



**ABERNETHY
LAURELS**

UNITED CHURCH
HOMES AND SERVICES

Disclosure Statement

March 1, 2020

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

- ◇ This disclosure statement may be delivered until revised, but not after July 29, 2021.
- ◇ This disclosure statement is required by North Carolina law to be delivered to a prospective resident prior to execution of a Residency Agreement.
- ◇ This disclosure statement has not been approved by any government agency or representative to ensure accuracy or completeness of the information set out.

United Church Homes and Services, d/b/a Abernethy Laurels
100 Leonard Avenue, Newton, NC 28658

Phone: 828.464.8260
Toll free: 877.637.7941

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Section I:

Organization Introduction and Information

Corporation Statement

United Church Homes and Services (“UCHS”) is a not-for-profit corporation chartered pursuant to the North Carolina Nonprofit Corporation Act. United Church Homes and Services is sponsored by the United Church of Christ. UCHS was originally incorporated in North Carolina in 1961.

The Corporation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. In the event that the Corporation is assessed sales or use tax on Monthly and/or Daily Fees and/or fees for other services, the Resident will be responsible for all such taxes.

A volunteer Board of Directors governs the Corporation. The Conference Minister of the Southern Conference, with offices in Burlington, North Carolina, serves as an ex-officio member of the Board with voice but no vote. The Corporation is a member of the American Health Care Association, North Carolina Health Care Facilities Association, LeadingAge, LeadingAge North Carolina and the Council for Health and Human Service Ministries of United Church of Christ.

The Corporation is a not-for-profit organization that owns and/or manages continuing care retirement communities in Newton (Abernethy Laurels), Thomasville (Piedmont Crossing), North Carolina, and Suffolk (Lake Prince Woods), Virginia, which consist of residential living, adult care (assisted living) and skilled nursing levels of care. The home office of the Corporation is located at 100 Leonard Avenue, Newton, North Carolina, Catawba County 28658. The Corporation employs a President and Chief Executive Officer who is authorized to have full executive power to carry out the policies and directives of the Board of Directors on a day-to-day basis. Each continuing care retirement community (Abernethy Laurels, Piedmont Crossing and Lake Prince Woods,) has an Executive Director employed and authorized to carry on the day-to-day operations of their respective campus. UCHS also provides management services for Carolina SeniorCare, a PACE (Program of All-inclusive Care for the Elderly) center located in Lexington, North Carolina.

Lake Prince At Home, LLC, (herein referred to as LPAH) a limited liability company, organized under the laws of the State of North Carolina, was formed upon the issuance of its articles of organization by the North Carolina Department of the Secretary of State on October 16, 2017. LPAH also registered for authorization to do business in the Commonwealth of Virginia, through the State Corporation Commission, on November 28, 2017. LPAH’s sole member is Lake Prince Center, Inc. LPAH obtained its Home Care Organizational License from the Virginia Department of Health Office of Licensure and Certification, effective August 1, 2018, and Medicare Certification, effective April 25, 2019.

In order to protect the health and safety of all residents, management retains the authority to evacuate and relocate residents upon threat of disasters. In cooperation with local emergency management agencies, Abernethy Laurels maintains a current evacuation plan to be implemented upon threat of pending disasters including, but not limited to, hurricanes or floods, warnings of the movement of airborne hazardous materials due to transportation accidents, or the recognition of unstable conditions at nuclear power plants. All residents must fully cooperate with evacuation plans when the order to evacuate has been issued by management. If any resident fails to cooperate with evacuation plans,

management will take the necessary actions including assistance from law enforcement and emergency management agencies to remove the resident from Abernethy Laurels and transport to another location. No waivers of responsibility will entitle a resident to remain at the Community following an order for emergency evacuation.

The Corporation provides various administrative, accounting and management services, and in most cases sponsorship and start-up funding, for the following entities:

- ◆ Carolina SeniorCare
- ◆ Lake Prince Center, Inc., d.b.a. (“Lake Prince Woods”)
- ◆ United Church Homes and Services Foundation (“Foundation”)

Under the principles of consolidation as set forth by accounting principles generally accepted in the United States of America, the financial statements of Carolina SeniorCare, Lake Prince Woods, and the Foundation are consolidated with the Corporation’s financial statements. Neither the Southern Conference of the United Church of Christ nor any other unit of the United Church of Christ is responsible for financial obligations of the Corporation.

Our Mission

A Christian Ministry providing vibrant living, diverse programs of outreach and compassionate services.

Our Vision

Enriching lives by providing the right services at the right time, in the right setting.

Our Values

- ❖ **Compassion**we treat all individuals with understanding, care and respect
- ❖ **Innovation**.....we are continually changing in order to meet new needs
- ❖ **Integrity**.....we are honest, accountable and transparent in our services, communications, and the fulfillment of our mission
- ❖ **People**we are committed to hiring and investing in dedicated, passionate people
- ❖ **Quality**we strive to provide excellent service surpassing ordinary standards and expectations
- ❖ **Value**.....we aim to be the provider of choice making services accessible to as many as possible

United Church Homes and Services' Board of Directors

The Board of Directors of United Church Homes and Services is comprised of the following members:

BOARD MEMBERS	TELEPHONE NUMBER	TERM EXPIRES
Gregory M. Alcorn c/o GCS Agents 118-B South Main Street Salisbury, NC 28144	704.637.9732 704.647.9621 (B) 704.647.9792 (F)	2020 3 rd Term
J. Ray Deal ❖ 2045 Stuart Court Burlington, NC 27215-4576	336.584.3612 336.584.4448 (B) 336.584.5656 (F)	2020 3 rd Term Past Board Chairperson
Naomi Y. East ❖ 930 25th Avenue Dr. NW Hickory, NC 28601	828.324.7130	2020 3 rd Term Member At Large
Linda Morris ❖ 201 Parkmont Drive Greensboro, NC 27408	336.545.7866 336.541.2838 (C)	2020 3 rd Term Board Chairperson
Kelsey McCleave 3630 Enduring Freedom Drive Raleigh NC 27610	828.218.4285 919.642.6935 (B)	2020 2 nd Term
Anthony J. Branch 16810 Kenton Drive, Suite 100 Huntersville, NC 28078	704.467.5851 (C) 704.655.2343 (B)	2020 1 st Term
Hunter March 908 West Washington Street Suffolk, VA 23434	757.934.0755	2020 Unexpired Term
Brad Thie 2 Paradise Place Durham, NC 27705	828.234.3389 (C)	2021 2 nd Term
Eddie Beard 810 Fairgrove Church Road Hickory, NC 28602	828.326.3800 (B)	2021 1 st Term
Walter Hoffman ❖ 115 East Center Street Lexington, NC 27292	336.225.8868 336.224.2621 (B)	2021 1 st Term Finance Committee Chairperson
Kathy H. Wood 31 First Avenue Hickory, NC 28602	828.244.5578 (C)	2021 1 st Term
Brenda C. Eckard ❖ 2904 Bethany Church Road Claremont, NC 28610	828.464.2727	2022 3 rd Term Board Secretary
Parker D. Howell, III ❖ Post Office Box 2278 Suffolk, VA 23432	757.255.4721 757.620.9264 (M)	2022 3 rd Term Board Vice Chairperson

