0	0.0	0.0	1.9	3.6	4.0	4.3	4.6	4.9
Per Diem Residents	<u>19.5</u>	<u>19.7</u>	<u>21.0</u>	<u>22.2</u>	<u>20.7</u>	<u>17.9</u>	<u>15.4</u>	<u>12.5</u>	<u>9.5</u>	<u>6.2</u>
Private Pay Residents	10.2	10.2	10.9	11.5	10.8	9.3	8.0	6.5	4.9	3.2
Medicaid Residents	5.9	5.9	6.3	6.7	6.2	5.4	4.6	3.8	2.8	1.9
Medicare Residents	<u>3.5</u>	<u>3.5</u>	<u>3.8</u>	<u>4.0</u>	<u>3.7</u>	<u>3.2</u>	<u>2.8</u>	<u>2.3</u>	<u>1.7</u>	<u>1.1</u>
Number of Occupied SNFs (Average)	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0
Occupancy Percentage	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%
Outside Nursing Residents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Financial Forecast
Key Demographic and Facility Assumptions

<u>Independent Living - Contract</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
<u>Existing</u>										
Number of ILU Residents (Average)	277.1	276.6	276.3	276.2	276.2	276.3	276.4	276.6	276.8	276.9
ILU Units - Single Occupancy	152.9	153.4	153.7	153.8	153.8	153.7	153.6	153.4	153.2	153.1
ILU Units - Couple Occupancy	<u>62.1</u>	<u>61.6</u>	<u>61.3</u>	<u>61.2</u>	<u>61.2</u>	<u>61.3</u>	<u>61.4</u>	<u>61.6</u>	<u>61.8</u>	<u>61.9</u>
Number of Occupied ILUs (Average)	215.0	215.0	215.0	215.0	215.0	215.0	215.0	215.0	215.0	215.0
Occupancy Percentage	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%
<u>Expansion</u>										
Number of ILU Residents (Average)	277.1	271.3	266.1	261.7	258.2	255.7	254.2	253.6	253.8	254.6
ILU Units - Single Occupancy	86.9	92.7	97.9	102.3	105.8	108.3	109.8	110.4	110.2	109.4
ILU Units - Couple Occupancy	<u>95.1</u>	<u>89.3</u>	<u>84.1</u>	<u>79.7</u>	<u>76.2</u>	<u>73.7</u>	<u>72.2</u>	<u>71.6</u>	<u>71.8</u>	<u>72.6</u>
Number of Occupied ILUs (Average)	182.0	182.0	182.0	182.0	182.0	182.0	182.0	182.0	182.0	182.0
Occupancy Percentage	94.8%	94.8%	94.8%	94.8%	94.8%	94.8%	94.8%	94.8%	94.8%	94.8%
<u>Assisted Living</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
Lifecare - Permanent	33.0	33.4	33.7	34.0	34.2	34.4	34.5	34.5	34.4	34.4
Lifecare - Permanent - Expansion	17.8	19.7	21.5	23.2	24.8	26.2	27.4	28.4	29.1	29.5
2nd persons	10.6	10.6	10.6	10.6	10.5	10.4	10.4	10.3	10.3	10.3
2nd persons - Expansion	11.9	12.4	12.7	12.8	12.8	12.6	12.3	11.9	11.6	11.3
Lifecare - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lifecare - Temporary - Expansion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Per Diem Residents	<u>29.2</u>	<u>26.9</u>	<u>24.8</u>	<u>22.8</u>	<u>21.0</u>	<u>19.5</u>	<u>18.2</u>	<u>17.1</u>	<u>16.5</u>	<u>16.1</u>
Number of Occupied ALUs (Average)	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
Occupancy Percentage	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%	89.9%
<u>Skilled Nursing</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
Lifecare - Permanent	37.6	38.1	38.6	39.0	39.4	39.7	39.9	40.1	40.2	40.2
Lifecare - Permanent - Expansion	13.6	16.3	18.8	21.3	23.8	26.1	28.1	29.8	31.2	32.2
2nd persons	12.0	12.0	12.0	11.9	11.9	11.8	11.7	11.6	11.6	11.6
2nd persons - Expansion	9.5	10.8	11.8	12.6	13.3	13.7	13.8	13.7	13.4	12.9
Lifecare - Temporary	6.7	6.8	6.8	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Lifecare - Temporary - Expansion	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.8	5.9	5.9
Per Diem Residents	<u>2.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Private Pay Residents	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid Residents	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicare Residents	<u>0.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Number of Occupied SNFs (Average)	66.0	66.5	69.7	72.7	75.6	78.3	80.7	82.6	84.1	85.1
Occupancy Percentage	93.0%	93.6%	98.1%	102.4%	106.5%	110.3%	113.6%	116.4%	118.4%	119.9%
Outside Nursing Residents	0.0	0.0	0.0	1.7	4.6	7.3	9.7	11.6	13.1	14.1

Total Number of Residents	375.0	362.3	356.3	352.4	350.1	348.8	347.9	347.4	347.2	347.4
Projected Number of Meals	229,900	226,697	225,309	224,319	240,067	262,594	262,231	261,929	261,657	261,404
Number of Available Independent Living Units - Existing	224	224	224	224	224	224	224	224	224	224
Number of Available Independent Living Units - Expansion					192	192	192	192	192	192
Number of Available Assisted Living Units	49	49	49	49	89	89	89	89	89	89
Number of Available Skilled Nursing Beds	71	71	71	71	71	71	71	71	71	71
Number of New ILUs Occupied	12.5	18.6	19.5	20.2	20.7	21.0	21.2	21.4	21.5	21.7
Number of New ILU Entrants	18.5	27.5	28.9	29.9	30.6	31.0	31.4	31.6	31.8	32.1
Number of New ILUs Occupied - Expansion	0.0	0.0	0.0	0.0	183.1	3.2	4.5	5.2	5.9	6.7
Number of New ILU Entrants - Expansion	0.0	0.0	0.0	0.0	320.4	5.6	7.9	9.0	10.3	11.6

Independent Living Unit Configuration

<u>Type of Unit</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Willow	4	4	4	4	4	4	4	4	4	4
Rhododendron	41	41	41	41	41	41	41	41	41	41
Beech	9	9	9	9	9	9	9	9	9	9
Thistle	32	32	32	32	32	32	32	32	32	32
Rhododendron	31	31	31	31	31	31	31	31	31	31
Thistle	4	4	4	4	4	4	4	4	4	4
3BR	1	1	1	1	1	1	1	1	1	1
Willow	2	2	2	2	2	2	2	2	2	2
Thyme	2	2	2	2	2	2	2	2	2	2
Twinflower	2	2	2	2	2	2	2	2	2	2
Twinflower	2	2	2	2	2	2	2	2	2	2
Thistle	33	33	33	33	33	33	33	33	33	33
Thyme	1	1	1	1	1	1	1	1	1	1
Jasmine	4	4	4	4	4	4	4	4	4	4
Azelea	2	2	2	2	2	2	2	2	2	2
Magnolia	2	2	2	2	2	2	2	2	2	2
Laurel	2	2	2	2	2	2	2	2	2	2
Gardenia	2	2	2	2	2	2	2	2	2	2
Fern	14	14	14	14	14	14	14	14	14	14
Heather	12	12	12	12	12	12	12	12	12	12
Juniper	1	1	1	1	1	1	1	1	1	1
Wintergreen	1	1	1	1	1	1	1	1	1	1
<u>Fern</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
Total	224	224	224	224	224	224	224	224	224	224
2 Bedroom Apt - 1,455 sq. ft.					18	18	18	18	18	18
2 Bedroom Apt - 1,455 sq. ft.					10	10	10	10	10	10
2 Bedroom with Den - 1,547 sq. ft.					8	8	8	8	8	8
2 Bedroom with Den - 1,682 sq. ft.					16	16	16	16	16	16
2 Bedroom with Den - 1,666 sq. ft.					70	70	70	70	70	70
2 Bedroom with Den DLX - 1,832 sq. ft.					32	32	32	32	32	32
2 Bedroom with Den DLX - 1,809 sq. ft.					18	18	18	18	18	18
3 Bedroom Apt- 2,087 sq. ft.					18	18	18	18	18	18
<u>Penthouse - 2,700 sq. ft.</u>					<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total					192	192	192	192	192	192

Total Number of Residents	347.7	348.1	348.6	349.2	349.7	350.3	350.8	351.2	351.4	351.5
Projected Number of Meals	261,184	261,521	264,930	268,220	271,396	274,404	277,036	279,224	280,903	282,069
Number of Available Independent Living Units - Existing	224	224	224	224	224	224	224	224	224	224
Number of Available Independent Living Units - Expansion	192	192	192	192	192	192	192	192	192	192
Number of Available Assisted Living Units	89	89	89	89	89	89	89	89	89	89
Number of Available Skilled Nursing Beds	71	71	71	71	71	71	71	71	71	71
Number of New ILUs Occupied	21.9	22.2	22.4	22.6	22.7	22.8	22.9	22.9	22.8	22.8
Number of New ILU Entrants	32.4	32.8	33.1	33.4	33.7	33.8	33.9	33.8	33.8	33.7
Number of New ILUs Occupied - Expansion	7.6	8.6	9.8	11.0	12.3	13.4	14.4	15.2	15.8	16.1
Number of New ILU Entrants - Expansion	13.3	15.1	17.2	19.3	21.5	23.4	25.2	26.6	27.7	28.2

Independent Living Unit Configuration

<u>Type of Unit</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
Willow	4	4	4	4	4	4	4	4	4	4
Rhododendron	41	41	41	41	41	41	41	41	41	41
Beech	9	9	9	9	9	9	9	9	9	9
Thistle	32	32	32	32	32	32	32	32	32	32
Rhododendron	31	31	31	31	31	31	31	31	31	31
Thistle	4	4	4	4	4	4	4	4	4	4
3BR	1	1	1	1	1	1	1	1	1	1
Willow	2	2	2	2	2	2	2	2	2	2
Thyme	2	2	2	2	2	2	2	2	2	2
Twinflower	2	2	2	2	2	2	2	2	2	2
Twinflower	2	2	2	2	2	2	2	2	2	2
Thistle	33	33	33	33	33	33	33	33	33	33
Thyme	1	1	1	1	1	1	1	1	1	1
Jasmine	4	4	4	4	4	4	4	4	4	4
Azelea	2	2	2	2	2	2	2	2	2	2
Magnolia	2	2	2	2	2	2	2	2	2	2
Laurel	2	2	2	2	2	2	2	2	2	2
Gardenia	2	2	2	2	2	2	2	2	2	2
Fern	14	14	14	14	14	14	14	14	14	14
Heather	12	12	12	12	12	12	12	12	12	12
Juniper	1	1	1	1	1	1	1	1	1	1
Wintergreen	1	1	1	1	1	1	1	1	1	1
<u>Fern</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
Total	224	224	224	224	224	224	224	224	224	224
2 Bedroom Apt - 1,455 sq. ft.	18	18	18	18	18	18	18	18	18	18
2 Bedroom Apt - 1,455 sq. ft.	10	10	10	10	10	10	10	10	10	10
2 Bedroom with Den - 1,547 sq. ft.	8	8	8	8	8	8	8	8	8	8
2 Bedroom with Den - 1,682 sq. ft.	16	16	16	16	16	16	16	16	16	16
2 Bedroom with Den - 1,666 sq. ft.	70	70	70	70	70	70	70	70	70	70
2 Bedroom with Den DLX - 1,832 sq. ft.	32	32	32	32	32	32	32	32	32	32
2 Bedroom with Den DLX - 1,809 sq. ft.	18	18	18	18	18	18	18	18	18	18
3 Bedroom Apt- 2,087 sq. ft.	18	18	18	18	18	18	18	18	18	18
<u>Penthouse - 2,700 sq. ft.</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	192	192	192	192	192	192	192	192	192	192

Entrance Fees	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Entrance Fees increase by:		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<u>0% Refundable</u>										
Willow	\$194,044	\$199,865	\$205,861	\$212,037	\$218,398	\$224,950	\$231,699	\$238,650	\$245,809	\$253,184
Rhododendron	190,064	195,766	201,639	207,688	213,918	220,336	226,946	233,754	240,767	247,990
Beech	64,681	66,622	68,620	70,679	72,799	74,983	77,233	79,550	81,936	84,395
Thistle	124,387	128,119	131,962	135,921	139,999	144,199	148,525	152,981	157,570	162,297
Rhododendron	195,039	200,890	206,917	213,125	219,518	226,104	232,887	239,874	247,070	254,482
Thistle	124,387	128,119	131,962	135,921	139,999	144,199	148,525	152,981	157,570	162,297
3BR	263,701	271,612	279,760	288,153	296,798	305,702	314,873	324,319	334,049	344,070
Willow	199,020	204,990	211,140	217,474	223,998	230,718	237,640	244,769	252,112	259,675
Thyme	149,265	153,743	158,355	163,106	167,999	173,039	178,230	183,577	189,084	194,757
Twinflower	159,216	163,992	168,912	173,979	179,199	184,575	190,112	195,815	201,690	207,740
Twinflower	159,216	163,992	168,912	173,979	179,199	184,575	190,112	195,815	201,690	207,740
Thistle	119,412	122,994	126,684	130,484	134,399	138,431	142,584	146,861	151,267	155,805
Thyme	154,240	158,867	163,633	168,542	173,599	178,807	184,171	189,696	195,387	201,248
Jasmine	263,701	271,612	279,760	288,153	296,798	305,702	314,873	324,319	334,049	344,070
Azelea	328,382	338,234	348,381	358,832	369,597	380,685	392,106	403,869	415,985	428,464
Magnolia	365,201	376,157	387,442	399,065	411,037	423,368	436,069	449,151	462,626	476,504
Laurel	294,549	303,385	312,487	321,862	331,518	341,463	351,707	362,258	373,126	384,320
Gardenia	268,676	276,737	285,039	293,590	302,398	311,470	320,814	330,438	340,351	350,562
Fern	257,730	265,462	273,426	281,629	290,078	298,780	307,744	316,976	326,485	336,280
Heather	326,392	336,184	346,269	356,658	367,357	378,378	389,729	401,421	413,464	425,868
Juniper	356,245	366,932	377,940	389,279	400,957	412,986	425,375	438,137	451,281	464,819
Wintergreen	356,245	366,932	377,940	389,279	400,957	412,986	425,375	438,137	451,281	464,819
Fern	281,613	290,061	298,763	307,726	316,958	326,466	336,260	346,348	356,739	367,441
ILU Average Single Entrance Fee	\$164,323	\$169,253	\$174,330	\$179,560	\$184,947	\$190,496	\$196,210	\$202,097	\$208,160	\$214,405
Second Person Entrance Fee	0	0	0	0	0	0	0	0	0	0
ILU Average Couple Entrance Fee	220,081	226,683	233,484	240,488	247,703	255,134	262,788	270,672	278,792	287,156
ILU Average Entrance Fee	191,094	196,827	202,732	208,814	215,078	221,531	228,177	235,022	242,073	249,335

<u>50% Refundable</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Willow	\$291,066	\$299,798	\$308,792	\$318,056	\$327,598	\$337,425	\$347,548	\$357,975	\$368,714	\$379,775
Rhododendron	285,096	293,648	302,458	311,532	320,878	330,504	340,419	350,632	361,151	371,985
Beech	97,520	100,445	103,459	106,562	109,759	113,052	116,444	119,937	123,535	127,241
Thistle	186,581	192,178	197,944	203,882	209,998	216,298	222,787	229,471	236,355	243,446
Rhododendron	292,559	301,336	310,376	319,687	329,278	339,156	349,331	359,810	370,605	381,723
Thistle	186,581	192,178	197,944	203,882	209,998	216,298	222,787	229,471	236,355	243,446
3BR	395,551	407,418	419,641	432,230	445,197	458,553	472,309	486,478	501,073	516,105
Willow	298,529	307,485	316,710	326,211	335,997	346,077	356,460	367,154	378,168	389,513
Thyme	223,897	230,614	237,532	244,658	251,998	259,558	267,345	275,365	283,626	292,135
Twinflower	238,824	245,988	253,368	260,969	268,798	276,862	285,168	293,723	302,535	311,611
Twinflower	238,824	245,988	253,368	260,969	268,798	276,862	285,168	293,723	302,535	311,611
Thistle	179,118	184,491	190,026	195,727	201,598	207,646	213,876	220,292	226,901	233,708
Thyme	231,360	238,301	245,450	252,814	260,398	268,210	276,256	284,544	293,080	301,873
Jasmine	395,551	407,418	419,641	432,230	445,197	458,553	472,309	486,478	501,073	516,105
Azelea	492,574	507,351	522,571	538,248	554,396	571,028	588,159	605,803	623,977	642,697
Magnolia	547,801	564,236	581,163	598,597	616,555	635,052	654,104	673,727	693,939	714,757
Laurel	441,824	455,078	468,731	482,792	497,276	512,195	527,560	543,387	559,689	576,479
Gardenia	403,015	415,105	427,558	440,385	453,597	467,205	481,221	495,657	510,527	525,843
Fern	386,596	398,193	410,139	422,443	435,117	448,170	461,615	475,464	489,728	504,420
Heather	489,588	504,276	519,404	534,986	551,036	567,567	584,594	602,132	620,196	638,802
Juniper	534,368	550,399	566,911	583,918	601,435	619,479	638,063	657,205	676,921	697,229
Wintergreen	534,368	550,399	566,911	583,918	601,435	619,479	638,063	657,205	676,921	697,229
Fern	422,419	435,092	448,144	461,589	475,436	489,700	504,391	519,522	535,108	551,161
ILU Average Single Entrance Fee	\$246,517	\$253,913	\$261,530	\$269,376	\$277,458	\$285,781	\$294,355	\$303,185	\$312,281	\$321,649
Second Person Entrance Fee	0	0	0	0	0	0	0	0	0	0
ILU Average Couple Entrance Fee	330,128	340,031	350,232	360,739	371,562	382,708	394,190	406,015	418,196	430,742
ILU Average Entrance Fee	286,662	295,261	304,119	313,243	322,640	332,319	342,289	352,558	363,134	374,028

<u>90% Refundable</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Willow	\$368,684	\$379,744	\$391,137	\$402,871	\$414,957	\$427,406	\$440,228	\$453,435	\$467,038	\$481,049
Rhododendron	361,121	371,955	383,113	394,607	406,445	418,638	431,197	444,133	457,457	471,181
Beech	122,895	126,581	130,379	134,290	138,319	142,469	146,743	151,145	155,679	160,350
Thistle	236,336	243,426	250,729	258,250	265,998	273,978	282,197	290,663	299,383	308,365
Rhododendron	370,575	381,692	393,142	404,937	417,085	429,597	442,485	455,760	469,433	483,516
Thistle	236,336	243,426	250,729	258,250	265,998	273,978	282,197	290,663	299,383	308,365
3BR	501,032	516,063	531,545	547,491	563,916	580,833	598,258	616,206	634,692	653,733
Willow	378,137	389,481	401,166	413,201	425,597	438,365	451,516	465,061	479,013	493,383
Thyme	283,603	292,111	300,874	309,901	319,198	328,774	338,637	348,796	359,260	370,038
Twinflower	302,510	311,585	320,933	330,561	340,477	350,692	361,213	372,049	383,210	394,707
Twinflower	302,510	311,585	320,933	330,561	340,477	350,692	361,213	372,049	383,210	394,707
Thistle	226,882	233,689	240,699	247,920	255,358	263,019	270,909	279,037	287,408	296,030
Thyme	293,056	301,848	310,904	320,231	329,838	339,733	349,925	360,422	371,235	382,372
Jasmine	501,032	516,063	531,545	547,491	563,916	580,833	598,258	616,206	634,692	653,733
Azelea	623,926	642,644	661,924	681,781	702,235	723,302	745,001	767,351	790,371	814,083
Magnolia	693,882	714,698	736,139	758,223	780,970	804,399	828,531	853,387	878,989	905,358
Laurel	559,643	576,432	593,725	611,537	629,883	648,780	668,243	688,290	708,939	730,207
Gardenia	510,485	525,800	541,574	557,821	574,556	591,792	609,546	627,833	646,667	666,068
Fern	489,688	504,378	519,510	535,095	551,148	567,682	584,713	602,254	620,322	638,931
Heather	620,145	638,749	657,912	677,649	697,979	718,918	740,486	762,700	785,581	809,149
Juniper	676,866	697,172	718,087	739,629	761,818	784,673	808,213	832,459	857,433	883,156
Wintergreen	676,866	697,172	718,087	739,629	761,818	784,673	808,213	832,459	857,433	883,156
Fern	535,064	551,116	567,650	584,679	602,219	620,286	638,895	658,061	677,803	698,137
ILU Average Single Entrance Fee	\$312,214	\$321,581	\$331,228	\$341,165	\$351,400	\$361,942	\$372,800	\$383,984	\$395,503	\$407,369
Second Person Entrance Fee	0	0	0	0	0	0	0	0	0	0
ILU Average Couple Entrance Fee	418,154	430,698	443,619	456,928	470,636	484,755	499,297	514,276	529,705	545,596
ILU Average Entrance Fee	363,079	373,972	385,191	396,747	408,649	420,908	433,536	446,542	459,938	473,736

<u>0% Refundable - Expansion</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u> 2.0%	<u>2026</u> 2.0%	<u>2027</u> 2.0%	<u>2028</u> 2.0%
2 Bedroom Apt - 1,455 sq. ft.					\$376,686	\$382,337	\$389,983	\$397,783	\$405,739	\$413,854
2 Bedroom Apt - 1,455 sq. ft.					376,686	382,337	389,983	397,783	405,739	413,854
2 Bedroom with Den - 1,547 sq. ft.					419,984	426,283	434,809	443,505	452,375	461,423
2 Bedroom with Den - 1,682 sq. ft.					449,209	455,947	465,066	474,368	483,855	493,532
2 Bedroom with Den - 1,666 sq. ft.					443,797	450,454	459,463	468,652	478,026	487,586
2 Bedroom with Den DLX - 1,832 sq. ft.					514,155	521,868	532,305	542,951	553,810	564,886
2 Bedroom with Den DLX - 1,809 sq. ft.					508,743	516,374	526,702	537,236	547,980	558,940
3 Bedroom Apt- 2,087 sq. ft.					568,277	576,801	588,337	600,104	612,106	624,348
Penthouse - 2,700 sq. ft.					746,878	758,081	773,243	788,708	804,482	820,572
ILU Average Single Entrance Fee					\$447,191	\$453,899	\$462,977	\$472,237	\$481,682	\$491,315
Second Person Entrance Fee					0	0	0	0	0	0
ILU Average Couple Entrance Fee					472,400	479,486	489,076	498,857	508,835	519,011
ILU Average Entrance Fee					466,111	473,103	482,565	492,216	502,060	512,102

Average Single Monthly Service Fee

Monthly Service Fees increase by:		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
All Contracts - Existing	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Willow	\$3,326	\$3,425	\$3,528	\$3,634	\$3,743	\$3,855	\$3,971	\$4,090	\$4,213	\$4,339
Rhododendron	3,326	3,425	3,528	3,634	3,743	3,855	3,971	4,090	4,213	4,339
Beech	2,429	2,502	2,577	2,654	2,734	2,816	2,900	2,987	3,077	3,169
Thistle	2,844	2,929	3,017	3,107	3,201	3,297	3,396	3,497	3,602	3,710
Rhododendron	3,326	3,425	3,528	3,634	3,743	3,855	3,971	4,090	4,213	4,339
Thistle	2,844	2,929	3,017	3,107	3,201	3,297	3,396	3,497	3,602	3,710
3BR	4,632	4,771	4,914	5,061	5,213	5,369	5,531	5,696	5,867	6,043
Willow	3,326	3,425	3,528	3,634	3,743	3,855	3,971	4,090	4,213	4,339
Thyme	2,844	2,929	3,017	3,107	3,201	3,297	3,396	3,497	3,602	3,710
Twinflower	3,326	3,425	3,528	3,634	3,743	3,855	3,971	4,090	4,213	4,339
Twinflower	3,326	3,425	3,528	3,634	3,743	3,855	3,971	4,090	4,213	4,339
Thistle	2,844	2,929	3,017	3,107	3,201	3,297	3,396	3,497	3,602	3,710
Thyme	2,844	2,929	3,017	3,107	3,201	3,297	3,396	3,497	3,602	3,710
Jasmine	3,611	3,719	3,831	3,946	4,064	4,186	4,311	4,441	4,574	4,711
Azelea	3,929	4,046	4,168	4,293	4,422	4,554	4,691	4,832	4,977	5,126
Magnolia	4,424	4,557	4,694	4,834	4,980	5,129	5,283	5,441	5,605	5,773
Laurel	3,835	3,950	4,069	4,191	4,317	4,446	4,579	4,717	4,858	5,004
Gardenia	3,628	3,736	3,848	3,964	4,083	4,205	4,331	4,461	4,595	4,733
Fern	3,446	3,549	3,656	3,765	3,878	3,995	4,114	4,238	4,365	4,496
Heather	3,815	3,930	4,048	4,169	4,294	4,423	4,556	4,692	4,833	4,978
Juniper	3,815	3,930	4,048	4,169	4,294	4,423	4,556	4,692	4,833	4,978
Wintergreen	3,815	3,930	4,048	4,169	4,294	4,423	4,556	4,692	4,833	4,978
<u>Fern</u>	<u>3,446</u>	<u>3,549</u>	<u>3,656</u>	<u>3,765</u>	<u>3,878</u>	<u>3,995</u>	<u>4,114</u>	<u>4,238</u>	<u>4,365</u>	<u>4,496</u>
Average Single Monthly Service Fee	\$3,217	\$3,313	\$3,413	\$3,515	\$3,621	\$3,729	\$3,841	\$3,956	\$4,075	\$4,197

Average Couple Monthly Service Fee

Type of Unit	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Willow	\$4,415	\$4,547	\$4,683	\$4,824	\$4,969	\$5,118	\$5,271	\$5,429	\$5,592	\$5,760
Rhododendron	4,415	4,547	4,683	4,824	4,969	5,118	5,271	5,429	5,592	5,760
Beech	3,518	3,623	3,732	3,844	3,959	4,078	4,200	4,326	4,456	4,590
Thistle	3,933	4,051	4,172	4,297	4,426	4,559	4,696	4,837	4,982	5,131
Rhododendron	4,415	4,547	4,683	4,824	4,969	5,118	5,271	5,429	5,592	5,760
Thistle	3,933	4,051	4,172	4,297	4,426	4,559	4,696	4,837	4,982	5,131
3BR	5,721	5,892	6,069	6,251	6,439	6,632	6,831	7,036	7,247	7,464
Willow	4,415	4,547	4,683	4,824	4,969	5,118	5,271	5,429	5,592	5,760
Thyme	3,933	4,051	4,172	4,297	4,426	4,559	4,696	4,837	4,982	5,131
Twinflower	4,415	4,547	4,683	4,824	4,969	5,118	5,271	5,429	5,592	5,760
Twinflower	4,415	4,547	4,683	4,824	4,969	5,118	5,271	5,429	5,592	5,760
Thistle	3,933	4,051	4,172	4,297	4,426	4,559	4,696	4,837	4,982	5,131
Thyme	3,933	4,051	4,172	4,297	4,426	4,559	4,696	4,837	4,982	5,131
Jasmine	4,700	4,841	4,986	5,136	5,290	5,448	5,612	5,780	5,954	6,132
Azelea	5,018	5,168	5,323	5,483	5,647	5,817	5,991	6,171	6,356	6,547
Magnolia	5,513	5,679	5,849	6,024	6,205	6,391	6,583	6,781	6,984	7,194
Laurel	4,924	5,072	5,224	5,381	5,542	5,709	5,880	6,056	6,238	6,425
Gardenia	4,717	4,858	5,004	5,154	5,308	5,468	5,632	5,801	5,975	6,154
Fern	4,535	4,671	4,811	4,955	5,104	5,257	5,415	5,577	5,744	5,917
Heather	4,904	5,051	5,203	5,359	5,520	5,685	5,856	6,032	6,213	6,399
Juniper	4,904	5,051	5,203	5,359	5,520	5,685	5,856	6,032	6,213	6,399
Wintergreen	4,904	5,051	5,203	5,359	5,520	5,685	5,856	6,032	6,213	6,399
<u>Fern</u>	<u>4,535</u>	<u>4,671</u>	<u>4,811</u>	<u>4,955</u>	<u>5,104</u>	<u>5,257</u>	<u>5,415</u>	<u>5,577</u>	<u>5,744</u>	<u>5,917</u>
Average ILU Couple Monthly Service Fee	\$4,306	\$4,435	\$4,568	\$4,705	\$4,846	\$4,992	\$5,141	\$5,296	\$5,455	\$5,618

Average Single Monthly Service Fee

Monthly Service Fees increase by:	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
All Contracts - Existing	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Willow	\$4,469	\$4,603	\$4,741	\$4,884	\$5,030	\$5,181	\$5,336	\$5,497	\$5,661	\$5,831
Rhododendron	4,469	4,603	4,741	4,884	5,030	5,181	5,336	5,497	5,661	5,831
Beech	3,264	3,362	3,463	3,567	3,674	3,784	3,897	4,014	4,135	4,259
Thistle	3,822	3,936	4,055	4,176	4,301	4,430	4,563	4,700	4,841	4,987
Rhododendron	4,469	4,603	4,741	4,884	5,030	5,181	5,336	5,497	5,661	5,831
Thistle	3,822	3,936	4,055	4,176	4,301	4,430	4,563	4,700	4,841	4,987
3BR	6,225	6,411	6,604	6,802	7,006	7,216	7,433	7,656	7,885	8,122
Willow	4,469	4,603	4,741	4,884	5,030	5,181	5,336	5,497	5,661	5,831
Thyme	3,822	3,936	4,055	4,176	4,301	4,430	4,563	4,700	4,841	4,987
Twinflower	4,469	4,603	4,741	4,884	5,030	5,181	5,336	5,497	5,661	5,831
Twinflower	4,469	4,603	4,741	4,884	5,030	5,181	5,336	5,497	5,661	5,831
Thistle	3,822	3,936	4,055	4,176	4,301	4,430	4,563	4,700	4,841	4,987
Thyme	3,822	3,936	4,055	4,176	4,301	4,430	4,563	4,700	4,841	4,987
Jasmine	4,853	4,998	5,148	5,303	5,462	5,625	5,794	5,968	6,147	6,331
Azelea	5,280	5,438	5,601	5,769	5,942	6,120	6,304	6,493	6,688	6,889
Magnolia	5,946	6,124	6,308	6,497	6,692	6,893	7,100	7,313	7,532	7,758
Laurel	5,154	5,309	5,468	5,632	5,801	5,975	6,154	6,339	6,529	6,725
Gardenia	4,875	5,021	5,172	5,327	5,487	5,652	5,821	5,996	6,176	6,361
Fern	4,631	4,770	4,913	5,060	5,212	5,368	5,529	5,695	5,866	6,042
Heather	5,127	5,281	5,440	5,603	5,771	5,944	6,122	6,306	6,495	6,690
Juniper	5,127	5,281	5,440	5,603	5,771	5,944	6,122	6,306	6,495	6,690
Wintergreen	5,127	5,281	5,440	5,603	5,771	5,944	6,122	6,306	6,495	6,690
<u>Fern</u>	<u>4,631</u>	<u>4,770</u>	<u>4,913</u>	<u>5,060</u>	<u>5,212</u>	<u>5,368</u>	<u>5,529</u>	<u>5,695</u>	<u>5,866</u>	<u>6,042</u>
Average Single Monthly Service Fee	\$4,323	\$4,453	\$4,586	\$4,724	\$4,866	\$5,012	\$5,162	\$5,317	\$5,476	\$5,641