BOARD MEMBERS	TELEPHONE NUMBER	TERM EXPIRES
Randall L. Orwig Post Office Box 625 Elon, NC 27244	336.584.0391 (B) 336.214.1304 (M)	2022 3 rd Term
James W. Buchanan, Sr. 610 Indian Wells Circle Lexington, NC 27292	336.956.1997	2022 3 rd Term
Gene Hamilton 201 7 th Street, NE Conover, NC 28613	828.612.7601	2022 1 st Term
Julius W. Abernethy, IV * 3781 Dockside Lane Sherrill's Ford, NC 28673	828.461.8701	Abernethy Laurels Advisory Council Chairperson
Cory S. Tobin * 3993 2B Clubhouse Court High Point, NC 27265	336.905.0203	Piedmont Crossing Advisory Council Chairperson
Margie Wiley * 1889 Governor's Point Drive, Suite A Suffolk, VA 23436	757.529.2617 757.809.2130	Lake Prince Woods Advisory Council Chairperson
Edward Davis * 252-B West Fifth Street Burlington, NC 27215	336.343.4066	Southern Conference Minister United Church of Christ

❖ Indicates Member of Executive Committee

* Ex-Officio

By virtue of office:

Past Board Chairperson (voice and vote)

Advisory Council Chairperson(s) (voice and vote)

Southern Conference Minister (voice, no vote)

President and CEO of United Church Homes and Services (voice, no vote)

Executive Assistant/Assistant Secretary of the Corporation (voice, no vote)

Home Office Administration

Lee B. Syria, President and Chief Executive Officer

- ◆ Was named President and CEO of UCHS, effective October 1, 2012 and worked as Interim President and CEO from February 28 through September 30, 2012. Previously served as Senior Vice President of Operations for UCHS since July 2008.
- ◆ Was previously employed with UCHS as Vice President of Human Resources, beginning October 2003, and served as Director of Human Resources with UCHS three years prior to her promotion from the position of Personnel Manager of Abernethy Laurels (UCHS), beginning June 1997.
- ◆ Was named as a certified Consecrated Diakonal Minister through the Council for Health and Human Service Ministries in 2008.
- ◆ Has been a licensed Nursing Home Administrator (NHA) since 2006 and holds an NHA license in the State of North Carolina and in the Commonwealth of Virginia.
- ◆ Earned a Master's Degree in Business Administration from Gardner-Webb University and a Bachelor of Science degree in Business Administration (Healthcare Management) from Appalachian State University.

Joy B. Cline, Chief Marketing and Public Relations Officer

- ◆ Has worked as Chief Marketing and Public Relations Officer since 2011.
- ◆ Was Director of Development and Public Relations at Abernethy Laurels, before accepting the position of Senior Director of Marketing & Sales for United Church Homes and Services in 2008.
- ◆ Was previously employed as Executive Vice President with the Catawba County Chamber of Commerce, Hickory, NC.
- ◆ Was named as a certified Consecrated Diakonal Minister through the Council for Health and Human Service Ministries in 2014.
- ◆ Holds a Bachelor of Arts Degree in Business Administration from Lenoir-Rhyne University.
- ◆ Has been a licensed Nursing Home Administrator in the State of North Carolina since 2008.

Cathy Cooper, Chief Human Resources Officer

- ◆ Has worked as Chief Human Resources Officer since June 22, 2015
- ◆ Was previously Senior Director Human Resources and Transitions of Richfield Hospitality, a hospitality management company based in Denver, Colorado from November 2004 to June 2015.
- ◆ Served in Human Resources and Operations with Hilton Knoxville from 1998-2004 and with Old Town Resorts, Key West, FL in Operations from 1995-1998.
- ◆ Earned the Senior Professional Human Resources (SPHR) designation from HRCI in 2004.
- ◆ Received the SHRM-SCP (Society Human Resources Management Senior Certified Professional) designation in January 2015.
- ◆ Earned a Bachelor of Science in Business Administration degree from LaSalle University.

Stephen T. Paterson, Chief Quality and Compliance Officer

- ◆ Has worked as Chief Quality and Compliance Officer since July 1, 2002.
- ◆ Was previously employed with United Church Homes and Services as Vice President of Administration of Abernethy Laurels since June 23, 1993.
- ◆ Served as Executive Director with Southern California Presbyterian Homes in Glendale, California for six years, and has experience in healthcare management since 1980.
- ◆ Has been a licensed Nursing Home Administrator (NHA) since 1985 and has an NHA license in the State of North Carolina and in the Commonwealth of Virginia.
- ◆ Earned a Master of Health Care Management degree from California State University and a Bachelor of Science degree in Health and Safety Studies.
- ◆ Holds certificates in Health Care Compliance (CHC) and Healthcare Privacy Compliance (CHPC) by the Health Care Compliance Association.

Aimee N. Reimann, Chief Operating Officer

- ◆ Has worked as Chief Operating Officer since June 1, 2013.
- ◆ Was previously employed by UCHS as the Vice President of Home and Community Based Services from April 2011 to June 2013.
- ◆ Was previously employed as the Executive Director of Abernethy Laurels, beginning in January 2008.
- ◆ Was previously employed as Administrator of Lutheran Home in Winston-Salem, North Carolina.
- ◆ Has been a licensed Nursing Home Administrator in the State of North Carolina since 2004.
- ◆ Has experience in various aspects of management since 1998.
- ◆ Earned a Bachelor of Arts degree in Nutrition from Indiana University of Pennsylvania.
- ◆ Holds a Fellows designation from the LeadingAge Leadership Academy.

Gary W. Shull, Chief Financial Officer

- ◆ Became Chief Financial Officer effective January 6, 2005, and served in the position of Controller for a year prior to his promotion.
- ◆ Served in the field of healthcare finance since 1974 and as Chief Financial Officer and/or Corporate Controller in various organizations since 1979.
- ◆ Earned a Bachelor of Science Degree in Accounting from Appalachian State University.

Nancy M. Beard, President, United Church Homes and Services Foundation

- ◆ Has worked as President of the UCHS Foundation since December 2011.
- ◆ Served on the leadership team of LIFESPAN for over ten years, an organization serving children and adults with developmental disabilities.
- ◆ Holds a Certified Fund Raising Executive (CFRE) credential, awarded in 2004
- ◆ Was named as a certified Consecrated Diakonal Minister through the Council for Health and Human Service Ministries in 2014.
- ◆ Holds a Bachelor of Arts Degree from Queens University, Charlotte, NC, where she graduated Magna Cum Laude.
- ◆ Obtained a Certificate in Nonprofit Management from Duke University's Office of Continuing Studies in 2006.

Community Administration

Amber McIntosh, Executive Director, Abernethy Laurels

- ◆ Has worked as the Executive Director of Abernethy Laurels since April 2013.
- ◆ Was previously employed, since 2001 by Lutheran Home-Hickory, Inc., and served most recently as Executive Director for two campuses in Hickory for Lutheran Services Carolinas.
- ◆ Has experience in various aspects of healthcare management since 1991 including Adult Day Health, Assisted Living and Skilled Nursing.
- ◆ Has been a licensed nursing home administrator since 1995.
- ◆ Holds a Bachelor of Science in Business Administration from Appalachian State University.

Judy O. Raymond, Executive Director, Lake Prince Woods

- ◆ Has worked as the Executive Director of Lake Prince Woods since September 2010.
- ◆ Was previously employed, since 1994 by Westminster-Canterbury on Chesapeake Bay, most recently, as Vice President of Resident and Health Services.
- ◆ Has experience in various aspects of healthcare management and senior housing since 1985.
- ◆ Holds a Bachelor of Arts Degree in Leisure Studies from Salisbury State University.
- ◆ Has been a licensed Nursing Home Administrator since 2002.