Average Couple Monthly Service Fee

Type of Unit	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Willow	\$5,933	\$6,111	\$6,294	\$6,483	\$6,677	\$6,878	\$7,084	\$7,296	\$7,515	\$7,741
Rhododendron	5,933	6,111	6,294	6,483	6,677	6,878	7,084	7,296	7,515	7,741
Beech	4,728	4,869	5,015	5,166	5,321	5,481	5,645	5,814	5,989	6,168
Thistle	5,285	5,444	5,607	5,775	5,949	6,127	6,311	6,500	6,695	6,896
Rhododendron	5,933	6,111	6,294	6,483	6,677	6,878	7,084	7,296	7,515	7,741
Thistle	5,285	5,444	5,607	5,775	5,949	6,127	6,311	6,500	6,695	6,896
3BR	7,688	7,919	8,156	8,401	8,653	8,913	9,180	9,456	9,739	10,031
Willow	5,933	6,111	6,294	6,483	6,677	6,878	7,084	7,296	7,515	7,741
Thyme	5,285	5,444	5,607	5,775	5,949	6,127	6,311	6,500	6,695	6,896
Twinflower	5,933	6,111	6,294	6,483	6,677	6,878	7,084	7,296	7,515	7,741
Twinflower	5,933	6,111	6,294	6,483	6,677	6,878	7,084	7,296	7,515	7,741
Thistle	5,285	5,444	5,607	5,775	5,949	6,127	6,311	6,500	6,695	6,896
Thyme	5,285	5,444	5,607	5,775	5,949	6,127	6,311	6,500	6,695	6,896
Jasmine	6,316	6,506	6,701	6,902	7,109	7,322	7,542	7,768	8,001	8,241
Azelea	6,743	6,945	7,154	7,368	7,589	7,817	8,052	8,293	8,542	8,798
Magnolia	7,409	7,632	7,861	8,096	8,339	8,589	8,847	9,113	9,386	9,668
Laurel	6,618	6,816	7,021	7,231	7,448	7,672	7,902	8,139	8,383	8,635
Gardenia	6,339	6,529	6,725	6,926	7,134	7,348	7,569	7,796	8,030	8,270
Fern	6,094	6,277	6,465	6,659	6,859	7,065	7,277	7,495	7,720	7,952
Heather	6,591	6,789	6,992	7,202	7,418	7,641	7,870	8,106	8,349	8,600
Juniper	6,591	6,789	6,992	7,202	7,418	7,641	7,870	8,106	8,349	8,600
Wintergreen	6,591	6,789	6,992	7,202	7,418	7,641	7,870	8,106	8,349	8,600
<u>Fern</u>	<u>6,094</u>	<u>6,277</u>	<u>6,465</u>	<u>6,659</u>	<u>6,859</u>	<u>7,065</u>	<u>7,277</u>	<u>7,495</u>	<u>7,720</u>	<u>7,952</u>
Average ILU Couple Monthly Service Fee	\$5,787	\$5,960	\$6,139	\$6,323	\$6,513	\$6,708	\$6,910	\$7,117	\$7,330	\$7,550

Average Single Monthly Service Fee
Monthly Service Fees increase by:

3.0%

3.0%

3.0%

3.0%

3.0%

All Contracts - Expansion

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
2 Bedroom Apt - 1,455 sq. ft.					\$4,319	\$4,408	\$4,540	\$4,677	\$4,817	\$4,962
2 Bedroom Apt - 1,455 sq. ft.					4,319	4,408	4,540	4,677	4,817	4,962
2 Bedroom with Den - 1,547 sq. ft.					4,347	4,437	4,570	4,707	4,848	4,994
2 Bedroom with Den - 1,682 sq. ft.					4,458	4,550	4,687	4,828	4,972	5,122
2 Bedroom with Den - 1,666 sq. ft.					4,458	4,550	4,687	4,828	4,972	5,122
2 Bedroom with Den DLX - 1,832 sq. ft.					4,681	4,778	4,921	5,069	5,221	5,378
2 Bedroom with Den DLX - 1,809 sq. ft.					4,681	4,778	4,921	5,069	5,221	5,378
3 Bedroom Apt- 2,087 sq. ft.					4,960	5,062	5,214	5,371	5,532	5,698
<u>Penthouse - 2,700 sq. ft.</u>					<u>5,685</u>	<u>5,802</u>	<u>5,976</u>	<u>6,155</u>	<u>6,340</u>	<u>6,530</u>

Average Single Monthly Service Fee

\$4,551

\$4,645

\$4,785

\$4,928

\$5,076

\$5,228

Average Couple Monthly Service Fee

<u>Type of Unit</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
2 Bedroom Apt - 1,455 sq. ft.					\$5,553	\$5,667	\$5,837	\$6,012	\$6,193	\$6,378
2 Bedroom Apt - 1,455 sq. ft.					5,553	5,667	5,837	6,012	6,193	6,378
2 Bedroom with Den - 1,547 sq. ft.					5,580	5,696	5,866	6,042	6,224	6,410
2 Bedroom with Den - 1,682 sq. ft.					5,692	5,809	5,984	6,163	6,348	6,538
2 Bedroom with Den - 1,666 sq. ft.					5,692	5,809	5,984	6,163	6,348	6,538
2 Bedroom with Den DLX - 1,832 sq. ft.					5,915	6,037	6,218	6,405	6,597	6,795
2 Bedroom with Den DLX - 1,809 sq. ft.					5,915	6,037	6,218	6,405	6,597	6,795
3 Bedroom Apt- 2,087 sq. ft.					6,194	6,321	6,511	6,706	6,907	7,115
<u>Penthouse - 2,700 sq. ft.</u>					<u>6,918</u>	<u>7,061</u>	<u>7,273</u>	<u>7,491</u>	<u>7,715</u>	<u>7,947</u>

Average ILU Couple Monthly Service Fee

\$5,785

\$5,904

\$6,081

\$6,264

\$6,452

\$6,645

Average Single Monthly Service Fee

Monthly Service Fees increase by:	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
All Contracts - Expansion	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
2 Bedroom Apt - 1,455 sq. ft.	\$5,110	\$5,264	\$5,422	\$5,584	\$5,752	\$5,924	\$6,102	\$6,285	\$6,474	\$6,668
2 Bedroom Apt - 1,455 sq. ft.	5,110	5,264	5,422	5,584	5,752	5,924	6,102	6,285	6,474	6,668
2 Bedroom with Den - 1,547 sq. ft.	5,143	5,298	5,457	5,620	5,789	5,963	6,141	6,326	6,515	6,711
2 Bedroom with Den - 1,682 sq. ft.	5,275	5,433	5,596	5,764	5,937	6,115	6,299	6,488	6,682	6,883
2 Bedroom with Den - 1,666 sq. ft.	5,275	5,433	5,596	5,764	5,937	6,115	6,299	6,488	6,682	6,883
2 Bedroom with Den DLX - 1,832 sq. ft.	5,539	5,705	5,876	6,053	6,234	6,421	6,614	6,812	7,017	7,227
2 Bedroom with Den DLX - 1,809 sq. ft.	5,539	5,705	5,876	6,053	6,234	6,421	6,614	6,812	7,017	7,227
3 Bedroom Apt- 2,087 sq. ft.	5,869	6,045	6,226	6,413	6,605	6,803	7,007	7,218	7,434	7,657
<u>Penthouse - 2,700 sq. ft.</u>	<u>6,726</u>	<u>6,928</u>	<u>7,135</u>	<u>7,350</u>	<u>7,570</u>	<u>7,797</u>	<u>8,031</u>	<u>8,272</u>	<u>8,520</u>	<u>8,776</u>
Average Single Monthly Service Fee	\$5,385	\$5,547	\$5,713	\$5,884	\$6,061	\$6,243	\$6,430	\$6,623	\$6,822	\$7,026

Average Couple Monthly Service Fee

Type of Unit	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
2 Bedroom Apt - 1,455 sq. ft.	\$6,570	\$6,767	\$6,970	\$7,179	\$7,394	\$7,616	\$7,845	\$8,080	\$8,322	\$8,572
2 Bedroom Apt - 1,455 sq. ft.	6,570	6,767	6,970	7,179	7,394	7,616	7,845	8,080	8,322	8,572
2 Bedroom with Den - 1,547 sq. ft.	6,603	6,801	7,005	7,215	7,431	7,654	7,884	8,121	8,364	8,615
2 Bedroom with Den - 1,682 sq. ft.	6,735	6,937	7,145	7,359	7,580	7,807	8,041	8,283	8,531	8,787
2 Bedroom with Den - 1,666 sq. ft.	6,735	6,937	7,145	7,359	7,580	7,807	8,041	8,283	8,531	8,787
2 Bedroom with Den DLX - 1,832 sq. ft.	6,998	7,208	7,425	7,647	7,877	8,113	8,356	8,607	8,865	9,131
2 Bedroom with Den DLX - 1,809 sq. ft.	6,998	7,208	7,425	7,647	7,877	8,113	8,356	8,607	8,865	9,131
3 Bedroom Apt- 2,087 sq. ft.	7,328	7,548	7,774	8,008	8,248	8,495	8,750	9,013	9,283	9,561
<u>Penthouse - 2,700 sq. ft.</u>	<u>8,185</u>	<u>8,431</u>	<u>8,684</u>	<u>8,944</u>	<u>9,213</u>	<u>9,489</u>	<u>9,774</u>	<u>10,067</u>	<u>10,369</u>	<u>10,680</u>
Average ILU Couple Monthly Service Fee	\$6,845	\$7,050	\$7,261	\$7,479	\$7,704	\$7,935	\$8,173	\$8,418	\$8,670	\$8,931

Average Health Care Center Revenue

Assisted Living Per Diem Fees increase by:	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Skilled Nursing Per Diem Fees increase by:	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Medicaid/Medicare Per Diem Fees increase by:	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

<u>Type of Patient</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Assisted Living - Private Pay Monthly										
Residential Assisted Living	\$3,910	\$4,028	\$4,148	\$4,273	\$4,401	\$4,533	\$4,669	\$4,809	\$4,953	\$5,102
Medical Assisted Living	5,817	5,992	6,172	6,357	6,547	6,744	6,946	7,154	7,369	7,590
<u>Residential Assisted Living - Expansion</u>					<u>6,754</u>	<u>6,957</u>	<u>7,165</u>	<u>7,380</u>	<u>7,602</u>	<u>7,830</u>
Assisted Living - Private Pay Monthly Average	\$5,039	\$5,190	\$5,346	\$5,506	\$6,158	\$6,343	\$6,533	\$6,729	\$6,931	\$7,139
Assisted Living - Lifecare - 1st Person	\$5,039	\$5,190	\$5,346	\$5,506	\$6,158	\$6,343	\$6,533	\$6,729	\$6,931	\$7,139
Assisted Living - Lifecare - 2nd Person	5,039	5,190	5,346	5,506	6,158	6,343	6,533	6,729	6,931	7,139
Skilled Nursing Facility - Private Pay Per Month	\$9,185	\$9,460	\$9,744	\$10,036	\$10,337	\$10,647	\$10,967	\$11,296	\$11,635	\$11,984
Skilled Nursing Facility - Medicaid Per Month	4,940	4,989	5,039	5,090	5,141	5,192	5,244	5,296	5,349	5,403
Skilled Nursing Facility - Medicare Per Month	11,148	11,259	11,372	11,486	11,600	11,716	11,834	11,952	12,071	12,192
Skilled Nursing - Lifecare - 1st Person	\$9,185	\$9,460	\$9,744	\$10,036	\$10,337	\$10,647	\$10,967	\$11,296	\$11,635	\$11,984
Skilled Nursing - Lifecare - 2nd Person	9,185	9,460	9,744	10,036	10,337	10,647	10,967	11,296	11,635	11,984

Average Health Care Center Revenue

Assisted Living Per Diem Fees increase by:	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Skilled Nursing Per Diem Fees increase by:	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Medicaid/Medicare Per Diem Fees increase by:	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

<u>Type of Patient</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
Assisted Living - Private Pay Monthly										
Residential Assisted Living	\$5,255	\$5,413	\$5,575	\$5,742	\$5,915	\$6,092	\$6,275	\$6,463	\$6,657	\$6,857
Medical Assisted Living	7,818	8,052	8,294	8,543	8,799	9,063	9,335	9,615	9,903	10,201
<u>Residential Assisted Living - Expansion</u>	<u>8,065</u>	<u>8,307</u>	<u>8,556</u>	<u>8,812</u>	<u>9,077</u>	<u>9,349</u>	<u>9,630</u>	<u>9,918</u>	<u>10,216</u>	<u>10,523</u>
Assisted Living - Private Pay Monthly Average	\$7,353	\$7,573	\$7,801	\$8,035	\$8,276	\$8,524	\$8,780	\$9,043	\$9,314	\$9,594
Assisted Living - Lifecare - 1st Person	\$7,353	\$7,573	\$7,801	\$8,035	\$8,276	\$8,524	\$8,780	\$9,043	\$9,314	\$9,594
Assisted Living - Lifecare - 2nd Person	7,353	7,573	7,801	8,035	8,276	8,524	8,780	9,043	9,314	9,594
Skilled Nursing Facility - Private Pay Per Month	\$12,343	\$12,714	\$13,095	\$13,488	\$13,892	\$14,309	\$14,738	\$15,181	\$15,636	\$16,105
Skilled Nursing Facility - Medicaid Per Month	5,457	5,511	5,567	5,622	5,678	5,735	5,793	5,850	5,909	5,968
Skilled Nursing Facility - Medicare Per Month	12,314	12,437	12,562	12,687	12,814	12,942	13,072	13,202	13,334	13,468
Skilled Nursing - Lifecare - 1st Person	\$12,343	\$12,714	\$13,095	\$13,488	\$13,892	\$14,309	\$14,738	\$15,181	\$15,636	\$16,105
Skilled Nursing - Lifecare - 2nd Person	12,343	12,714	13,095	13,488	13,892	14,309	14,738	15,181	15,636	16,105

<u>Investment Income</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Beginning Assets	\$21,361,534	\$22,877,584	\$17,768,934	\$145,725,793	\$45,179,226	\$126,991,686	\$86,840,702	\$48,386,544	\$55,334,261	\$64,239,869
1/2 Annual Operating Activity	(565,517)	(3,883,758)	61,739,593	(52,494,141)	38,807,034	(43,437,312)	(42,016,609)	1,876,270	3,180,177	3,823,170
Investment Income Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sub-total Investment Income	623,881	569,815	2,385,256	2,796,950	2,519,588	2,506,631	1,344,723	1,507,884	1,755,433	2,041,891
Interest on Interest	9,501	8,677	36,324	42,593	38,369	38,172	20,478	22,963	26,732	31,095
Investment Income	<u>633,381</u>	<u>578,492</u>	<u>2,421,579</u>	<u>2,839,543</u>	<u>2,557,957</u>	<u>2,544,803</u>	<u>1,365,201</u>	<u>1,530,847</u>	<u>1,782,166</u>	<u>2,072,986</u>
Ending Assets	<u>\$22,877,584</u>	<u>\$17,768,934</u>	<u>\$145,725,793</u>	<u>\$45,179,226</u>	<u>\$126,991,686</u>	<u>\$86,840,702</u>	<u>\$48,386,544</u>	<u>\$55,334,261</u>	<u>\$64,239,869</u>	<u>\$74,414,784</u>

<u>Investment Income</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
Beginning Assets	\$74,414,784	\$85,529,743	\$97,888,448	\$112,004,099	\$127,002,938	\$143,516,305	\$161,389,549	\$179,732,655	\$196,842,945	\$214,097,469
1/2 Annual Operating Activity	4,059,787	4,485,757	5,159,380	5,054,882	5,612,171	5,999,445	5,529,004	3,434,855	2,726,780	2,684,399
Investment Income Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sub-total Investment Income	2,354,237	2,700,465	3,091,435	3,511,769	3,978,453	4,485,472	5,007,557	5,495,025	5,987,092	6,503,456
Interest on Interest	35,851	41,124	47,078	53,479	60,585	68,306	76,257	83,680	91,174	99,037
Investment Income	<u>2,390,088</u>	<u>2,741,589</u>	<u>3,138,512</u>	<u>3,565,248</u>	<u>4,039,039</u>	<u>4,553,779</u>	<u>5,083,814</u>	<u>5,578,706</u>	<u>6,078,265</u>	<u>6,602,493</u>
Ending Assets	<u>\$85,529,743</u>	<u>\$97,888,448</u>	<u>\$112,004,099</u>	<u>\$127,002,938</u>	<u>\$143,516,305</u>	<u>\$161,389,549</u>	<u>\$179,732,655</u>	<u>\$196,842,945</u>	<u>\$214,097,469</u>	<u>\$232,118,760</u>