Douglas P. Russell, Executive Director, Piedmont Crossing

- ◆ Has worked as the Executive Director of Piedmont Crossing since February 2013.
- ◆ Previously worked, since 2008 at Twin Lakes Community, most recently as Healthcare Administrator.
- ◆ Has owned his own business in Atlanta for over 28 years.
- ◆ Has been a licensed nursing home administrator and assisted living administrator since 2009.
- ◆ Certified Aging Services Professional (CASP) since 2011.
- ◆ Holds a Master of Science in Health Services Administration from Central Michigan University and a Bachelor of Science Degree in Business Administration from the University of North Carolina at Chapel Hill.

No member of the Board of Directors of United Church Homes and Services, Home Office Administration or Community Administration has been convicted of a felony or pleaded nolo contendere to a felony charge or have been held liable or enjoined in a civil action by final judgment, where the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property. No member of the Board of Directors of United Church Homes and Services, Home Office Administration or Community Administration is subject to a currently effective injunctive or restrictive court order, or within of an action brought by a government agency or department, where the order or action arose out of or related to business activity of healthcare, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to North Carolina General Statute 58-64-20 or similar law in another state.

In accordance with North Carolina General Statute ("GS") § 58-64-20(a)(3)(b)], through this statement, it is hereby disclosed that no owner, officer, or person managing the Community on a day to day basis has a 10% or greater interest in any other entity or if any other entity has a 10% or greater interest in any owner, officer, or person managing the Community on a day to day basis has or will provide \$500 or more in goods or services to the Community.

Section II: Community Introduction and Information

Abernethy Laurels

102 Leonard Avenue

Newton, NC 28658

Executive Director: Amber McIntosh

Abernethy Laurels combines the peace of a rural setting with the proximity of city life within easy driving distance. The community is nestled on 120 acres with abundant green space and attractive home sites. Abernethy Laurels became operational August 9, 1971, was the first United Church Homes and Services' continuing care retirement community, and has a rich history of quality service and amenities.

Each individual's application for admission is reviewed through an admissions process giving attention to health needs, social interests, along with financial and age requirements.

Abernethy Laurels is located two miles east of downtown Newton, NC, on Highway 16, in the foothills of the Blue Ridge Mountains of North Carolina. From Interstate 40, take Exit 132/NC16. Turn South onto Thornburg Drive/NC16 and travel approximately six miles. Turn left on NC16 South at the Chevrolet dealership. Abernethy Laurels is located approximately one mile on the left.

Health Center	<u>Available</u>	<u>Occupied</u>
Nursing Beds	174	159
Residential Living Units	<u>Available</u>	<u>Occupied</u>
Apartments	41	31
Villas	62	58
Cottages	26	26
Pavilion	<u>Available</u>	<u>Occupied</u>
Apartments	38	25
Studios	22	12
Adult Care	18	15

There are approximately 369 residents residing at the Abernethy Laurels campus as of September 30, 2019, and of this total, approximately 207 residents currently hold a continuing care contract with UCHS.

Section III: Policies

Admissions Policy Statement

Admission to Residential Living Units shall follow the guidelines as established by UCHS. Each individual's Application for Admission is reviewed through an admissions process giving attention to health needs, social interests, financial and age requirements. The financial statement is carefully reviewed to insure that the expenses incurred by residing at the Community would not place a financial hardship on the Resident or the Corporation. The applicant is notified of the decision regarding residency following the application review process. Depending upon the amount of time that has elapsed since the initial acceptance and whether any rate changes have been implemented, an applicant's financial status may be reevaluated.

The following guidelines are used in making a decision regarding approval of an application for admission:

1. Health Needs

An individual's health must be such that he/she is capable of meeting the requirements of residing in the Residential Living Unit that does not include any daily or other living services in the program for this level of living, such as those involving food preparation, housekeeping, medication administration, toileting, mobility, decision-making, shopping, financial management, bathing, dressing, grooming or hygiene. The individual must be able to meet the requirements listed above by himself/herself, or with the assistance of (1) aide, attendant, the Abernethy Laurels' Home Care Agency, Laurels At Home, or other outside support service, which the individual arranges for and follows the Corporation's private duty policy (2) the provision of reasonable accommodations, and/or (3) a reasonable modification of the Residential Living Unit.

2. Social Interests

The individual's interests, temperament and outlook should be such that they will contribute to the Community and will be able to live in harmonious relationship with other residents. It is important to consider the ways the individual will benefit from a social setting provided in a Community and how other residents will benefit from the individual's presence in the community.

3. Financial Requirements

Applicants should have sufficient income and assets to pay for all necessary fees and still be able to continue in their present lifestyle. Expenses related to health conditions and any required support services are carefully considered. If the applicant has a long-term care insurance policy that covers nursing home care this will be considered. A financial analysis is completed utilizing actuarial data. Marginal applicants will be reviewed for the possibility of other alternatives including other UCHS campuses, other Residential Living Units on the desired campus, and other options available for payment. In the event that the Corporation is assessed sales or use tax on Monthly, Daily Fees, and/or fees for other services, the Resident will be responsible for all such taxes.

4. Age Requirements

The age for admission is at least sixty-two (62) years. If application is for two individuals (referred to hereinafter as a “couple”) to occupy one Residential Living Unit, at least one of the two individuals must be at least sixty-two (62) years of age.

Residency Agreement Policies

1. Basic Requirements

(a) Cancellation Prior to Occupancy Due to Death, Illness or Incapacity

If the Residency Agreement is entered into prior to occupancy of the Residential Living Unit and the Resident dies before occupying the Residential Living Unit, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residential Living Unit, the Residency Agreement is automatically cancelled and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to the Corporation:

- (i) less any nonstandard costs specifically incurred by the Corporation at the request of the Resident, and
- (ii) any refund due the Resident for cancellation of the Residency Agreement under these circumstances will be made within forty-five (45) days after receipt by the Corporation of a written notice of the Resident’s death, illness or incapacity.

(b) Cancellation by the Resident Within Thirty (30) Days of Contract Execution:

Notwithstanding any other provision of the Residency Agreement, the Resident may rescind the Residency Agreement within thirty (30) days following the execution of the Residency Agreement (or the receipt of a disclosure statement, if later) in which event any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period a Residential Living Unit was occupied by the Resident;
- (ii) any damage caused to the Residential Living Unit during occupancy or in moving;
- (iii) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (iv) any refund due the Resident under this thirty (30) day provision will be made within forty-five (45) days after receipt by the Corporation of a written notice of cancellation from the Resident. The Resident is not required to move into the Residential Living Unit before the expiration of this thirty (30) day period.

(c) Cancellation by Resident Between Thirtieth (30th) and Ninetieth (90th) Day of Occupancy
During the first ninety (90) days of occupancy, the Resident will have the right to terminate the Residency Agreement by serving the Corporation with written notice of such termination. During the ninety (90) day period, the Corporation also has the right to terminate the Residency Agreement based on its judgment regarding the Resident's ability to adjust to this lifestyle. Any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period the Residential Living Unit was occupied by the Resident;
- (ii) a ten percent (10%) reduction in the initial Residency Fee paid as specified in the selected agreement;
- (iii) cost for repair of any damage caused to the Residential Living Unit during occupancy or in moving;
- (iv) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (v) any refund due the Resident for termination during this period will be made within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for marketing.