Revenue Projection	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<u>0% Refundable</u>										
ILU Entrance Fees Received	\$2,153,511	\$3,294,639	\$3,563,183	\$3,797,710	\$3,998,881	\$4,182,715	\$4,352,638	\$4,521,422	\$4,686,758	\$4,866,669
<u>Entrance Fees Refunded</u>	<u>(176,922)</u>	<u>(172,106)</u>	<u>(141,305)</u>	<u>(120,303)</u>	<u>(131,646)</u>	<u>(139,123)</u>	<u>(145,831)</u>	<u>(152,080)</u>	<u>(158,102)</u>	<u>(164,165)</u>
Net Entrance Fees	\$1,976,589	\$3,122,534	\$3,421,878	\$3,677,407	\$3,867,236	\$4,043,591	\$4,206,807	\$4,369,342	\$4,528,656	\$4,702,504
<u>50% Refundable</u>										
ILU Entrance Fees Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Entrance Fees Refunded</u>	<u>(8,556)</u>	<u>(8,910)</u>	<u>(11,137)</u>	<u>(13,687)</u>	<u>(16,364)</u>	<u>(18,950)</u>	<u>(21,396)</u>	<u>(23,314)</u>	<u>(24,585)</u>	<u>(25,112)</u>
Net Entrance Fees	(\$8,556)	(\$8,910)	(\$11,137)	(\$13,687)	(\$16,364)	(\$18,950)	(\$21,396)	(\$23,314)	(\$24,585)	(\$25,112)
<u>90% Refundable</u>										
ILU Entrance Fees Received	\$454,630	\$695,535	\$752,227	\$801,739	\$844,208	\$883,018	\$918,890	\$954,522	\$989,427	\$1,027,408
<u>Entrance Fees Refunded</u>	<u>(436,740)</u>	<u>(407,983)</u>	<u>(410,818)</u>	<u>(426,439)</u>	<u>(444,538)</u>	<u>(462,760)</u>	<u>(477,486)</u>	<u>(489,819)</u>	<u>(497,404)</u>	<u>(506,039)</u>
Net Entrance Fees	\$17,890	\$287,552	\$341,409	\$375,300	\$399,670	\$420,257	\$441,405	\$464,703	\$492,022	\$521,369
<u>0% Refundable - Expansion</u>										
ILU Entrance Fees Received	\$0	\$0	\$0	\$0	\$85,339,480	\$1,514,858	\$2,180,809	\$2,536,499	\$2,947,021	\$3,407,745
<u>Entrance Fees Refunded</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(581,304)</u>	<u>(812,866)</u>	<u>(534,821)</u>	<u>(231,229)</u>	<u>(60,152)</u>	<u>(70,715)</u>
Net Entrance Fees	\$0	\$0	\$0	\$0	\$84,758,175	\$701,992	\$1,645,988	\$2,305,270	\$2,886,869	\$3,337,030
Independent Living Monthly Service Fees	\$9,466,682	\$9,566,895	\$9,801,209	\$10,056,546	\$10,330,531	\$10,620,359	\$10,923,467	\$11,237,904	\$11,562,679	\$11,897,777
Independent Living Monthly Service Fees - Expansion	0	0	0	0	7,093,333	12,073,545	12,310,237	12,618,902	12,876,314	13,145,330
Assisted Living Private Pay Fees	477,156	728,930	817,215	839,286	1,977,414	3,437,277	3,240,340	3,037,069	2,862,722	2,708,913
Assisted Living Lifecare Fees	2,183,374	2,011,416	2,005,341	2,067,947	2,334,718	2,422,347	2,507,353	2,595,616	2,691,747	2,798,172
Assisted Living Lifecare Fees - Expansion	0	0	0	0	47,666	229,315	523,914	827,070	1,099,079	1,346,069
Skilled Nursing Private Pay Fees	2,707,304	2,780,762	2,975,675	3,168,469	3,315,829	3,314,837	3,157,346	2,944,384	2,705,418	2,428,311
Skilled Nursing Lifecare Fees	4,351,273	4,471,243	4,459,977	4,454,655	4,499,171	4,599,161	4,738,052	4,902,058	5,096,742	5,323,296
Skilled Nursing Lifecare Fees - Expansion	0	0	0	0	41,433	207,752	502,387	847,310	1,206,586	1,594,438
Ancillary and Other Income	575,574	586,777	601,783	617,607	889,203	1,107,138	1,137,093	1,170,309	1,203,039	1,237,269
<u>Investment Income</u>	<u>633,381</u>	<u>578,492</u>	<u>2,421,579</u>	<u>2,839,543</u>	<u>2,557,957</u>	<u>2,544,803</u>	<u>1,365,201</u>	<u>1,530,847</u>	<u>1,782,166</u>	<u>2,072,986</u>
Total Revenues	\$22,380,667	\$24,125,691	\$26,834,929	\$28,083,073	\$122,095,971	\$45,703,425	\$46,678,192	\$48,827,472	\$50,969,452	\$53,088,353
<u>Cash Provided by Finance Activities</u>	<u>0</u>	<u>0</u>	<u>228,380,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Inflow	\$22,380,667	\$24,125,691	\$255,214,929	\$28,083,073	\$122,095,971	\$45,703,425	\$46,678,192	\$48,827,472	\$50,969,452	\$53,088,353

Revenue Projection	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
<u>0% Refundable</u>										
ILU Entrance Fees Received	\$5,064,803	\$5,273,652	\$5,490,131	\$5,707,618	\$5,916,622	\$6,120,150	\$6,315,637	\$6,500,869	\$6,684,844	\$6,871,527
<u>Entrance Fees Refunded</u>	<u>(170,567)</u>	<u>(177,437)</u>	<u>(184,740)</u>	<u>(192,317)</u>	<u>(199,935)</u>	<u>(207,428)</u>	<u>(214,704)</u>	<u>(221,701)</u>	<u>(228,463)</u>	<u>(235,120)</u>
Net Entrance Fees	\$4,894,236	\$5,096,215	\$5,305,391	\$5,515,302	\$5,716,687	\$5,912,721	\$6,100,933	\$6,279,168	\$6,456,381	\$6,636,407
<u>50% Refundable</u>										
ILU Entrance Fees Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Entrance Fees Refunded</u>	<u>(24,842)</u>	<u>(23,844)</u>	<u>(22,237)</u>	<u>(20,114)</u>	<u>(17,737)</u>	<u>(15,111)</u>	<u>(12,628)</u>	<u>(10,306)</u>	<u>(8,093)</u>	<u>(5,992)</u>
Net Entrance Fees	(\$24,842)	(\$23,844)	(\$22,237)	(\$20,114)	(\$17,737)	(\$15,111)	(\$12,628)	(\$10,306)	(\$8,093)	(\$5,992)
<u>90% Refundable</u>										
ILU Entrance Fees Received	\$1,069,236	\$1,113,326	\$1,159,028	\$1,204,942	\$1,249,065	\$1,292,032	\$1,333,301	\$1,372,406	\$1,411,245	\$1,450,656
<u>Entrance Fees Refunded</u>	<u>(519,984)</u>	<u>(538,065)</u>	<u>(559,441)</u>	<u>(586,893)</u>	<u>(619,511)</u>	<u>(655,251)</u>	<u>(694,863)</u>	<u>(736,990)</u>	<u>(780,434)</u>	<u>(823,475)</u>
Net Entrance Fees	\$549,252	\$575,261	\$599,587	\$618,048	\$629,554	\$636,780	\$638,438	\$635,416	\$630,811	\$627,181
<u>0% Refundable - Expansion</u>										
ILU Entrance Fees Received	\$3,956,566	\$4,604,358	\$5,330,299	\$6,117,108	\$6,930,370	\$7,727,801	\$8,472,125	\$9,131,501	\$9,669,913	\$10,069,984
<u>Entrance Fees Refunded</u>	<u>(82,008)</u>	<u>(95,226)</u>	<u>(110,544)</u>	<u>(127,797)</u>	<u>(146,488)</u>	<u>(165,857)</u>	<u>(185,012)</u>	<u>(203,057)</u>	<u>(219,133)</u>	<u>(232,512)</u>
Net Entrance Fees	\$3,874,558	\$4,509,132	\$5,219,755	\$5,989,311	\$6,783,883	\$7,561,943	\$8,287,113	\$8,928,444	\$9,450,780	\$9,837,473
Independent Living Monthly Service Fees	\$12,244,098	\$12,602,924	\$12,975,340	\$13,361,936	\$13,762,813	\$14,177,802	\$14,606,558	\$15,048,618	\$15,503,608	\$15,971,432
Independent Living Monthly Service Fees - Expansion	13,427,028	13,723,863	14,038,977	14,376,006	14,738,705	15,130,236	15,552,683	16,006,670	16,491,243	17,004,032
Assisted Living Private Pay Fees	2,572,247	2,445,948	2,322,230	2,201,479	2,089,704	1,991,346	1,912,614	1,860,200	1,839,423	1,854,880
Assisted Living Lifecare Fees	2,913,119	3,032,360	3,153,309	3,275,018	3,395,736	3,514,259	3,629,799	3,741,541	3,849,925	3,956,571
Assisted Living Lifecare Fees - Expansion	1,573,382	1,792,203	2,013,088	2,236,788	2,459,244	2,677,419	2,886,103	3,079,630	3,252,464	3,398,615
Skilled Nursing Private Pay Fees	2,114,742	1,841,412	1,921,847	2,000,267	2,079,123	2,163,240	2,241,611	2,316,971	2,389,200	2,464,704
Skilled Nursing Lifecare Fees	5,567,988	5,819,241	6,070,760	6,317,542	6,561,434	6,808,467	7,055,327	7,298,894	7,538,023	7,770,866
Skilled Nursing Lifecare Fees - Expansion	2,021,468	2,479,291	2,956,355	3,453,048	3,966,572	4,479,122	4,972,652	5,434,734	5,852,496	6,215,488
Ancillary and Other Income	1,273,022	1,312,117	1,363,557	1,416,663	1,471,600	1,528,257	1,585,720	1,643,618	1,701,491	1,759,098
<u>Investment Income</u>	<u>2,390,088</u>	<u>2,741,589</u>	<u>3,138,512</u>	<u>3,565,248</u>	<u>4,039,039</u>	<u>4,553,779</u>	<u>5,083,814</u>	<u>5,578,706</u>	<u>6,078,265</u>	<u>6,602,493</u>
Total Revenues	\$55,390,388	\$57,947,713	\$61,056,470	\$64,306,543	\$67,676,355	\$71,120,261	\$74,540,736	\$77,842,302	\$81,026,016	\$84,093,247
<u>Cash Provided by Finance Activities</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Inflow	\$55,390,388	\$57,947,713	\$61,056,470	\$64,306,543	\$67,676,355	\$71,120,261	\$74,540,736	\$77,842,302	\$81,026,016	\$84,093,247

Expense Projection	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Constuction Cost			95,000,000	95,000,000						
Administration	2,600,641	2,678,660	2,759,020	2,841,791	2,927,044	\$3,014,856	\$3,105,301	\$3,198,460	\$3,294,414	\$3,393,247
Marketing	398,808	410,772	423,095	435,788	448,862	462,328	476,198	490,484	505,198	520,354
Dining Services	2,875,176	2,961,431	3,050,274	3,141,782	3,236,036	3,333,117	3,433,110	3,536,104	3,642,187	3,751,452
Resident Life Services	179,294	184,673	190,213	195,919	201,797	207,851	214,086	220,509	227,124	233,938
Wellness	353,434	364,037	374,958	386,207	397,793	409,727	422,019	434,679	447,720	461,151
Assisted Living	989,833	1,019,528	1,050,114	1,081,617	1,114,066	1,147,488	1,181,912	1,217,370	1,253,891	1,291,508
Nursing	3,488,744	3,593,406	3,701,209	3,812,245	3,926,612	4,044,410	4,165,743	4,290,715	4,419,437	4,552,020
Purchased Medical Services	1,091,767	1,124,520	1,158,256	1,193,003	1,228,793	1,265,657	1,303,627	1,342,736	1,383,018	1,424,508
Adult Day Care	145,895	150,272	154,780	159,423	164,206	169,132	174,206	179,432	184,815	190,360
Nursing Administration	1,565,804	1,612,778	1,661,161	1,710,996	1,762,326	1,815,196	1,869,652	1,925,741	1,983,514	2,043,019
Environmental Services	1,026,684	1,057,485	1,089,209	1,121,885	1,155,542	1,190,208	1,225,914	1,262,692	1,300,573	1,339,590
Maintenance	2,208,926	2,275,194	2,343,450	2,413,753	2,486,166	2,560,751	2,637,573	2,716,700	2,798,201	2,882,147
Administration - Expansion	0	0	0	0	600,694	924,899	953,558	983,107	1,013,572	1,044,983
Human Resources - Expansion	0	0	0	0	28,384	51,711	53,262	54,860	56,506	58,201
Resident Life Services - Expansion	0	0	0	0	91,438	119,107	122,935	126,887	130,966	135,176
Wellness - Expansion	0	0	0	0	332,909	431,832	445,727	460,069	474,873	490,154
Environmental Services - Expansion	0	0	0	0	837,448	1,076,146	1,110,850	1,146,673	1,183,652	1,221,825
Dining Services - Expansion	0	0	0	0	2,231,806	3,143,564	3,242,835	3,345,246	3,450,895	3,559,886
Maintenance - Expansion	0	0	0	0	1,091,548	1,732,960	1,786,325	1,841,335	1,898,042	1,956,498
Marketing - Expansion	0	0	37,500	196,750	285,495	178,602	187,737	195,299	206,546	216,232
Assisted Living - Expansion	0	0	0	0	745,687	927,038	956,943	987,812	1,019,678	1,052,572
Outside Nursing	0	0	0	0	0	0	0	0	0	0
Interest	451,908	399,300	8,998,058	10,497,627	12,290,742	12,272,926	10,496,412	8,728,978	8,696,269	8,683,049
Principal Repayment	2,013,703	2,080,373	2,056,093	1,602,172	1,640,436	44,178,836	44,213,860	1,664,330	763,088	455,590
<u>Capital Expenditures</u>	<u>1,474,000</u>	<u>9,321,913</u>	<u>3,210,680</u>	<u>2,838,680</u>	<u>1,057,680</u>	<u>1,196,069</u>	<u>1,352,565</u>	<u>1,529,537</u>	<u>1,729,665</u>	<u>1,955,978</u>
Total Cash Outflow	\$20,864,617	\$29,234,342	\$127,258,070	\$128,629,640	\$40,283,511	\$85,854,410	\$85,132,350	\$41,879,756	\$42,063,844	\$42,913,438
Net Cash Flow	<u>\$1,516,050</u>	<u>(\$5,108,650)</u>	<u>\$127,956,859</u>	<u>(\$100,546,567)</u>	<u>\$81,812,461</u>	<u>(\$40,150,984)</u>	<u>(\$38,454,158)</u>	<u>\$6,947,717</u>	<u>\$8,905,608</u>	<u>\$10,174,915</u>
Cumulative Cash Flow	\$22,877,584	\$17,768,934	\$145,725,793	\$45,179,226	\$126,991,686	\$86,840,702	\$48,386,544	\$55,334,261	\$64,239,869	\$74,414,784
Cumulative Cash Flow (in 2019\$)	22,877,584	16,922,794	132,177,590	39,027,514	104,476,375	68,041,962	36,106,784	39,325,026	43,480,072	47,968,433

Expense Projection	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>
Constuction Cost										
Administration	\$3,495,044	\$3,599,895	\$3,707,892	\$3,819,129	\$3,933,703	\$4,051,714	\$4,173,265	\$4,298,463	\$4,427,417	\$4,560,240
Marketing	535,965	552,044	568,605	585,663	603,233	621,330	639,970	659,169	678,944	699,312
Dining Services	3,863,996	3,979,916	4,099,313	4,222,293	4,348,962	4,479,430	4,613,813	4,752,228	4,894,795	5,041,638
Resident Life Services	240,956	248,185	255,630	263,299	271,198	279,334	287,714	296,346	305,236	314,393
Wellness	474,986	489,235	503,912	519,030	534,601	550,639	567,158	584,173	601,698	619,749
Assisted Living	1,330,253	1,370,160	1,411,265	1,453,603	1,497,211	1,542,128	1,588,391	1,636,043	1,685,124	1,735,678
Nursing	4,688,580	4,829,238	4,974,115	5,123,338	5,277,038	5,435,349	5,598,410	5,766,362	5,939,353	6,117,534
Purchased Medical Services	1,467,244	1,511,261	1,556,599	1,603,297	1,651,396	1,700,937	1,751,966	1,804,525	1,858,660	1,914,420
Adult Day Care	196,071	201,953	208,011	214,252	220,679	227,300	234,119	241,142	248,376	255,828
Nursing Administration	2,104,310	2,167,439	2,232,462	2,299,436	2,368,419	2,439,472	2,512,656	2,588,035	2,665,676	2,745,647
Environmental Services	1,379,777	1,421,171	1,463,806	1,507,720	1,552,952	1,599,540	1,647,526	1,696,952	1,747,861	1,800,297
Maintenance	2,968,612	3,057,670	3,149,400	3,243,882	3,341,199	3,441,435	3,544,678	3,651,018	3,760,549	3,873,365
Administration - Expansion	1,077,369	1,110,760	1,145,188	1,180,685	1,217,283	1,255,018	1,293,924	1,334,038	1,375,398	1,418,042
Human Resources - Expansion	59,947	61,745	63,598	65,506	67,471	69,495	71,580	73,727	75,939	78,217
Resident Life Services - Expansion	139,522	144,008	148,637	153,416	158,349	163,440	168,695	174,119	179,718	185,496
Wellness - Expansion	505,927	522,208	539,013	556,360	574,264	592,746	611,823	631,514	651,839	672,819
Environmental Services - Expansion	1,261,229	1,301,905	1,343,894	1,387,237	1,431,979	1,478,164	1,525,841	1,575,055	1,625,858	1,678,301
Dining Services - Expansion	3,672,325	3,788,320	3,907,984	4,031,433	4,158,788	4,290,172	4,425,712	4,565,541	4,709,794	4,858,611
Maintenance - Expansion	2,016,756	2,078,874	2,142,907	2,208,915	2,276,960	2,347,103	2,419,411	2,493,949	2,570,787	2,649,996
Marketing - Expansion	226,113	237,946	249,987	262,242	269,469	276,925	284,616	292,550	300,735	309,179
Assisted Living - Expansion	1,086,528	1,121,580	1,157,764	1,195,115	1,233,672	1,273,473	1,314,560	1,356,972	1,400,754	1,445,949
Outside Nursing	0	0	0	279,276	770,801	1,259,411	1,712,429	2,116,723	2,457,828	2,729,509
Interest	8,666,720	8,646,583	8,623,871	8,610,064	8,536,169	8,461,396	8,382,393	8,250,559	7,971,093	7,628,400
Principal Repayment	605,297	645,602	658,378	1,323,828	1,249,986	1,320,576	2,201,284	4,661,874	5,722,700	6,050,000
<u>Capital Expenditures</u>	<u>2,211,902</u>	<u>2,501,311</u>	<u>2,828,588</u>	<u>3,198,686</u>	<u>3,617,208</u>	<u>4,090,490</u>	<u>4,625,698</u>	<u>5,230,934</u>	<u>5,915,359</u>	<u>6,689,337</u>
Total Cash Outflow	\$44,275,428	\$45,589,008	\$46,940,819	\$49,307,703	\$51,162,988	\$53,247,017	\$56,197,631	\$60,732,012	\$63,771,492	\$66,071,956
Net Cash Flow	<u>\$11,114,960</u>	<u>\$12,358,705</u>	<u>\$14,115,651</u>	<u>\$14,998,839</u>	<u>\$16,513,367</u>	<u>\$17,873,244</u>	<u>\$18,343,106</u>	<u>\$17,110,290</u>	<u>\$17,254,524</u>	<u>\$18,021,290</u>
Cumulative Cash Flow	\$85,529,743	\$97,888,448	\$112,004,099	\$127,002,938	\$143,516,305	\$161,389,549	\$179,732,655	\$196,842,945	\$214,097,469	\$232,118,760
Cumulative Cash Flow (in 2019\$)	52,507,843	57,233,348	62,368,073	67,352,370	72,485,486	77,631,132	82,337,600	85,881,925	88,961,921	91,857,275

APPENDIX A

OPEN GROUP PROJECTION

As of September 30, 2018

Glenaire -- Open Group Projection

Fiscal Year Ending 12/31	Community Occupancy Summary					
	Independent Living Unit					
	Number of Residents	Number of Units	Occupancy Rate	Density Ratio	Units Released	New Units Occupied
2019	292.9	215.0	96.0%	1.36	17.5	12.5
2020	288.5	215.0	96.0%	1.34	18.6	18.6
2021	285.3	215.0	96.0%	1.33	19.5	19.5
2022	283.0	215.0	96.0%	1.32	20.2	20.2
2023	281.5	215.0	96.0%	1.31	20.7	20.7
2024	280.4	215.0	96.0%	1.30	21.0	21.0
2025	279.5	215.0	96.0%	1.30	21.2	21.2
2026	278.7	215.0	96.0%	1.30	21.4	21.4
2027	278.0	215.0	96.0%	1.29	21.5	21.5
2028	277.4	215.0	96.0%	1.29	21.7	21.7
2029	276.8	215.0	96.0%	1.29	21.9	21.9
2030	276.4	215.0	96.0%	1.29	22.2	22.2
2031	276.2	215.0	96.0%	1.28	22.4	22.4
2032	276.1	215.0	96.0%	1.28	22.6	22.6
2033	276.2	215.0	96.0%	1.28	22.7	22.7
2034	276.3	215.0	96.0%	1.29	22.8	22.8
2035	276.5	215.0	96.0%	1.29	22.9	22.9
2036	276.7	215.0	96.0%	1.29	22.9	22.9
2037	276.8	215.0	96.0%	1.29	22.8	22.8
2038	276.9	215.0	96.0%	1.29	22.8	22.8
2039	277.0	215.0	96.0%	1.29	22.7	22.7
2040	277.0	215.0	96.0%	1.29	22.7	22.7
2041	277.0	215.0	96.0%	1.29	22.7	22.7
2042	277.0	215.0	96.0%	1.29	22.7	22.7
2043	276.9	215.0	96.0%	1.29	22.7	22.7
2044	276.9	215.0	96.0%	1.29	22.7	22.7
2045	276.9	215.0	96.0%	1.29	22.8	22.8
2046	276.8	215.0	96.0%	1.29	22.8	22.8
2047	276.8	215.0	96.0%	1.29	22.8	22.8
2048	276.8	215.0	96.0%	1.29	22.8	22.8

Glenaire -- Open Group Projection

Fiscal Year Ending 12/31	Community Occupancy Summary							
	Assisted Living Unit				Skilled Nursing Facility			
	Number of Permanent Residents	2nd Person Subset Permanent	Number of Temporary Residents	Occupancy Rate	Number of Permanent Residents	2nd Person Subset Permanent	Number of Temporary Residents	Occupancy Rate
2019	33.2	8.4	0.0	67.8%	40.0	7.6	7.0	66.1%
2020	31.4	10.9	0.0	64.0%	38.8	9.1	6.9	64.4%
2021	31.1	11.8	0.0	63.6%	37.5	10.5	6.9	62.5%
2022	31.4	11.8	0.0	64.2%	36.5	11.4	6.8	61.0%
2023	31.7	11.5	0.0	64.8%	36.0	11.8	6.8	60.3%
2024	31.9	11.2	0.0	65.1%	36.0	11.9	6.8	60.2%
2025	32.1	10.8	0.0	65.4%	36.1	11.9	6.8	60.4%
2026	32.2	10.7	0.0	65.8%	36.3	11.9	6.8	60.6%
2027	32.5	10.6	0.0	66.3%	36.7	11.9	6.7	61.2%
2028	32.8	10.6	0.0	67.0%	37.3	12.0	6.7	62.0%
2029	33.2	10.6	0.0	67.8%	37.9	12.0	6.7	62.8%
2030	33.5	10.7	0.0	68.4%	38.4	12.0	6.8	63.6%
2031	33.8	10.6	0.0	69.1%	38.9	12.0	6.8	64.4%
2032	34.1	10.5	0.0	69.6%	39.2	11.9	6.9	64.9%
2033	34.3	10.5	0.0	70.0%	39.5	11.8	6.9	65.4%
2034	34.4	10.4	0.0	70.2%	39.8	11.7	6.9	65.8%
2035	34.5	10.4	0.0	70.4%	40.0	11.6	6.9	66.1%
2036	34.5	10.3	0.0	70.4%	40.1	11.6	6.9	66.2%
2037	34.4	10.3	0.0	70.2%	40.2	11.6	6.9	66.3%
2038	34.3	10.4	0.0	70.0%	40.2	11.6	6.9	66.3%
2039	34.2	10.4	0.0	69.9%	40.1	11.6	6.9	66.2%
2040	34.2	10.4	0.0	69.8%	40.0	11.6	6.9	66.1%
2041	34.2	10.4	0.0	69.8%	40.0	11.6	6.9	66.0%
2042	34.2	10.5	0.0	69.8%	40.0	11.7	6.9	66.0%
2043	34.2	10.5	0.0	69.9%	40.0	11.7	6.9	66.0%
2044	34.3	10.5	0.0	69.9%	40.0	11.7	6.9	66.0%
2045	34.3	10.5	0.0	70.0%	40.1	11.7	6.9	66.1%
2046	34.3	10.5	0.0	70.1%	40.1	11.7	6.9	66.2%
2047	34.4	10.5	0.0	70.2%	40.1	11.7	6.9	66.2%
2048	34.4	10.5	0.0	70.2%	40.2	11.8	6.9	66.3%

Glenaire -- Open Group Projection

Fiscal Year Ending 12/31	Number of Days In Each Level of Care							
	Independent Living Unit Days	Assisted Living Unit			Skilled Nursing Facility			
		Permanent Days		Temporary Contract Days	Permanent Days		Temporary Days	
		Contract Residents	2nd Person Subset		Contract Residents	2nd Person Subset	Contract Residents	Direct Admit Residents
2019	109,368	13,189	2,089	0	14,420	2,858	2,555	0
2020	106,165	11,796	3,536	0	14,386	3,053	2,529	0
2021	104,777	11,418	4,142	0	13,932	3,576	2,514	0
2022	103,787	11,431	4,305	0	13,510	4,002	2,495	0
2023	103,099	11,540	4,264	0	13,248	4,232	2,487	0
2024	102,614	11,625	4,144	0	13,148	4,320	2,480	0
2025	102,251	11,682	4,017	0	13,150	4,339	2,488	0
2026	101,950	11,741	3,927	0	13,209	4,338	2,470	0
2027	101,677	11,821	3,882	0	13,334	4,343	2,461	0
2028	101,425	11,931	3,873	0	13,521	4,359	2,453	0
2029	101,204	12,059	3,882	0	13,730	4,374	2,453	0
2030	101,033	12,187	3,889	0	13,932	4,379	2,476	0
2031	100,921	12,304	3,883	0	14,111	4,374	2,495	0
2032	100,871	12,407	3,865	0	14,257	4,359	2,511	0
2033	100,871	12,489	3,839	0	14,376	4,333	2,522	0
2034	100,909	12,549	3,813	0	14,483	4,302	2,530	0
2035	100,968	12,584	3,792	0	14,570	4,270	2,521	0
2036	101,034	12,593	3,779	0	14,634	4,245	2,515	0
2037	101,092	12,581	3,775	0	14,674	4,230	2,512	0
2038	101,135	12,553	3,778	0	14,686	4,224	2,510	0
2039	101,162	12,521	3,786	0	14,675	4,225	2,509	0
2040	101,175	12,498	3,796	0	14,645	4,232	2,508	0
2041	101,176	12,487	3,806	0	14,613	4,241	2,509	0
2042	101,170	12,488	3,814	0	14,597	4,252	2,510	0
2043	101,159	12,496	3,821	0	14,598	4,263	2,511	0
2044	101,147	12,508	3,826	0	14,607	4,272	2,513	0
2045	101,135	12,522	3,829	0	14,622	4,279	2,514	0
2046	101,124	12,536	3,831	0	14,638	4,285	2,516	0
2047	101,115	12,550	3,832	0	14,654	4,289	2,517	0
2048	101,109	12,562	3,833	0	14,669	4,292	2,518	0

Glenaire -- Open Group Projection

Fiscal Year Ending 12/31	Average Age of Residents at the End of the Year									
	Independent Living Unit		Assisted Living Unit				Skilled Nursing Facility			
			Contract Residents		Direct Admit Residents		Contract Residents		Direct Admit Residents	
	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
2019	83.89	82.87	89.01	89.56	N/A	N/A	89.46	91.84	N/A	N/A
2020	84.22	83.13	88.15	89.06	N/A	N/A	89.44	91.68	N/A	N/A
2021	84.46	83.34	88.00	88.74	N/A	N/A	89.50	91.42	N/A	N/A
2022	84.62	83.50	88.13	88.58	N/A	N/A	89.67	91.11	N/A	N/A
2023	84.72	83.65	88.37	88.44	N/A	N/A	89.84	90.83	N/A	N/A
2024	84.78	83.79	88.61	88.30	N/A	N/A	89.94	90.61	N/A	N/A
2025	84.83	83.92	88.78	88.18	N/A	N/A	90.00	90.43	N/A	N/A
2026	84.86	84.03	88.83	88.12	N/A	N/A	90.02	90.27	N/A	N/A
2027	84.91	84.14	88.76	88.12	N/A	N/A	90.06	90.18	N/A	N/A
2028	84.95	84.23	88.65	88.18	N/A	N/A	90.10	90.15	N/A	N/A
2029	84.98	84.31	88.58	88.25	N/A	N/A	90.15	90.15	N/A	N/A
2030	85.00	84.37	88.57	88.33	N/A	N/A	90.19	90.18	N/A	N/A
2031	85.00	84.41	88.62	88.42	N/A	N/A	90.23	90.23	N/A	N/A
2032	84.99	84.44	88.70	88.52	N/A	N/A	90.26	90.29	N/A	N/A
2033	84.97	84.46	88.78	88.63	N/A	N/A	90.30	90.37	N/A	N/A
2034	84.95	84.47	88.84	88.74	N/A	N/A	90.33	90.49	N/A	N/A
2035	84.93	84.46	88.87	88.84	N/A	N/A	90.35	90.62	N/A	N/A
2036	84.92	84.46	88.86	88.91	N/A	N/A	90.37	90.73	N/A	N/A
2037	84.91	84.46	88.84	88.95	N/A	N/A	90.38	90.83	N/A	N/A
2038	84.92	84.45	88.81	88.96	N/A	N/A	90.38	90.89	N/A	N/A
2039	84.93	84.45	88.79	88.94	N/A	N/A	90.37	90.92	N/A	N/A
2040	84.94	84.45	88.77	88.92	N/A	N/A	90.36	90.92	N/A	N/A
2041	84.95	84.46	88.77	88.90	N/A	N/A	90.35	90.91	N/A	N/A
2042	84.96	84.46	88.76	88.89	N/A	N/A	90.34	90.90	N/A	N/A
2043	84.97	84.47	88.77	88.88	N/A	N/A	90.34	90.89	N/A	N/A
2044	84.98	84.48	88.77	88.87	N/A	N/A	90.33	90.89	N/A	N/A
2045	84.99	84.49	88.78	88.87	N/A	N/A	90.34	90.88	N/A	N/A
2046	85.00	84.50	88.80	88.87	N/A	N/A	90.34	90.88	N/A	N/A
2047	85.00	84.51	88.81	88.88	N/A	N/A	90.35	90.88	N/A	N/A
2048	85.01	84.52	88.82	88.89	N/A	N/A	90.35	90.88	N/A	N/A

Glenaire -- Open Group Projection

Fiscal Year Ending 12/31	Summary of the Independent Living Unit Population Movements						
	Beginning Number of Residents	New Entrants	Deaths	With- drawals	Permanent Transfers to Assisted Living Unit	Permanent Transfers to Skilled Nursing Facility	Ending Number of Permanent Residents
2019	306.0	18.5	7.0	3.0	15.8	5.8	292.9
2020	292.9	27.5	6.9	3.0	16.2	5.8	288.5
2021	288.5	28.9	6.9	3.1	16.4	5.8	285.3
2022	285.3	29.9	6.9	3.1	16.4	5.7	283.0
2023	283.0	30.6	6.9	3.2	16.4	5.7	281.5
2024	281.5	31.0	6.9	3.2	16.3	5.7	280.4
2025	280.4	31.4	7.0	3.2	16.4	5.7	279.5
2026	279.5	31.6	7.0	3.2	16.5	5.8	278.7
2027	278.7	31.8	6.9	3.2	16.6	5.9	278.0
2028	278.0	32.1	6.9	3.2	16.8	5.9	277.4
2029	277.4	32.4	6.9	3.1	17.1	5.9	276.8
2030	276.8	32.8	6.9	3.1	17.3	5.9	276.4
2031	276.4	33.1	6.9	3.1	17.5	5.9	276.2
2032	276.2	33.4	6.9	3.2	17.6	5.9	276.1
2033	276.1	33.7	6.9	3.2	17.6	5.9	276.2
2034	276.2	33.8	6.9	3.2	17.6	6.0	276.3
2035	276.3	33.9	6.9	3.2	17.6	6.0	276.5
2036	276.5	33.8	6.9	3.2	17.6	6.0	276.7
2037	276.7	33.8	6.9	3.2	17.5	6.0	276.8
2038	276.8	33.7	6.9	3.2	17.5	6.0	276.9
2039	276.9	33.7	6.9	3.2	17.5	6.0	277.0
2040	277.0	33.6	6.9	3.2	17.5	6.0	277.0
2041	277.0	33.6	6.9	3.2	17.5	6.0	277.0
2042	277.0	33.6	6.9	3.2	17.5	6.0	277.0
2043	277.0	33.6	6.9	3.2	17.6	6.0	276.9
2044	276.9	33.7	6.9	3.2	17.6	6.0	276.9
2045	276.9	33.7	6.9	3.2	17.6	6.0	276.9
2046	276.9	33.7	6.9	3.2	17.6	6.0	276.8
2047	276.8	33.7	7.0	3.2	17.6	6.0	276.8
2048	276.8	33.8	7.0	3.2	17.7	6.0	276.8