(d) Cancellation By the Resident After Ninety (90) Days of Occupancy:

After the ninety (90) day period, this Residency Agreement may be terminated by the Resident at any time by serving the Corporation a sixty (60) day advance written notice of such termination. Any refund due the Resident will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

(e) Terminations By the Corporation:

The Corporation may terminate the Residency Agreement at any time if:

- (i) there has been any material misrepresentation or omission made by the Resident on the Application Form;
- (ii) there is conduct on the part of the Resident that threatens the safety or well-being of the Resident, that of the Resident's neighbors, or employees of the Corporation.

(f) Joint Occupancy of Residential Living Unit:

If another individual ("Other Resident") signs a separate Residency Agreement to share occupancy of the same Residential Living Unit with the Resident, in the event of the death of the Other Resident, or the removal of the Other Resident from the Residential Living Unit on a permanent basis for any reason, the remaining Resident will continue to enjoy all rights, privileges, and obligations of the Residency Agreement. Any refund of the Residency Fee due under either of said Residency Agreements will not be computed until the termination of both Residency Agreements due to death or otherwise, and any refund due under either Residency Agreement will be paid to the Resident or Other Resident who is the last to terminate their Residency Agreement.

2. Changes in Occupancy

- (a) Should the Resident choose to marry and the new spouse is not a resident of the Community, the spouse will be required to submit an application for admission. The spouse would complete the regular admission process including the payment of all fees, which may include but not be limited to the upgraded and readjusted Residency Fee, and the Monthly Fee. If denied, the couple will then have sixty (60) days to make other living arrangements. If the couple must make other living arrangements, any monies to be returned will be paid to the individual who was a contracted resident of the Community. This refund will be paid within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for remarketing.
- (b) Should the Resident choose to marry another resident and the two choose to occupy a single Residential Living Unit, any fees to be returned to the person vacating their Residential Living Unit will be set aside and held by the Corporation for use by that Resident to pay for necessary healthcare expenses should that Resident need nursing care.
- (c) After the Resident has occupied a Residential Living Unit, should the Resident desire to have another individual move in with him/her (including a new spouse), the new individual shall complete the normal admission process including the payment of all fees. If the application for admission is approved, either the original Residency Agreement shall be amended or new Residency Agreements shall be executed which specify the new fees and terms established by the Corporation.
- (d) Should a couple occupying a Residential Living Unit choose to no longer share a single living unit, one of the Residents may remain in the occupied unit with that Resident becoming solely entitled to any refund which may be later due under the Residency Agreement, and that Resident will continue to enjoy all rights, privileges and obligations of said Residency Agreement. A separate and new Residency Agreement must be executed for the Other Resident moving out of the Residential Living Unit and into another Residential Living Unit. Should the Other Resident vacating the Residential Living Unit choose to leave the Community and find other living opportunities, the Other Resident is not entitled to any refund and the Corporation shall have no further obligations to that Resident or their heirs, executors, administrators, or assigns.

3. Residency

- (a) The Corporation agrees the Resident may occupy the Residential Living Unit described in the Residency Agreement, subject to the conditions of the Residency Agreement.
- (b) Upon termination of the Residency Agreement by either party, or upon the death of the Resident, after a new Residency Agreement has been executed by another party for the last Residential Living Unit to have been occupied by the Resident, and all fees due have been paid in full, the Resident or Resident's estate will be entitled to a refund of the Residency Fee, as described in the selected Residency Agreement.

The amount of the refund shall be based upon the length of time that has elapsed from the date the Residency Agreement was signed to the effective date of termination. During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.

- (c) If the Resident, because of changes in circumstances, chooses to move into a different Residential Living Unit where a lesser Residency Fee is required, the Resident may do so but without a refund. If the Resident should choose to move into a different Residential Living Unit where a larger Residency Fee is required, the Resident will pay the difference between the Residency Fee and additional fees based on the amount the Resident paid upon admission and the current Residency Fee for the new Residential Living Unit to be occupied.
- (d) If the Resident occupies the Residential Living Unit for less than ninety (90) days and then moves into the Health Center, the Corporation will retain ten percent (10%) of the Residency Fee. The remainder of the Residency Fee will be set aside for use by the Resident for healthcare expenses.
- (e) If the Resident should move into the Health Center and vacate the Residential Living Unit, regardless of the length of residence in the Residential Living Unit, the Residency Agreement will remain in effect.
- (f) If two persons sign a Residency Agreement for the same Residential Living Unit and one of them should need to move into the Health Center on a permanent basis, the Resident remaining in the Residential Living Unit will continue to enjoy all the rights, privileges, and obligations of the Residency Agreement. The prevailing cost of healthcare for the person moving into the Health Center shall be paid from that person's available assets, including assets transferred by the Resident to a revocable trust or to any trust in which the Resident is a beneficiary. The person remaining in the Residential Living Unit becomes solely entitled to any refund of the Residency Fee that may later be due under the Residency Agreement.
- (g) After the first ninety (90) days of occupancy of the Residential Living Unit, any refund due the Resident under the Residency Agreement will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

4. Health Insurance

- (a) The Resident will maintain eligible Medicare Coverage and one supplemental insurance policy or equivalent insurance coverage, which adequately covers hospital, medical and skilled nursing deductibles and copayments required of the primary insurance plan.
- (b) If the Resident has chosen to participate in a managed care insurance program as an alternative to Medicare Part A, Medicare Part B, or other healthcare programs, and supplemental insurance coverage, when healthcare services are provided at the Community, the following restrictions apply:

- (i) If the Corporation is an approved participating provider with the Resident's managed care program, the Corporation agrees to be reimbursed at the rate negotiated with the Resident's managed care program.
 - (ii) If the Corporation is not an approved participating provider with the Resident's managed care program and the Resident chooses to receive healthcare services at a managed care participating provider, then the Resident agrees that the Resident must relocate for as long as necessary for those services to be provided, and be responsible for all costs. In addition, while receiving healthcare services at the managed care participating provider, the Resident agrees that unless this Agreement is terminated, the Resident will continue to pay all fees for the Resident's living accommodation at the Community, unless the Resident's living accommodation has been surrendered to the Community.
 - (iii) If the Corporation is not a participating provider in the Resident's managed care program and a negotiated rate is not agreed upon by the Corporation, and the Resident would still like to receive healthcare services at the Community, then the Resident will be responsible for the full amount of applicable fees and any charges not paid by the Resident's insurance carrier.
- (c) Both the primary and supplemental health insurance policies must recognize the Corporation as a healthcare provider; or the Resident will assume the financial responsibility for services provided that otherwise would not be covered.
 - (d) The Resident will be responsible for ensuring that the health insurance coverage does not lapse and, upon request, will provide the Corporation with evidence of such coverage. Should the health insurance coverage lapse, the Corporation may require the Resident to reapply for suitable coverage.
 - (e) If the Resident is unable to obtain adequate new coverage, the Corporation will bill the Resident for any costs related to medical or other healthcare services that would have otherwise been covered by the health insurance coverage policy.
 - (f) The Corporation reserves the right and sole discretion to eliminate and/or change its participation in all insurance plans.