Fiscal Year Ending 12/31	Summary of the Contract Assisted Living Unit Population Movements				
	Beginning Number of Residents	Permanent Transfers from Independent Living	Deaths	Permanent Transfers to Skilled Nursing Facility	Ending Number of Permanent Residents
2019	39.0	15.8	6.4	15.2	33.2
2020	33.2	16.2	5.5	12.5	31.4
2021	31.4	16.4	5.2	11.4	31.1
2022	31.1	16.4	5.1	11.0	31.4
2023	31.4	16.4	5.1	11.0	31.7
2024	31.7	16.3	5.1	11.1	31.9
2025	31.9	16.4	5.1	11.1	32.1
2026	32.1	16.5	5.2	11.1	32.2
2027	32.2	16.6	5.2	11.2	32.5
2028	32.5	16.8	5.1	11.4	32.8
2029	32.8	17.1	5.1	11.6	33.2
2030	33.2	17.3	5.2	11.8	33.5
2031	33.5	17.5	5.2	12.0	33.8
2032	33.8	17.6	5.2	12.1	34.1
2033	34.1	17.6	5.3	12.1	34.3
2034	34.3	17.6	5.4	12.1	34.4
2035	34.4	17.6	5.4	12.1	34.5
2036	34.5	17.6	5.4	12.1	34.5
2037	34.5	17.5	5.5	12.2	34.4
2038	34.4	17.5	5.4	12.2	34.3
2039	34.3	17.5	5.4	12.2	34.2
2040	34.2	17.5	5.4	12.1	34.2
2041	34.2	17.5	5.4	12.1	34.2
2042	34.2	17.5	5.4	12.1	34.2
2043	34.2	17.6	5.4	12.1	34.2
2044	34.2	17.6	5.4	12.2	34.3
2045	34.3	17.6	5.4	12.2	34.3
2046	34.3	17.6	5.4	12.2	34.3
2047	34.3	17.6	5.4	12.2	34.4
2048	34.4	17.7	5.4	12.2	34.4

Fiscal Year Ending 12/31	Summary of the Contract Skilled Nursing Facility Population Movements				
	Beginning Number of Residents	Permanent Transfers from Independent Living	Permanent Transfers from Assisted Living	Deaths	Ending Number of Permanent Residents
2019	39.0	5.8	15.2	20.0	40.0
2020	40.0	5.8	12.5	19.5	38.8
2021	38.8	5.8	11.4	18.6	37.5
2022	37.5	5.7	11.0	17.7	36.5
2023	36.5	5.7	11.0	17.2	36.0
2024	36.0	5.7	11.1	16.9	36.0
2025	36.0	5.7	11.1	16.7	36.1
2026	36.1	5.8	11.1	16.7	36.3
2027	36.3	5.9	11.2	16.6	36.7
2028	36.7	5.9	11.4	16.7	37.3
2029	37.3	5.9	11.6	16.9	37.9
2030	37.9	5.9	11.8	17.2	38.4
2031	38.4	5.9	12.0	17.4	38.9
2032	38.9	5.9	12.1	17.6	39.2
2033	39.2	5.9	12.1	17.7	39.5
2034	39.5	6.0	12.1	17.8	39.8
2035	39.8	6.0	12.1	17.9	40.0
2036	40.0	6.0	12.1	18.0	40.1
2037	40.1	6.0	12.2	18.1	40.2
2038	40.2	6.0	12.2	18.2	40.2
2039	40.2	6.0	12.2	18.2	40.1
2040	40.1	6.0	12.1	18.2	40.0
2041	40.0	6.0	12.1	18.2	40.0
2042	40.0	6.0	12.1	18.1	40.0
2043	40.0	6.0	12.1	18.1	40.0
2044	40.0	6.0	12.2	18.1	40.0
2045	40.0	6.0	12.2	18.1	40.1
2046	40.1	6.0	12.2	18.1	40.1
2047	40.1	6.0	12.2	18.2	40.1
2048	40.1	6.0	12.2	18.2	40.2

APPENDIX B

OPEN GROUP PROJECTION - EXPANSION

As of September 30, 2018

Glenaire -- Open Group Projection -- Expansion

Fiscal Year Ending 12/31	Community Occupancy Summary					
	Independent Living Unit					
	Number of Residents	Number of Units	Occupancy Rate	Density Ratio	Units Released	New Units Occupied
2019	0.0	0.0	0.0%	0.00	0.0	0.0
2020	0.0	0.0	0.0%	0.00	0.0	0.0
2021	0.0	0.0	0.0%	0.00	0.0	0.0
2022	0.0	0.0	0.0%	0.00	0.0	0.0
2023	316.2	182.0	94.8%	1.74	1.1	183.1
2024	309.6	182.0	94.8%	1.70	3.2	3.2
2025	301.6	182.0	94.8%	1.66	4.5	4.5
2026	294.0	182.0	94.8%	1.62	5.2	5.2
2027	286.9	182.0	94.8%	1.58	5.9	5.9
2028	280.2	182.0	94.8%	1.54	6.7	6.7
2029	274.0	182.0	94.8%	1.51	7.6	7.6
2030	268.5	182.0	94.8%	1.48	8.6	8.6
2031	263.6	182.0	94.8%	1.45	9.8	9.8
2032	259.7	182.0	94.8%	1.43	11.0	11.0
2033	256.7	182.0	94.8%	1.41	12.3	12.3
2034	254.7	182.0	94.8%	1.40	13.4	13.4
2035	253.7	182.0	94.8%	1.39	14.4	14.4
2036	253.5	182.0	94.8%	1.39	15.2	15.2
2037	254.1	182.0	94.8%	1.40	15.8	15.8
2038	255.1	182.0	94.8%	1.40	16.1	16.1
2039	256.4	182.0	94.8%	1.41	16.2	16.2
2040	257.7	182.0	94.8%	1.42	16.1	16.1
2041	258.9	182.0	94.8%	1.42	15.9	15.9
2042	259.9	182.0	94.8%	1.43	15.6	15.6
2043	260.6	182.0	94.8%	1.43	15.3	15.3
2044	260.9	182.0	94.8%	1.43	15.0	15.0
2045	261.0	182.0	94.8%	1.43	14.8	14.8
2046	260.9	182.0	94.8%	1.43	14.6	14.6
2047	260.6	182.0	94.8%	1.43	14.6	14.6
2048	260.2	182.0	94.8%	1.43	14.5	14.5

Glenaire -- Open Group Projection -- Expansion

Fiscal Year Ending 12/31	Community Occupancy Summary					
	Assisted Living and Memory Care Unit			Skilled Nursing Facility		
	Number of Permanent Residents	Number of Temporary Residents	Occupancy Rate	Number of Permanent Residents	Number of Temporary Residents	Occupancy Rate
2019	0.0	0.0	0.0%	0.0	0.0	0.0%
2020	0.0	0.0	0.0%	0.0	0.0	0.0%
2021	0.0	0.0	0.0%	0.0	0.0	0.0%
2022	0.0	0.0	0.0%	0.0	0.0	0.0%
2023	1.3	0.0	2.6%	0.7	1.9	3.6%
2024	4.7	0.0	9.7%	2.6	3.6	8.8%
2025	8.6	0.0	17.6%	5.1	4.0	12.7%
2026	11.9	0.0	24.2%	7.5	4.3	16.6%
2027	14.6	0.0	29.7%	9.8	4.6	20.4%
2028	16.9	0.0	34.4%	12.3	4.9	24.3%
2029	18.8	0.0	38.4%	15.0	5.2	28.3%
2030	20.6	0.0	42.1%	17.5	5.3	32.2%
2031	22.4	0.0	45.7%	20.1	5.4	35.9%
2032	24.0	0.0	49.0%	22.6	5.5	39.5%
2033	25.5	0.0	52.1%	25.0	5.6	43.0%
2034	26.8	0.0	54.8%	27.2	5.7	46.3%
2035	27.9	0.0	57.0%	29.1	5.8	49.1%
2036	28.8	0.0	58.8%	30.6	5.8	51.3%
2037	29.4	0.0	60.0%	31.8	5.9	53.0%
2038	29.7	0.0	60.5%	32.5	5.9	54.1%
2039	29.6	0.0	60.5%	33.0	5.9	54.8%
2040	29.4	0.0	60.0%	33.2	5.9	55.0%
2041	29.0	0.0	59.2%	33.1	5.8	54.9%
2042	28.5	0.0	58.3%	32.9	5.8	54.5%
2043	28.1	0.0	57.3%	32.5	5.8	53.9%
2044	27.7	0.0	56.5%	32.1	5.7	53.2%
2045	27.4	0.0	55.9%	31.6	5.7	52.6%
2046	27.2	0.0	55.5%	31.3	5.7	52.1%
2047	27.1	0.0	55.4%	31.1	5.7	51.8%
2048	27.1	0.0	55.4%	30.9	5.7	51.6%

Glenaire -- Open Group Projection -- Expansion

Fiscal Year Ending 12/31	Number of Days In Each Level of Care					
	Independent Living Unit Days	Assisted Living and Memory Care Unit		Skilled Nursing Facility		
		Permanent Days	Temporary	Permanent Days	Temporary Days	
		Contract Residents	Contract Days	Contract Residents	Contract Residents	Direct Admit Residents
2019	0	0	0	0	0	0
2020	0	0	0	0	0	0
2021	0	0	0	0	0	0
2022	0	0	0	0	0	0
2023	31,745	236	0	122	692	0
2024	88,294	1,100	0	594	1,331	0
2025	111,625	2,441	0	1,394	1,460	0
2026	108,770	3,741	0	2,283	1,574	0
2027	106,090	4,827	0	3,157	1,687	0
2028	103,570	5,739	0	4,050	1,803	0
2029	101,221	6,513	0	4,985	1,885	0
2030	99,075	7,203	0	5,936	1,933	0
2031	97,176	7,855	0	6,872	1,972	0
2032	95,570	8,474	0	7,792	2,003	0
2033	94,299	9,045	0	8,691	2,033	0
2034	93,388	9,561	0	9,528	2,072	0
2035	92,839	10,006	0	10,269	2,108	0
2036	92,625	10,366	0	10,897	2,130	0
2037	92,697	10,628	0	11,393	2,139	0
2038	92,986	10,782	0	11,747	2,148	0
2039	93,411	10,827	0	11,969	2,150	0
2040	93,892	10,778	0	12,083	2,139	0
2041	94,356	10,664	0	12,107	2,129	0
2042	94,751	10,510	0	12,053	2,120	0
2043	95,047	10,341	0	11,942	2,107	0
2044	95,233	10,184	0	11,795	2,091	0
2045	95,313	10,059	0	11,637	2,082	0
2046	95,304	9,973	0	11,495	2,078	0
2047	95,229	9,923	0	11,392	2,078	0
2048	95,115	9,909	0	11,326	2,080	0

Glenaire -- Open Group Projection -- Expansion

Fiscal Year Ending 12/31	Average Age of Residents at the End of the Year									
	Independent Living Unit		Assisted Living and Memory Care Unit				Skilled Nursing Facility			
			Contract Residents		Direct Admit Residents		Contract Residents		Direct Admit Residents	
	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2023	77.25	75.44	77.41	75.65	N/A	N/A	77.17	76.04	N/A	N/A
2024	77.78	75.97	78.21	76.50	N/A	N/A	77.93	76.87	N/A	N/A
2025	78.73	76.92	79.10	77.43	N/A	N/A	78.82	77.75	N/A	N/A
2026	79.63	77.82	80.06	78.44	N/A	N/A	79.82	78.68	N/A	N/A
2027	80.48	78.68	81.01	79.45	N/A	N/A	80.89	79.62	N/A	N/A
2028	81.27	79.48	81.90	80.44	N/A	N/A	82.00	80.57	N/A	N/A
2029	81.97	80.22	82.74	81.40	N/A	N/A	83.08	81.50	N/A	N/A
2030	82.56	80.87	83.54	82.32	N/A	N/A	84.09	82.43	N/A	N/A
2031	83.04	81.43	84.31	83.17	N/A	N/A	85.00	83.33	N/A	N/A
2032	83.38	81.88	85.07	83.96	N/A	N/A	85.80	84.21	N/A	N/A
2033	83.58	82.23	85.79	84.69	N/A	N/A	86.51	85.04	N/A	N/A
2034	83.64	82.47	86.44	85.35	N/A	N/A	87.15	85.83	N/A	N/A
2035	83.60	82.61	86.97	85.96	N/A	N/A	87.75	86.56	N/A	N/A
2036	83.46	82.67	87.39	86.52	N/A	N/A	88.29	87.24	N/A	N/A
2037	83.27	82.66	87.69	87.01	N/A	N/A	88.75	87.87	N/A	N/A
2038	83.06	82.61	87.89	87.44	N/A	N/A	89.12	88.44	N/A	N/A
2039	82.87	82.53	87.97	87.78	N/A	N/A	89.39	88.94	N/A	N/A
2040	82.71	82.43	87.94	88.05	N/A	N/A	89.56	89.38	N/A	N/A
2041	82.60	82.35	87.83	88.23	N/A	N/A	89.64	89.74	N/A	N/A
2042	82.54	82.28	87.66	88.30	N/A	N/A	89.63	90.03	N/A	N/A
2043	82.52	82.22	87.46	88.29	N/A	N/A	89.54	90.23	N/A	N/A
2044	82.54	82.19	87.26	88.21	N/A	N/A	89.42	90.33	N/A	N/A
2045	82.58	82.17	87.08	88.10	N/A	N/A	89.28	90.34	N/A	N/A
2046	82.63	82.18	86.95	87.96	N/A	N/A	89.15	90.29	N/A	N/A
2047	82.69	82.19	86.88	87.82	N/A	N/A	89.03	90.21	N/A	N/A
2048	82.75	82.22	86.87	87.69	N/A	N/A	88.94	90.10	N/A	N/A

Glenaire -- Open Group Projection -- Expansion

Fiscal Year Ending 12/31	Summary of the Independent Living Unit Population Movements						
	Beginning Number of Residents	New Entrants	Deaths	With- drawals	Permanent Transfers to Assisted Living and Memory Care Unit	Permanent Transfers to Skilled Nursing Facility	Ending Number of Permanent Residents
2019	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2020	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2021	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2023	0.0	320.4	1.2	1.1	1.3	0.7	316.2
2024	316.2	5.6	3.6	2.8	3.8	1.9	309.6
2025	309.6	7.9	4.8	3.5	5.1	2.6	301.6
2026	301.6	9.0	5.1	3.3	5.5	2.7	294.0
2027	294.0	10.3	5.3	3.2	5.9	2.9	286.9
2028	286.9	11.6	5.6	3.0	6.6	3.2	280.2
2029	280.2	13.3	5.8	2.8	7.4	3.5	274.0
2030	274.0	15.1	5.9	2.8	8.3	3.7	268.5
2031	268.5	17.2	6.0	2.7	9.2	4.0	263.6
2032	263.6	19.3	6.1	2.7	10.2	4.3	259.7
2033	259.7	21.5	6.1	2.7	11.2	4.5	256.7
2034	256.7	23.4	6.1	2.7	12.1	4.6	254.7
2035	254.7	25.2	6.0	2.7	12.9	4.7	253.7
2036	253.7	26.6	6.0	2.7	13.4	4.7	253.5
2037	253.5	27.7	6.0	2.7	13.7	4.8	254.1
2038	254.1	28.2	6.0	2.7	13.8	4.8	255.1
2039	255.1	28.4	6.0	2.7	13.7	4.7	256.4
2040	256.4	28.2	6.0	2.7	13.5	4.7	257.7
2041	257.7	27.9	6.0	2.7	13.2	4.7	258.9
2042	258.9	27.3	6.0	2.7	13.0	4.7	259.9
2043	259.9	26.8	6.0	2.7	12.8	4.6	260.6
2044	260.6	26.3	6.0	2.7	12.6	4.6	260.9
2045	260.9	25.9	6.0	2.7	12.4	4.6	261.0
2046	261.0	25.6	6.0	2.7	12.4	4.6	260.9
2047	260.9	25.5	6.0	2.7	12.4	4.6	260.6
2048	260.6	25.4	6.0	2.7	12.4	4.6	260.2

Fiscal Year Ending 12/31	Summary of the Contract Assisted Living and Memory Care Unit Population Movements				
	Beginning Number of Residents	Permanent Transfers from Independent Living	Deaths	Permanent Transfers to Skilled Nursing Facility	Ending Number of Permanent Residents
2019	0.0	0.0	0.0	0.0	0.0
2020	0.0	0.0	0.0	0.0	0.0
2021	0.0	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0	0.0
2023	0.0	1.3	0.0	0.0	1.3
2024	1.3	3.8	0.1	0.2	4.7
2025	4.7	5.1	0.5	0.8	8.6
2026	8.6	5.5	0.8	1.4	11.9
2027	11.9	5.9	1.2	2.0	14.6
2028	14.6	6.6	1.5	2.8	16.9
2029	16.9	7.4	1.8	3.6	18.8
2030	18.8	8.3	2.1	4.4	20.6
2031	20.6	9.2	2.4	5.1	22.4
2032	22.4	10.2	2.7	5.9	24.0
2033	24.0	11.2	3.0	6.8	25.5
2034	25.5	12.1	3.2	7.6	26.8
2035	26.8	12.9	3.5	8.2	27.9
2036	27.9	13.4	3.8	8.7	28.8
2037	28.8	13.7	4.0	9.1	29.4
2038	29.4	13.8	4.2	9.3	29.7
2039	29.7	13.7	4.3	9.4	29.6
2040	29.6	13.5	4.3	9.4	29.4
2041	29.4	13.2	4.3	9.3	29.0
2042	29.0	13.0	4.3	9.2	28.5
2043	28.5	12.8	4.2	9.0	28.1
2044	28.1	12.6	4.1	8.8	27.7
2045	27.7	12.4	4.1	8.7	27.4
2046	27.4	12.4	4.0	8.6	27.2
2047	27.2	12.4	3.9	8.5	27.1
2048	27.1	12.4	3.9	8.5	27.1

Glenaire -- Open Group Projection -- Expansion

Fiscal Year Ending 12/31	Summary of the Contract Skilled Nursing Facility Population Movements				
	Beginning Number of Residents	Permanent Transfers from Independent Living	Permanent Transfers from Assisted Living and Memory Care	Deaths	Ending Number of Permanent Residents
2019	0.0	0.0	0.0	0.0	0.0
2020	0.0	0.0	0.0	0.0	0.0
2021	0.0	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0	0.0
2023	0.0	0.7	0.0	0.0	0.7
2024	0.7	1.9	0.2	0.2	2.6
2025	2.6	2.6	0.8	0.9	5.1
2026	5.1	2.7	1.4	1.7	7.5
2027	7.5	2.9	2.0	2.6	9.8
2028	9.8	3.2	2.8	3.5	12.3
2029	12.3	3.5	3.6	4.4	15.0
2030	15.0	3.7	4.4	5.5	17.5
2031	17.5	4.0	5.1	6.6	20.1
2032	20.1	4.3	5.9	7.7	22.6
2033	22.6	4.5	6.8	8.8	25.0
2034	25.0	4.6	7.6	10.0	27.2
2035	27.2	4.7	8.2	11.0	29.1
2036	29.1	4.7	8.7	11.9	30.6
2037	30.6	4.8	9.1	12.7	31.8
2038	31.8	4.8	9.3	13.3	32.5
2039	32.5	4.7	9.4	13.7	33.0
2040	33.0	4.7	9.4	13.9	33.2
2041	33.2	4.7	9.3	14.1	33.1
2042	33.1	4.7	9.2	14.1	32.9
2043	32.9	4.6	9.0	14.0	32.5
2044	32.5	4.6	8.8	13.9	32.1
2045	32.1	4.6	8.7	13.7	31.6
2046	31.6	4.6	8.6	13.6	31.3
2047	31.3	4.6	8.5	13.4	31.1
2048	31.1	4.6	8.5	13.3	30.9

40.4 Appendix D – Representative Continuing Care Contract



An Affiliate of The Presbyterian Homes, Inc.

RESIDENCE AND CARE AGREEMENT

THIS RESIDENCE AND CARE AGREEMENT ("Agreement"), is made and entered into this _____ day of _____, 20____, by and between

resident(s) of _____ County, State of _____, hereinafter referred to as "Resident" (if husband and wife, or two other persons enter into this Agreement, the term "Resident" shall apply to them collectively unless the context otherwise requires) and GLENAIRE, INC., a North Carolina non-profit corporation, hereinafter referred to as "Corporation."

WITNESSETH:

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

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

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

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

NOW, THEREFORE, Resident and Corporation agree as follows:

1. ACCOMMODATIONS AND SERVICES

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

follows:

(a) **Living Accommodation.**

Type: _____

Residence Number: _____

Description: _____

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

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

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

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

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

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

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

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

- (h) **Groundskeeping.** Corporation will furnish basic groundskeeping service for the grounds of Glenaire, including lawn, tree, and shrubbery care. Subject to approval by Corporation, Resident may plant and maintain certain areas designated by Corporation for such purpose.
- (i) **Parking.** Corporation will provide parking areas for the Residents' personal vehicle (limited to one vehicle for each individual Resident) and parking for guests.
- (j) **Common Facilities.** Corporation will provide common facilities for the use and benefit of all Residents such as a central dining room, central kitchen, living room, post office, multi-purpose room, Chapel, lounges, and sitting areas.
- (k) **Transportation.** Corporation will provide limited local transportation for residents on a regular, scheduled basis. Certain charges may apply depending on the destination. Additional charges may be made for transportation for special, personal, or group trips.
- (l) **Activities.** Social, recreational, spiritual, educational, and cultural activities will be planned for the Residents.
- (m) **Nursing and Health Care.** Corporation will provide nursing and health care for each Resident as follows:
- (i) A Health Center will be provided for the benefit of the Residents. The Health Center will consist of accommodations, equipment, and staffing necessary for assisted living and skilled nursing care. The Corporation will use its best efforts to provide private accommodations when available when the Resident requires assisted living care. Depending on availability, private or semi-private accommodations will be provided when the Resident requires skilled nursing care. Notwithstanding the foregoing, Corporation reserves the right

from time to time to temporarily place Resident in reasonably comparable healthcare facilities outside of Glenaire in the event either assisted living or skilled nursing accommodations are not currently available due to demand.

- (ii) A twenty-four (24) hour nursing staff will be maintained in the Health Center. The Health Center is staffed to provide general duty nursing care which means that nurses and other staff must attend to multiple residents with various needs. The nursing care is not intended to provide individual attention to any one specific Resident on a regular basis or for prolonged periods of time. The Resident, subject to approval of Corporation, is responsible for acquiring (hiring, termination, and compensation) the assistance of private duty sitters or nurses if the Resident requires or prefers individual and/or full-time care and assistance. Private duty sitters, nurses, or other third parties hired by Resident must abide by all rules and regulations of the Corporation and Corporation reserves the right to bar any such parties from Corporation's facilities at any time.
- (iii) The overall coordination and provision of health care services by Corporation will be provided by a Medical Director who will be a licensed physician selected by Corporation.
- (iv) Charges for Health Care accommodations and services in this Paragraph shall be set forth in Paragraph 2(e) of this Agreement. Other health care services will be made available to the Resident at the Resident's expense including, but not limited to, pharmacy services, laboratory tests, physical therapy, occupational therapy, and rehabilitative treatments.
- (v) Glenaire has open staff privileges and a Resident may select a duly licensed physician of their choice; however, a Medical Director is provided by the facility for those wishing to use their services. Resident is responsible for all charges for services provided by the Medical Director or any other physicians.
- (vi) Residents have the right by law (NC General Statute 90-21.16(6)) to elect the officially recognized "Do Not Resuscitate Order" as certified by the Resident's attending physician.

2. FINANCIAL ARRANGEMENTS

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

<u>Entrance Fee Option</u>	<u>Amount of Entrance Fee</u>	<u>Amortization Schedule</u>
1. Standard	\$ _____	2% per month for 48 months less a 4% non-refundable fee
2. 50% Refundable	\$ _____	2% per month for 23 months less a 4% non-refundable fee. Refund never less than 50%, except for those possible offsets and reductions described in this Agreement.
3. 90% Refundable	\$ _____	1% per month for 6 months less a 4% non-refundable fee. Refund never less than 90%, except for those possible offsets and reductions described in this Agreement.

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

- (b) **Monthly Charge.** In addition to the Entrance Fee and any other charges provided for under this Agreement, Resident agrees to pay a monthly charge during the term of this Agreement which shall be payable in advance by the 15th day of each month ("Monthly Charge"). As of the date of this Agreement, Corporation projects that the Monthly Charge associated with the Living Accommodation will be approximately \$ _____ per month, and an additional \$ _____ per month if a second Resident occupies the Living Accommodation. The Monthly Charge may be adjusted by Corporation prior to occupancy of the Living Accommodation by the Resident if changes in the projected costs of providing the services at Glenaire so require. The Monthly Charge is also subject to change during the term of this Agreement as described in Paragraph 2(c) below.
- (c) **Adjustments in the Monthly Charge.** The Monthly Charge is assessed to provide the Living Accommodations, facilities, meals, programs and services described in this Agreement and is intended to meet the cost of insurance, maintenance, administration, staffing, and other expenses including debt service associated with the operation and management of Corporation and Glenaire. Corporation shall have the authority to adjust the Monthly Charge from time to time during the term of this Agreement as Corporation in its discretion deems necessary in order to reflect changes in the costs of providing the facilities, programs and services described herein consistent with operating on a sound financial basis and maintaining the

quality of services called for herein. Corporation shall have the right to adjust the Monthly Charge pursuant to this Agreement notwithstanding Resident's voluntary or involuntary absence from the facility. In the event that it should be determined that Corporation is required to pay ad valorem taxes upon its property, the Monthly Charge may be adjusted to reflect the amount of such taxes. Any increase in the Monthly Charge may be made by Corporation upon thirty (30) days written notice to the Resident. In the event Resident resides outside of Corporation's facilities for a period of fourteen (14) or more consecutive days, Corporation shall provide credit for meals. The amount of credit shall be determined by Corporation in its sole discretion.

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

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

- (i) Corporation shall establish and publish per diem rates for accommodations and services in the Health Center, such rates will take into account rates being charged in other comparable nursing centers and the costs of operation of Glenaire.
 - (ii) If a Resident is transferred to the Health Center for nursing care, Resident shall continue to pay the Monthly Charge associated with the type of Living Accommodation described in Paragraph 1(a) of this Agreement for the first 14 days (whether or not consecutive) of occupancy (to be known as "grace days") in the Health Center each year (the term "year" as used herein means each applicable calendar year during the continuance of this Agreement). During such 14-day period ("grace days"), the Resident will not be required to pay a per diem charge for occupancy in the Health Center but shall pay for other services not normally covered by the Monthly Charge or by the per diem charge for Residents. Credit for any unused portion of the 14 "grace days" per year may not be carried forward to successive years. However, in those circumstances where Resident has insurance (including but not limited to Medicare) that will pay the per diem charge for occupancy in the Health Center, Resident shall first be required to use all applicable insurance benefits to satisfy the customary per diem charge for occupancy prior to the application of any grace days in any given year.
 - (iii) In the event that a Resident shall occupy an accommodation for nursing care within the Health Center for more than 14 "grace days" in any year, then upon the expiration of such 14 "grace days", Resident shall thereafter pay 80 percent of the amount of the published per diem rate for nursing care accommodation

occupied by the Resident, plus charges for other services not included in such per diem rate. Following the 14 “grace days”, the Resident shall have the option of surrendering the Living Accommodation, at which time the Monthly Charge shall be terminated. If the Living Accommodation is not surrendered, the Resident shall be responsible for both the Living Accommodation Monthly Charge and the applicable per diem rate for the nursing care accommodations. The Resident shall have no right to occupy the Living Accommodation more than ninety (90) days after the expiration of the 14 “grace days” without the approval of Corporation and Resident agrees to surrender the Living Accommodation to Corporation upon request on or after such ninety (90) day period unless otherwise approved by Corporation. If required to vacate the Living Accommodation, as determined in the sole discretion of Corporation, Resident agrees to fully cooperate in relocating his/her personal property and effects from such residence. Should Corporation subsequently determine upon the opinion of the Medical Director and the Executive Director of Glenaire that Resident can resume occupancy in a residential living accommodation, the Resident will have priority to a comparable accommodation, as determined by Corporation, as soon as it becomes available. When one of two Residents occupying the same Living Accommodation is transferred to the Health Center, the Resident remaining in the Living Accommodation shall continue to pay the Monthly Charge in effect associated with such Living Accommodation based on single occupancy.

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

3. **ADMISSIONS REQUIREMENTS**

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

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

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

- (c) **Application, Health History, and Financial Statement.** Resident shall submit within 30 days of execution of this Agreement for review by the Admissions Committee appointed by Corporation, an Application for Admission, a Personal Health History, and a Confidential Financial Statement, all on forms furnished by Corporation. During the term of this Agreement, Corporation reserves the right to require Resident and Resident agrees to provide Corporation with an updated Confidential Financial Statement within 60 days upon written request, provided however, Corporation will not require Resident to provide an updated Confidential Financial Statement more than one time in any 12-month period.
- (d) **Notification.** Corporation shall review the Application for Admission, the Personal Health History, the Confidential Financial Statement, and the results of the personal interviews and will notify Resident whether Resident meets the admission requirements as determined in Corporation's sole discretion. If Resident does not meet Corporation's admissions requirements, this Agreement shall be null and void and Resident shall receive a refund of any Entrance Fee deposit previously paid.
- (e) **Health Requirements.** Prior to admission for residency at Glenaire, Resident shall submit a report of a physical examination of the Resident made by a physician selected by the Resident within sixty (60) days of the projected occupancy date. Such report shall include a statement by such physician that the Resident is in good health and is able to take care of himself or herself in normal living activities. Corporation may require the Resident to have another physical examination by the Medical Director or by another physician approved by Corporation. The Resident shall be responsible for the costs of such physical examinations. If the health of Resident as disclosed by such physical examination differs materially from that disclosed in any Resident's Application for Admission or Personal Health History, Corporation shall have the right to decline admission of the Resident and/or to terminate this Agreement, or at the discretion of Corporation, permit Resident to take occupancy at Glenaire in suitable accommodations to the needs of Resident.
- (f) **Financial Requirements.** The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations of the Resident under this Agreement and to meet ordinary living expenses of the Resident. Corporation may require the Resident to furnish current financial information at any time prior to occupancy.
- (g) **Representations.** The Resident affirms that the representations made in the Application for Admission, Personal Health History and Confidential Financial Statement are true, correct, and complete and will be relied upon by Corporation as a

basis for entering into this Agreement.

4. TERMS OF RESIDENCY

- (a) **Rights of Resident.** The Resident has the right to occupy and enjoy the Living Accommodation described in Paragraph 1(a) of this Agreement subject to Resident's transfer to the Health Center pursuant to Paragraphs 2(e) and 5(a), or the termination provisions of this Agreement, or any other term or condition of this Agreement. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by Corporation other than the right to use or occupy the Living Accommodation in accordance with the terms hereof. The Resident agrees that the rights of the Resident under this Agreement are subject to and subordinate to the rights of a lender under any mortgage or deed of trust now or hereafter executed by Corporation or its affiliates creating a lien on any property of Corporation.
- (b) **Rules and Regulations.** The Resident will abide by Corporation's rules and regulations and such reasonable amendments, modifications, and changes of the rules and regulations as may hereafter be adopted by Corporation in the exercise of its sole discretion. . Resident acknowledges that the Corporation has a "Tobacco Free Campus Policy" which prohibits the use of tobacco products anywhere on the Corporation's campuses including Resident's Living Accommodation.
- (c) **Changes in Living Accommodations.** Corporation has the right to change the Living Accommodation to meet the requirements of any applicable statutes, laws, rules or regulations. The Living Accommodation may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.
- (d) **Visitors.** Except for short term visitors or guests, no person other than the Resident may reside in the Living Accommodation without the written approval of Corporation.
- (e) **Loss of Property.** Corporation shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. It is understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss.
- (f) **Occupancy by Two Residents.** In the event that two Residents occupy a Living Accommodation under the terms of this Agreement, upon the permanent transfer to the Health Center or the death of one such Resident, or in the event of the termination of this Agreement with respect to one of such Resident, the Agreement shall continue in effect as to the remaining or surviving Resident. The remaining Resident may request a transfer to another type of living accommodation, subject to availability, pursuant to Paragraph 5(e) of this Agreement. The remaining or surviving Resident will thereafter pay the Monthly Charge for one Resident associated with the independent Living Accommodation occupied by the Resident.