5. Health Needs

- (a) The Resident will provide the Community with appropriate medical records thirty (30) days prior to occupancy and will, within sixty (60) days after taking occupancy, have a medical examination by a private physician or the Community's Medical Director. In matters of health, the Community's Medical Director will recommend to the administrative staff continued occupancy of a suitable Residential Living Unit. The administrative staff would make a final decision on occupancy of said Residential Living Unit after consultation with the Resident, the Resident's physician, and/or the Resident's Power-of-Attorney/Resident Representative.
- (b) When the Resident's health condition changes, an assessment team is assigned to evaluate the Resident utilizing the Corporation's Level of Living Guidelines, a copy of which is provided to all residents. A formal appeal process is available to the Resident if the

assessment team recommends changes to the Resident's living accommodations and/or level of living status with which the Resident disagrees.

- (c) If at any time the Medical Director, in consultation with the administrative staff, determines the Resident is no longer able to function in a Residential Living Unit or needs care beyond the scope of the Corporation, the Resident will abide by that decision.
- (d) If the Resident becomes unable to care for their business and financial affairs, the Corporation reserves the right, because of its financial and moral involvement, to institute action for the determination of the Resident's competence and, if necessary, facilitate the appointment of a guardian to fulfill the terms of the Residency Agreement; unless such needed arrangements have already been made.
- (e) If the Resident should need Adult Care Services or Nursing Services, such services will be made available by the Corporation at fees current at such time as said services are needed and according to available space.

6. Other Considerations

- (a) The Resident is given, as an Addendum to the Residency Agreement, a current copy of the Resident Handbook. These documents will change from time to time but the Resident Handbooks are the procedural documents for those occupying Residential Living Units at the Community.
- (b) The Resident may not transfer or voluntarily reduce substantially their assets, as related on their application for occupancy of a Residential Living Unit at United Church Homes and Services, without notification to the Corporation. The Resident shall be required at specific times to present the Corporation with an updated confidential financial statement.
- (c) Should the Resident become financially unable to pay the Monthly Fee, the per diem Health Center Fee, or any other fees charged by the Center, the administrative staff of the Corporation will assist the Resident in applying for funds needed to meet the charges for care.

The Resident shall apply for any and all federal, state, and local grants and benefits for which the Resident may be entitled or eligible, and to apply any and all such grants and benefits toward the cost of the Resident's care at the Center. The Resident's failure to do so will result in termination of the Residency Agreement by the Corporation and release of its obligations hereunder.

Section IV: Services

Diverse and Complete Community

Abernethy Laurels is a continuing care retirement community providing support services and structural features to help persons live as independently as possible for as long as possible. The campus is designed to have three major areas with a specific lifestyle in mind. The Village, Pavilion, and Health Center cover a wide spectrum of living arrangements to accommodate a diversity of lifestyles on a single campus. Abernethy Laurels also operates an onsite Home Care Agency, Laurels At Home. The goal of this Community is to provide a holistic environment.

The Village

The Residential Living Units in the Village consist of apartments, villas and cottages. Independence and a self-sufficient lifestyle are what the Corporation strives to promote in all areas of residential living. Transportation, meals, laundry service, housekeeping, and salon services are among the support services available on an as-needed, fee-for-service basis so that this type of lifestyle may be enjoyed for as long as possible. The standard services of lawn care, the Residential Living Unit's exterior maintenance, and appliance maintenance help to free the Resident to enjoy a more meaningful use of their time and efforts.

1. One-Bedroom Apartment

A residence approximately 875 square feet in size with a living/dining area, one large bedroom, a kitchen equipped with standard appliances, a full bath, and porch or balcony.

2. Two-Bedroom Apartment

A residence approximately 1,150 square feet in size with a living/dining area, one large bedroom and one smaller bedroom, a kitchen equipped with standard appliances, a bath and a half, and a porch or balcony. Most are equipped with a washer and dryer.

3. Villa

A residence ranging from approximately 960 to 2,724 square feet in size with a living/dining area, two bedrooms, a kitchen equipped with standard appliances, a screened or glassed sunroom, a washer and dryer, storage area, and single-car carport. Most villas have two baths.

4. Cottage

A freestanding residence ranging from approximately 1,340 to 2,916 square feet in size with a living room, dining area, two bedrooms, two full baths, a kitchen equipped with standard appliances, a screened or glassed porch, a washer and dryer, and storage/work room. Most cottages have two baths and an enclosed single-car garage.

The Pavilion

A person wanting or needing more support services than can reasonably be provided in the Village has the option of choosing a Residential Living Unit located in the Pavilion. The objective is the promotion of a self-sufficient lifestyle. By providing meals, laundry service, housekeeping, and staff persons on a twenty-four hour basis, such a lifestyle can be made possible, enjoyable, and rewarding.

Other services such as transportation, salon services, guest meals, etc., are available on a fee-for-service basis. Abernethy Laurels offers home care services on a fee-for-service basis.

1. Studio Room

A private room approximately 240 square feet in size. This room comes with a private half-bath and is designed to accommodate the Resident's own personal furnishings.

2. Adult Care (Assisted Living)

Staff provides assistance in routine activities of daily living such as bathing, personal hygiene, and medication administration. Staff is available on a twenty-four (24) hour per day basis.

3. Efficiency Apartment

Approximately 400 square feet in size with a bedroom/living area, kitchenette, and full bath tub/shower, and private balcony or patio.

4. Efficiency Deluxe Apartment

Approximately 410 square feet in size arranged to promote ample privacy and desirable furniture arrangement. The unit has a bedroom/living area, kitchenette, full bath with walk-in shower, and private balcony.

5. One-Bedroom Apartment

Approximately 500 square feet in size with a living/dining area, kitchenette, and separate bedroom. There is also a full bath tub/shower, and private balcony or patio.

6. One-Bedroom Deluxe Apartment

One bedroom with separate living/dining/kitchenette area approximately 805 square feet. The unit also features a walk-in closet, a full bath with walk-in shower and a half bath.

Other Services

1. Clinic

Clinic services are available to all residential living residents. The clinic is staffed by professional nurses. Physician services are available on a periodic basis. The clinic is used for consultation, medication administration, outpatient examinations, outpatient treatments, and prescribed therapies. The clinic conducts screenings, vaccinations, and tests for residents as needed.

2. Home Visits

Occasionally residents need temporary healthcare services provided in their Residential Living Unit. These visits may include routine blood pressure and/or pulse rate checks, medication administration, special medical treatments, or assistance with bathing and dressing. Each resident living in a Residential Living Unit has up to twelve nurse visits per year at no additional charge. Additional visits are available on a fee-for-service basis. These services are provided through Abernethy Laurels' Home Care Agency, Laurels At Home.

3. Infirmary Services

If residents have a minor illness or injury and are unable to care for themselves, infirmary services are available on a limited basis to allow for a short-term recovery period.

Health Center

The objective of the Health Center is to provide quality long-term and/or short-term rehabilitative care. The types of living accommodations provided are based on the Resident's physical needs. A person may enter the Community at the Health Center level by completing all of the necessary steps for admission and paying the required fees. Residents are provided healthcare in the onsite Health Center if and when it is needed. The level of living provided by the Health Center is:

1. Nursing Services

Long-term nursing, memory support and short-term rehabilitative services are available on campus. The Health Center is Medicare and Medicaid certified, offering both private and companion semiprivate suites. Residents are cared for by licensed and certified nursing professionals under the supervision of a Medical Director and a licensed Nursing Home Administrator.

2. Other Services

Other services such as transportation, salon services, guest meals, etc., are available on a fee-for-service basis.