- (g) **Medical Insurance.** The Resident shall maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to Corporation with evidence of such coverage to be provided to Corporation upon execution of this Agreement and thereafter from time to time upon request.
- (h) **Marriage During Occupancy.** If a Resident while occupying a Living Accommodation marries another Resident or elects to share a Living Accommodation with a person who is also a Resident, the two Residents may occupy the Living Accommodation of either Resident and shall surrender the Living Accommodation not to be occupied by them. No refund will be payable with respect to the Living Accommodation surrendered. Such Residents will pay the Monthly Charge for double occupancy associated with the Living Accommodation occupied by them. In the event that a Resident shall marry or elect to share a Living Accommodation with a person who is not a Resident of Glenaire, the non-resident spouse/cohabitant may become a Resident if such spouse/cohabitant meets all of the then current requirements for admission to Glenaire, enters into a then current version of the Residence and Care Agreement with Corporation and pays an Entrance Fee in an amount determined by Corporation in its discretion but in any event no more than two-thirds (2/3) of the then current Entrance Fee associated with the type of Living Accommodation to be occupied by the Resident and non-resident spouse/cohabitant. If the Resident's spouse/cohabitant shall not meet the requirements of Glenaire for admission as a Resident, the current Resident may terminate this Agreement pursuant to Paragraph 7.
- (i) **Right of Entry.** Resident hereby authorizes Corporation, including its employees and agents of Glenaire, to enter the Living Accommodation for purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency.

5. TRANSFER OR CHANGES IN LEVELS OF CARE

- (a) **Transfer to Health Center.** The Resident agrees that Corporation shall have the authority to determine whether the Resident should be transferred from the Resident's Living Accommodation to the Health Center or from one level of care to another level of care within the Health Center. Such determination shall be based on the professional opinion of Glenaire's Medical Director and the Executive Director of Glenaire and shall be made only after consultation to the extent practical with the Resident, a representative of the Resident's family or the sponsor of the Resident, and Resident's attending physician.
- (b) **Transfer to Hospital or Other Facility.** If it is determined that the Resident needs care beyond that which can be provided by the facility and personnel of Glenaire, the Resident may be transferred to a hospital, center or institution equipped to give such care, which care will be at the expense of the Resident. Such transfer of the Resident

will be made upon orders from Glenaire's Medical Director after consultation to the extent possible with the Resident, a representative of the Resident's family or the sponsor of the Resident, and the Resident's attending physician.

- (c) **Surrender of Living Accommodation.** If a determination is made by Corporation that any transfer described in Paragraph 5(a) or 5(b) is permanent, the Resident agrees to surrender the Living Accommodation or the accommodation in the Health Center occupied by the Resident upon 30 days prior written notice from Corporation to Resident. If Corporation subsequently determines upon the opinion of the Medical Director and the Executive Director that the Resident can resume occupancy in accommodations comparable to those occupied by the Resident prior to such transfer, the Resident shall have priority to such accommodations as soon as they become available.
- (d) **No Refund for Changes in Levels of Care.** Resident acknowledges and agrees that any transfer from one level of care to another within Glenaire (including without limitation a transfer from Resident's current Living Accommodation to assisted or skilled nursing) shall not be deemed a termination of this Agreement nor entitle Resident to a refund or partial refund of their Entrance Fee.
- (e) **Requests for Moves Within Independent Living.** The Corporation will evaluate and consider a Resident's request to move from one Living Accommodation to another within Independent Living. The determination to allow a Resident to move is within the sole discretion of the Corporation.

6. **RIGHT OF RESCISSION**

- (a) **First Thirty Days.** Notwithstanding anything herein to the contrary, Resident may rescind this Agreement within thirty (30) days following the execution of this Agreement (the "Rescission Period"), in which event Resident shall receive a refund of any money paid to Corporation except for any such other nonstandard charges the Resident and Corporation agree in advance shall be nonrefundable. Resident acknowledges that he/she has received, prior to execution of this Agreement, a copy of Glenaire's current Disclosure Statement that meets the requirements of Section 58-64-20, et seq. of the North Carolina General Statutes. Resident is not required to move into the Living Accommodation before the expiration of the Rescission Period. If Resident moves into the Living Accommodation during the Rescission Period and rescinds this Agreement during such thirty (30) day period, Resident will receive a refund of any money paid to Corporation less a service charge as follows:
 - (i) **Entrance Fee.** Resident shall receive a refund of the Entrance Fee paid to Corporation less a service charge as determined by Corporation not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee.

- (ii) **Monthly Charge.** Resident's refund shall be further reduced by the prorated Monthly Charge applicable for the period Resident occupied his/her Living Accommodation.
- (iii) **Nonstandard Costs.** Resident's refund shall be further reduced by any nonstandard costs, if any, specifically incurred by Corporation at the request of Resident consistent with terms and conditions of this Agreement.

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

7. **TERMINATION AND REFUND PROVISIONS**

- (a) **Termination After Rescission Period, Prior to Occupancy.** This Agreement may be terminated by Resident at any time for any reason prior to Resident taking occupancy at Glenaire and after the Rescission Period as set forth in Paragraph 6 by Resident giving written notice to Corporation. This Agreement may be terminated by Corporation at any time prior to the date that the Resident takes occupancy if Corporation determines that the Resident does not meet the physical, mental, or financial requirements for admission. In the event of such termination, Resident shall receive a refund of the Entrance Fee paid by the Resident, less four percent (4%) of the total Entrance Fee as described in Paragraph 2(a) which is the nonrefundable portion of the Entrance Fee: However, if the Resident or the Resident's spouse or roommate dies prior to occupancy, or if on account of illness, injury, incapacity, or financial reversal is precluded from occupying the living accommodation, the contract is automatically terminated. In the event of such termination the full amount of the Entrance Fee paid will be refunded. Any refund due under this paragraph 7(a), shall be paid within sixty (60) days of termination of this Agreement.
- (b) **Termination During Residency Trial Period.** The first sixty (60) days of residency at Glenaire will be considered to be on a trial basis. During such sixty (60) day period, the Resident will have the right to terminate this Agreement by giving Corporation written notice of such termination and Resident shall receive a refund of the Entrance Fee paid less four percent (4%) thereof as a non-refundable fee. During such sixty (60) day period, Corporation shall have the right to terminate this Agreement based on Corporation's determination that Resident's physical or mental condition or emotional adjustment will not permit adaptation to the living environment at Glenaire. In the event of such termination by Corporation as previously described, Corporation will refund the full Entrance Fee Resident paid to Corporation within sixty (60) days after the Living Accommodation has been vacated.
- (c) **Termination After Trial Period.** At any time after the expiration of the first

sixty (60) days of residence at Glenaire, the Resident may terminate the Agreement by giving Corporation thirty (30) days prior written notice of such termination. In the event of such termination, the Resident may be entitled to receive a partial refund. Any partial refund shall be determined and paid as follows: Resident shall receive a refund in an amount equal to the Entrance Fee paid to Corporation less the applicable Amortization percentage set forth in Paragraph 2(a) for the type of Entrance Fee Option selected by Resident thereof for each full calendar month or portion thereof which has elapsed from Resident's Admission Date to the effective date of termination and less four percent (4%) which is the nonrefundable portion of the Entrance Fee. For avoidance of doubt, all Entrance Fee refunds are calculated assuming and based upon full calendar months. Any portion of a calendar month (whether relating to the month of Resident's Admission Date or the month of Resident's termination date of this Agreement) shall be deemed to be full and separate calendar months for purposes of calculating any Entrance Fee refund. The refund shall be made in accordance with the terms set forth in Paragraph 7(f) below. Subject to Paragraph 7(g), Residents who selected the 50% or 90% Refund Option shall receive a refund of no less than 50% or 90%, as applicable, of the Entrance Fee paid to Corporation.

- (d) **Termination Upon Death.** This Agreement shall automatically terminate upon the death of the Resident, provided, however, in the event that two Residents occupy a Living Accommodation under the terms of this Agreement, the Agreement shall continue in effect as to the remaining or surviving Resident. A refund, if applicable, shall be determined in accordance with Paragraph 7(c) above and shall be paid to the Estate of the Resident in accordance with Paragraph 7(f) below.
- (e) **Termination By Corporation.** Corporation may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History or Confidential Financial Statement; if a material change in the Resident's health takes place before occupancy (Admission Date); if the Resident fails to make payment to Corporation of any fees or charges due Glenaire within sixty (60) days of the date when due; if the Resident does not abide by the rules and regulations adopted by Corporation as determined by Corporation; or Resident breaches any of the terms and conditions of this Agreement. In the event of termination for any of such causes the Resident may be entitled to a partial refund of the Entrance Fee paid by the Resident determined in accordance and paid in the same manner as provided in Paragraph 7(c) above.
- (f) **Refund After Living Accommodation Reserved.** Any refund due the Resident under Paragraphs 7(c), 7(d), or 7(e) above will be made at such time as such Resident's Living Accommodation shall have been reserved by a prospective Resident and such prospective Resident shall have paid to Corporation such prospective Resident's Entrance Fee. No interest shall be due or payable on any amount refunded pursuant to this Paragraph 7.

- (g) **Monthly Charge & Nonstandard Costs.** Resident's refund under Paragraphs 7(a) through 7(e) shall be reduced and offset by the amount of all unpaid Monthly Charges and other amounts due and owing Corporation applicable for the period Resident occupied his/her Living Accommodation. Resident's refund shall also be reduced by any nonstandard costs, if any, specifically incurred by Corporation at the request of Resident consistent with terms and conditions of this Agreement. Notwithstanding the termination of this Agreement, Resident (including a deceased Resident) shall be deemed to occupy their Living Accommodation so long as Resident's possessions remain in their Living Accommodation and Resident's Monthly Charge shall continue to accrue as normal. In the event of the death of a Resident, Resident's family or sponsor shall have no more than sixty (60) days to remove Resident's possessions from the Living Accommodation.
- (h) **Condition of Accommodation.** At the effective date of termination of this Agreement, the Resident shall vacate the Living Accommodation and shall leave it in good condition except for normal wear and tear. The Resident shall be liable to Corporation for any cost incurred in restoring the Living Accommodation to good condition, except for normal wear and tear, and such cost may at the election of Corporation be offset against any refund due, if any.
- (i) **Additions and/or Renovations to Facility; Facility Closing.** From time to time, Corporation may require additions and/or renovations to the Glenaire facility. Corporation will use reasonable efforts to minimize the disturbance to its residents, provided however, Resident agrees to cooperate with Corporation in such efforts and if necessary relocate to substantially comparable living accommodations under the terms and conditions of this Agreement. In addition, if it shall become necessary to close or otherwise cease ordinary operations at the Glenaire facility, as determined in the sole discretion of Corporation's management, Resident agrees to allow Corporation to relocate Resident to substantially comparable facilities managed by Corporation within the same general locality and Resident agrees that this Agreement shall remain in full force and effect with respect to such continuing care retirement facility. Resident agrees that any transfer of residency under this paragraph 7(i) shall not cause a termination of this Agreement nor entitle Resident to a full or partial refund of their Entrance Fee.

8. FINANCIAL ASSISTANCE

- (a) **Policy.** Corporation declares that it is the policy of Corporation that this Agreement will not be terminated solely because of the Resident's financial inability to continue to pay the Monthly Charge or other charges payable hereunder by reasons of circumstances beyond the Resident's control, provided, however, this declaration shall not be construed as qualifying the right of Corporation to terminate this Agreement in accordance with the terms hereof. In the event that a Resident presents facts which in the sole opinion of Corporation justify special financial consideration, Corporation will give careful consideration to subsidizing in whole or in part the

Monthly Charge and other charges payable by the Resident hereunder so long as such subsidy can be made without impairing the ability of Corporation to attain its objectives while operating on a sound financial basis. Any determination by Corporation with regard to the granting of financial assistance shall be within the sole discretion of Corporation as set forth under a separate written agreement between Corporation and the Resident regarding such financial assistance. If Corporation requests, Resident agrees to apply for Medicaid, public assistance, or any other reasonably available public benefit program to offset Resident's Monthly Charge or other charges payable hereunder.

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

9. MISCELLANEOUS PROVISIONS

- (a) **Will, Durable Power of Attorney.** Resident is responsible for having made and executed a valid will providing for the distribution of his/her assets and personal effects, such will or other document of instruction shall include adequate provisions regarding proper burial or cremation. Resident shall notify the Executive Director of Glenaire as to the name, address, and telephone number of his/her personal representative. Resident further agrees to execute a valid continuing durable Power-of-Attorney and a health care Power-of-Attorney. Resident shall notify the Executive Director as to the name, address, and telephone number of such designated Attorney(s)-in-Fact.
- (b) **Assignment.** The rights and privileges of the Resident under this Agreement to the facilities, services and programs of Glenaire are personal to the Resident and may not be transferred or assigned by the Resident or otherwise. Corporation reserves the right to transfer or assign this Agreement without the consent of Resident. Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Corporation and the heirs, executors, personal representatives, any Attorney-In-Fact, and administrators of the Resident.
- (c) **Management of Glenaire.** The absolute rights of management of Glenaire are reserved by Corporation, its Board of Directors and its administrators as delegated by said Board of Directors. Corporation reserves the right to accept or reject any person for residency. Residents do not have the right to determine admissions or terms of admission of any other Resident.
- (d) **Entire Agreement.** This Agreement constitutes the entire agreement between Corporation and Resident relating to the subject matter hereof and supersedes all prior negotiations and agreements relative thereto. This Agreement may not be modified or amended except in writing signed by each of the parties. Corporation

shall not be liable or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent Corporation, unless such statements, representations or promises are set forth in this Agreement.

- (e) **Waiver.** Any provision herein may be waived only in writing signed by the party or parties against whom or which enforcement of such waiver is sought. The failure of either party at any time to require the performance by the other party of any provision shall in no way affect the full right to require such performance at any time thereafter, nor shall the waiver by either party of a breach of any provision be taken or held to be a waiver of any succeeding breach of such provision or a waiver of the provision itself or a waiver of any other provision of this Agreement.
- (f) **Guardianship.** If the Resident becomes legally incompetent, or is unable to properly care for himself or herself or his or her property, and if the Resident has made no other designation of a person or legal entity to serve as his or her guardian, then the Resident hereby agrees that Corporation or its designee may initiate legal proceedings relating to Resident's competence and may act as Resident's legal guardian when qualified according to law. Resident agrees to pay to Corporation and its designee any attorneys' fees and other expenses incurred in connection with any such guardianship upon demand.
- (g) **Transfer of Property.** The Resident agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.
- (h) **Attorney's Fees, Costs of Collection.** Resident acknowledges and agrees that he/she shall be obligated to reimburse Corporation for all costs associated with collection of any charges or fees due pursuant to this Agreement, including the cost of reasonable attorney's fees incurred by Corporation as allowed by applicable law.
- (i) **Savings Clause.** If any provision of this Agreement in any way contravenes the laws of any state or jurisdiction, such provision shall be deemed not to be a part of this Agreement in that jurisdiction and Resident agrees to remain bound by all remaining provisions. If any portion of this Agreement shall be deemed to be illegal or should it violate public policy, it is agreed that it shall be interpreted to be legally binding and enforceable to the maximum reasonable extent allowed by law.
- (j) **Survival.** The termination of this Agreement shall not affect the rights and remedies of Corporation and the obligations of Resident under this Agreement incurred prior to such termination, all of the foregoing shall survive such termination including but not limited to all payment obligations of Resident.
- (k) **Governing Law; Venue.** This Agreement shall be governed by the laws of the State of North Carolina. Resident agrees that venue for any legal action or proceeding

relating to this Agreement shall be solely in the state or federal courts sitting in Wake County, North Carolina, and Resident hereby knowingly and voluntarily submits to the jurisdiction of each such court in any such action or proceeding.

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

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

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

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

GLENAIRE, INC.

By: _____
Executive Director

Witness

RESIDENT(S):

_____(Seal)

Print Name: _____

Witness

_____(Seal)

Print Name: _____

Witness

Current Address (Number and Street)

City, State, Zip Code

Telephone Number

40.5 Appendix E – Statutory Ratio and Supporting Definitions

Appendix E— Statutory Ratio and Supporting Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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