Rental Option

The Corporation offers a rental option through which an individual may enter the community by signing a monthly rental agreement. This agreement does not require payment of an entrance fee, but does require payment of a monthly rental rate set at a higher fee than the monthly support fee paid by Residents who hold a contracted Residency Agreement with the Corporation.

The Rental Option provides the Renter with access to services and amenities also available to contracted Residents, with the exception of healthcare services. Additional amenities may be available on a fee-for-service basis for the Renter, and likewise the Renter shall be charged direct admission fees upon entrance to a higher level of living.

This Rental Option is available only in a limited number of specified Residential Living Units. This Rental Option is not an agreement for continuing care.

Section V: **Fees and Refund Schedules**

The following provides the refund schedule for the 50% Refund Plan (50% Refund Residency Agreement) and the zero refund plan (Fully Declining Residency Agreement). Cancellation of the Residency Agreement within the first ninety (90) days, or a portion thereof, will be refunded at a reduced balance based on the Residency Fee paid, minus a ten percent (10%) reduction on the initial Residency Fee.

Residency Fee

Payment of a Residency Fee (entrance fee) secures for a Resident the right to maintain occupancy of a selected Residential Living Unit and utilize the services and amenities available at the community for as long as the Resident is able to comply with the terms of the Residency Agreement. Prior to occupancy the Resident will sign a Residential Living Residency Agreement and pay the remainder of the Residency Fee.

Monthly Fee

Payment of a Monthly Fee provides a Resident certain monthly services as provided in the disclosure statement and Residential Living Unit Residency Agreement(s). All other services are provided on an additional fee-for-service basis.

50% Refund Residency Agreement (Plan A)

Beyond the first ninety (90) days – total fee less 1.21% per month for each month of occupancy through month thirty-six (36). After the thirty-sixth (36th) month of occupancy, the refund will remain at the fifty percent (50%) level. During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.

Fully Declining Residency Agreement (Plan B)

Beyond the first ninety (90) days – total fees less 2.73% per month for each month of occupancy through month thirty-six (36). After the thirty-sixth (36th) month of occupancy, the balance will decline to zero. During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.

The following outlines the fee structure for **Abernethy Laurels** for the last five years, including incremental average increases from the previous year. All fees for each year became effective on October 1. There is a Residency Fee for Residential Living Units ranging from \$28,000 to \$381,140.

Daily Fees (Health Center)

	19/20	Average Increase	18/19	Average Increase	17/18	Average Increase	16/17	Average Increase	15/16	Average Increase
Suite (Private)										
Nursing	296	9	287	8	279	8	271	9	262	9
Memory Support	304	9	295	9	286	8	278	9	269	9
Short Term Rehabilitation	372	11	361	11	350	N/A	N/A	N/A	N/A	N/A
Companion Suite (Semiprivate)										
Nursing	267	8	259	8	251	7	244	8	236	8
Memory Support	N/A	N/A	N/A	N/A	N/A	N/A	253	9	244	8

(Fees are subject to change with an advance notice.)

Monthly Fee (Residential Living)

	19/20	Average Increase	18/19	Average Increase	17/18	Average Increase	16/17	Average Increase	15/16	Average Increase	
Residential Living Unit											
One-Bedroom	one person	1514	55	1459	49	1410	48	1362	40	1322	45
	two people	2221	76	2145	69	2076	67	2009	59	1950	66
Two-Bedroom	one person	1633	59	1574	53	1521	51	1470	43	1427	48
	two people	2340	80	2260	73	2187	70	2117	62	2055	69
Villa	one person	1746	63	1683	57	1626	47	1579	46	1533	52
	two people	2453	84	2369	77	2292	66	2226	65	2161	73
Cottage	one person	1903	69	1834	62	1772	52	1720	50	1670	56
	two people	2610	90	2520	82	2438	71	2367	69	2298	77

(Fees are subject to change with an advance notice.)

The Pavilion at Abernethy Laurels

Daily Fee	19/20	Average Increase	18/19	Average Increase	17/18	Average Increase	16/17	Average Increase	15/16	Average Increase
Residential Living Units										
Assisted Living Room	176	2	174	5	169	5	164	6	158	5
Assisted Living – Studio A	180	5	175	6	169	5	164	6	158	5
Assisted Living – Studio A <input checked="" type="checkbox"/>	172	5	167	6	161	5	156	5	151	5
Assisted Living – Studio B	191	6	185	6	179	5	174	5	169	6
Assisted Living – Studio B <input checked="" type="checkbox"/>	186	6	180	6	174	5	169	5	164	6

(Fees are subject to change with an advance notice.)

Indicates Existence of Residency Agreement

Monthly Fee	19/20	Average Increase	18/19	Average Increase	17/18	Average Increase	16/17	Average Increase	15/16	Average Increase
Residential Living Units										
Efficiency Apartment	3007	88	2919	99	2820	82	2738	80	2658	90
one person	4149	121	4028	131	3897	113	3784	110	3674	124
two people	3289	96	3193	108	3085	90	2995	87	2908	98
Efficiency Deluxe Apartment	4431	129	4302	140	4162	121	4041	117	3924	132
one person	3819	111	3708	125	3583	104	3479	101	3378	114
two people	4961	144	4817	157	4660	135	4525	131	4394	148
One Bedroom Apartment	3997	116	3881	N/A	N/A	N/A	N/A	N/A	N/A	N/A
one person	5139	149	4990	N/A	N/A	N/A	N/A	N/A	N/A	N/A
two people										

(Fees are subject to change with an advance notice.)

Residency Agreement Fee

	Plan A	Plan B
Villa	131,145 – 304,071	93,675 – 217,194
Cottage	230,946 – 381,140	164,962 – 272,243
Pavilion Efficiency Apartment	39,200	28,000
Pavilion One Bedroom Apartment	56,276	40,197
Pavilion One Bedroom Deluxe	87,500	62,500

There is a fee schedule published annually to cover such items as transportation, meals, housekeeping, etc. This list is available upon request and strives to provide services for residential living persons as they are needed and at a reasonable cost. (See Exhibit 1)

Section VI:
Financial Information and Five-Year Projection Statement

Historical and Forecasted Financial Statements

Year Ending September 30, 2020 (Forecast)

Year Ending September 30, 2021 (Forecast)

Year Ending September 30, 2022 (Forecast)

Year Ending September 30, 2023 (Forecast)

Year Ending September 30, 2024 (Forecast)

UNITED CHURCH HOMES AND SERVICES

COMPILED FORECAST

FOR THE YEARS ENDING
SEPTEMBER 30, 2020 THROUGH 2024



UNITED CHURCH HOMES AND SERVICES
Compiled Forecast
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Bernard Robinson & Company, L.L.P.

To the Board of Directors
United Church Homes and Services
Newton, North Carolina

Management is responsible for the accompanying forecast of United Church Homes and Services (the "Organization"), which comprises the accompanying forecasted balance sheets as of September 30, 2020, 2021, 2022, 2023 and 2024, and the forecasted 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 forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

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. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
February 13, 2020

UNITED CHURCH HOMES AND SERVICES
Forecasted Balance Sheets
September 30, 2020 through 2024

(In Thousands of Dollars)

	2020	2021	2022	2023	2024
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 2,265	\$ 2,265	\$ 2,265	\$ 2,265	\$ 2,265
Accounts receivable, net	2,220	2,220	2,220	2,220	2,220
Due from affiliates	580	580	580	580	580
Other receivables and current assets	660	660	660	660	660
Total current assets	<u>5,725</u>	<u>5,725</u>	<u>5,725</u>	<u>5,725</u>	<u>5,725</u>
Assets limited as to use:					
Operating reserves	15,295	15,667	16,143	16,566	16,866
Patient funds	34	34	34	34	34
Investments	521	521	521	521	521
Assets held by trustees and board designated	54,360	57,886	61,504	65,274	69,368
Total assets limited as to use	<u>70,210</u>	<u>74,108</u>	<u>78,202</u>	<u>82,395</u>	<u>86,789</u>
Property and equipment, net	<u>67,304</u>	<u>64,866</u>	<u>62,460</u>	<u>60,020</u>	<u>57,386</u>
Total assets	<u>\$ 143,239</u>	<u>\$ 144,699</u>	<u>\$ 146,387</u>	<u>\$ 148,140</u>	<u>\$ 149,900</u>
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current portion of long-term debt	\$ 1,585	\$ 1,465	\$ 1,695	\$ 1,755	\$ 500
Accounts payable and accrued expenses	6,109	6,487	6,885	7,333	7,836
Advance deposits, resident escrows and refund payables	1,047	1,047	1,047	1,047	1,047
Due to affiliates	2,441	3,070	3,609	4,245	4,452
Total current liabilities	<u>11,182</u>	<u>12,069</u>	<u>13,236</u>	<u>14,380</u>	<u>13,835</u>
Long-Term Liabilities:					
Long-term debt, less current portion	70,660	69,177	67,448	65,679	65,182
Long-term refund payable	7,647	7,295	6,927	6,550	6,146
Deferred revenue from advanced fees:					
Non-refundable contracts	16,408	17,360	18,218	19,071	20,109
Refundable contracts	4,634	4,621	4,559	4,476	4,416
Total long-term liabilities	<u>99,349</u>	<u>98,453</u>	<u>97,152</u>	<u>95,776</u>	<u>95,853</u>
Total liabilities	<u>110,531</u>	<u>110,522</u>	<u>110,388</u>	<u>110,156</u>	<u>109,688</u>
Net Assets:					
Without donor restrictions	<u>32,708</u>	<u>34,177</u>	<u>35,999</u>	<u>37,984</u>	<u>40,212</u>
Total net assets	<u>32,708</u>	<u>34,177</u>	<u>35,999</u>	<u>37,984</u>	<u>40,212</u>
Total liabilities and net assets	<u>\$ 143,239</u>	<u>\$ 144,699</u>	<u>\$ 146,387</u>	<u>\$ 148,140</u>	<u>\$ 149,900</u>

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

UNITED CHURCH HOMES AND SERVICES
Forecasted Statements of Operations and Changes in Net Assets
Years Ending September 30, 2020 through 2024

	(In Thousands of Dollars)				
	2020	2021	2022	2023	2024
Operating revenues:					
Health care	\$ 26,128	\$ 27,033	\$ 27,793	\$ 28,505	\$ 29,320
Pavilion/assisted living	2,010	2,062	2,126	2,193	2,267
Outside Services	123	123	127	131	134
Home care	2,634	2,765	2,904	3,049	3,201
Residential living service	9,429	10,212	10,480	10,757	11,045
Amortization of advance fees	3,234	3,400	3,552	3,680	3,804
Management fee income	1,797	1,628	1,625	1,629	1,619
Other operating revenue	1,118	1,158	1,197	1,241	1,284
Total operating revenues	<u>46,473</u>	<u>48,381</u>	<u>49,804</u>	<u>51,185</u>	<u>52,674</u>
Operating expenses:					
Health services:					
Health care	12,019	12,361	12,714	13,077	13,450
Medical records	95	98	101	104	106
Personnel and employee benefits	7,947	8,176	8,412	8,656	8,906
Laundry	248	255	262	270	278
Social services	219	225	231	238	245
Activities	273	280	288	297	305
Spiritual life	125	128	132	136	140
Housekeeping	965	992	1,021	1,049	1,079
Plant maintenance	3,372	3,432	3,492	3,554	3,617
Staff development	138	142	146	150	155
Pavilion/assisted living	846	870	895	921	947
Outside Services	95	84	86	89	91
Independent living	402	413	425	437	449
Home care	2,123	2,185	2,250	2,316	2,384
Clinic	84	87	89	92	94
Resident services	191	196	202	208	214
Transportation	121	125	128	132	136
Dietary	3,801	3,910	4,021	4,136	4,254
Wellness center	141	145	149	153	157
Beauty shop	58	60	62	63	65
Day care	336	346	356	367	378
General and administrative:					
Administrative	4,607	4,744	4,884	5,029	5,178
Marketing	812	836	860	884	910
Depreciation/amortization	4,855	5,033	5,184	5,419	5,713
Real estate taxes	11	11	11	11	11
Interest expense	3,330	3,155	3,169	3,059	2,987
Insurance	592	609	628	647	666
Bad debts	386	336	286	286	286
Other operating expenses	387	400	410	422	437
Total operating expenses	<u>48,579</u>	<u>49,634</u>	<u>50,894</u>	<u>52,202</u>	<u>53,638</u>
Operating loss	<u>(2,106)</u>	<u>(1,253)</u>	<u>(1,090)</u>	<u>(1,017)</u>	<u>(964)</u>
Nonoperating income (loss):					
Contribution income	481	125	125	125	125
Other nonoperating expense	(264)	(273)	(283)	(293)	(303)
Investment/interest income	2,570	2,870	3,070	3,170	3,370
Net nonoperating income	<u>2,787</u>	<u>2,722</u>	<u>2,912</u>	<u>3,002</u>	<u>3,192</u>
Changes in net assets	681	1,469	1,822	1,985	2,228
Net assets, beginning	<u>32,027</u>	<u>32,708</u>	<u>34,177</u>	<u>35,999</u>	<u>37,984</u>
Net assets, ending	<u>\$ 32,708</u>	<u>\$ 34,177</u>	<u>\$ 35,999</u>	<u>\$ 37,984</u>	<u>\$ 40,212</u>

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

UNITED CHURCH HOMES AND SERVICES
Forecasted Statements of Cash Flows
Years Ending September 30, 2020 through 2024

	(In Thousands of Dollars)				
	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Changes in net assets	\$ 681	\$ 1,469	\$ 1,822	\$ 1,985	\$ 2,228
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Net unrealized gain on investments	(2,570)	(2,870)	(3,070)	(3,170)	(3,370)
Depreciation/amortization	4,743	4,921	5,071	5,326	5,637
Amortization of advance fees	(3,234)	(3,400)	(3,552)	(3,680)	(3,804)
Advance fees received - nonrefundable	4,264	4,733	4,735	4,836	5,168
Advance fees received - refundable	821	716	629	573	558
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable, net	425	-	-	-	-
Increase (decrease) in:					
Accounts payable and accrued expenses	(2)	378	398	448	503
Advance deposits, resident escrows and refund payables	78	-	-	-	-
Net cash provided by operating activities	<u>5,206</u>	<u>5,947</u>	<u>6,033</u>	<u>6,318</u>	<u>6,920</u>
Cash flows from investing activities:					
Net change in assets limited as to use	1,674	(1,028)	(1,024)	(1,023)	(1,024)
Repayments from related parties, net	(296)	629	539	636	207
Purchases of property and equipment	(2,634)	(2,501)	(2,699)	(2,900)	(3,000)
Net cash used in investing activities	<u>(1,256)</u>	<u>(2,900)</u>	<u>(3,184)</u>	<u>(3,287)</u>	<u>(3,817)</u>
Cash flows used in financing activities:					
Refunds of advance fees	(1,845)	(1,462)	(1,384)	(1,336)	(1,348)
Principal payments of long-term debt	(2,105)	(1,585)	(1,465)	(1,695)	(1,755)
Net cash used in financing activities	<u>(3,950)</u>	<u>(3,047)</u>	<u>(2,849)</u>	<u>(3,031)</u>	<u>(3,103)</u>
Net increase in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents, beginning	<u>2,265</u>	<u>2,265</u>	<u>2,265</u>	<u>2,265</u>	<u>2,265</u>
Cash and cash equivalents, ending	<u>\$ 2,265</u>	<u>\$ 2,265</u>	<u>\$ 2,265</u>	<u>\$ 2,265</u>	<u>\$ 2,265</u>

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

UNITED CHURCH HOMES AND SERVICES
Summary of Significant Accounting Policies and Assumptions

NOTE 1 - BASIS OF PRESENTATION

This financial forecast presents, to the best of management's knowledge and belief, United Church Homes and Services' (the "Organization") expected balance sheets, statements of operations and changes in net assets, and cash flows for the forecast period. Accordingly, the forecast reflects its judgment of the expected conditions and its expected course of action as of the date of this forecast. The financial forecast is based on management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those which management believes are significant to the forecast or are key factors upon which the financial results of the Organization depend. Even if the hypothetical assumptions below occur within the forecast period, the Organization recognizes that 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.

The financial statements included in the forecast have been prepared in accordance with the principles contained in the *Audit and Accounting Guide, Health Care Organizations*, published by the American Institute of Certified Public Accountants. Significant accounting policies are described in the appropriate assumptions and notes to the forecasted financial statements. The assumptions described are not all-inclusive.

NOTE 2 - BACKGROUND OF THE ORGANIZATION

United Church Homes and Services ("UCHS") is a not-for-profit organization that owns and operates continuing care retirement communities in Newton (Abernethy Laurels) and Thomasville (Piedmont Crossing) consisting of residential living units, assisted living units and nursing facilities providing adult care and intermediate and skilled nursing care. UCHS's corporate office is located in Newton, North Carolina.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS

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 primarily include the operating reserves required by State statute, and assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors for future capital improvements, to the extent funds are available, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Organization have been classified as current assets in the balance sheets.

UNITED CHURCH HOMES AND SERVICES
Summary of Significant Accounting Policies and Assumptions

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Assets Limited As To Use (Continued)

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in nonoperating income. Donated investments are stated at fair value at the date of the gift. Investment expenses and fees are netted with net realized gains on investments.

Operating Reserves

In accordance with the requirements of North Carolina General Statute 58, Article 64-33, management computes an annual operating reserve for its continuing care retirement communities licensed in North Carolina. The operating reserve must be an amount at least equal to 25% or 50% of operating expenses (net of depreciation and amortization) plus principal (net of debt service reserve funds) for the forecasted years ending for those facilities depending on occupancy levels of each facility. Operating reserve for the years ending September 30, 2020, 2021, 2022, 2023, and 2024 respectively, for the Abernethy Laurels Facility is as follows: \$10,793; \$11,078; \$11,424; \$11,710 and \$12,170; and Piedmont Crossing Facility is as follows: \$4,502; \$4,589; \$4,719; \$4,856 and \$4,696, respectively.

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance less an allowance for doubtful accounts. The Organization determines past-due status based on the billing dates and does not charge interest on overdue accounts. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to bad debt expense.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Donated property and equipment are recorded at their estimated fair value on the date of receipt. Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Land improvements	10 - 20
Buildings and improvements	30 - 40
Furniture, fixtures and equipment	5 - 15
Vehicles	5

UNITED CHURCH HOMES AND SERVICES
Summary of Significant Accounting Policies and Assumptions

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Property and Equipment (Continued)

The Organization periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount.

The Organization reports contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted net assets. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Costs

Deferred financing costs relating to the permanent financing of the facilities have been deferred and are being amortized over the life of the bonds.

Resident Escrows

If a resident should move into the health care unit and vacate the residential living unit, the amount of any refund to which the resident would be entitled is set aside and held by UCHS for use by the resident to pay for necessary health care expenses. Once a permanent move is made and the residential living unit is available for remarketing, the resident may draw against the remaining residency refund to pay health care costs. A resident who does not live in a residential living unit for a period of 180 days or more shall be deemed to have made a permanent move.

A resident drawing from the residency refund to pay for health care costs shall, in agreement with the Center Executive, determine the withdrawal amount. This amount shall not exceed \$1,500 per month.

In case of financial hardship, withdrawal of more than \$1,500 per month may be requested by the resident. The resident must submit financial information sufficient to prove financial need. Such withdrawals will be allowed upon approval by the senior management of UCHS.

Advance Deposits

The Organization may collect up to 10% of the advance fees described below as a deposit on unoccupied units. Once the unit becomes occupied, these fees are transferred to deferred revenue.

UNITED CHURCH HOMES AND SERVICES
Summary of Significant Accounting Policies and Assumptions

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Deferred Revenue from Advance Fees

Deferred revenue from advance fees represents payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. Contracts currently offered to UCHS residents are a fully declining contract or a 50% refundable contract.

The nonrefundable portion of these fees is amortized into income on a straight-line basis over the estimated remaining life, actuarially adjusted annually, of each resident.

Refunds are made to residents upon re-occupancy of the unit unless the resident has chosen to transfer their remaining balance into escrow as described above. Any unrecognized deferred revenue, less any related refund, at the date of termination of the contract is recorded as income in the period the termination of the contract occurs.

Obligation to Provide Future Services

The Organization annually calculates 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.

Classification of Net Assets

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

Net assets 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.

Net assets 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 Net Assets without Donor Restrictions

The forecasted statements of operations and changes in net assets reflect operating income and losses. Changes in net assets without donor restrictions that are excluded from operating income or loss, 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.

UNITED CHURCH HOMES AND SERVICES
Summary of Significant Accounting Policies and Assumptions

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

Income Tax Status

The Organization is a not-for-profit organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

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 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.

Resident Services

Two major types of revenue are recognized in resident services as follows:

Residential/assisted living revenue: Residents that reside in residential living units are subject to a continuing monthly support service fee, which varies based on each resident's contract. The monthly fee can be adjusted from time to time by the Organization according to changes in costs.

Health care revenue: Health care revenue represents the estimated net realizable amounts from patients, third-party payors, and others for services rendered while in the health care unit, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically such adjustments for the Organization have been immaterial in relation to the financial statements as a whole.

Benevolent Assistance

The Organization has a policy of providing benevolent assistance to qualified residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. The normal charges for services are included in revenue and paid through a transfer of assets from the Benevolent Trust Fund.

NOTE 4 - CURRENT ASSETS AND CURRENT LIABILITIES

Balances in other receivables and current assets, and accounts payables and accrued expenses, on the forecasted balance sheets, are based on balances at September 30, 2019, adjusted for increases in revenue and expenses.

UNITED CHURCH HOMES AND SERVICES
Summary of Significant Accounting Policies and Assumptions

NOTE 5 - LONG-TERM DEBT

For purposes of this financial 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 (in thousands):

	2020	2021	2022	2023	2024
North Carolina Medical Care Commission:					
Retirement Facilities First Mortgage Revenue Refunding Bonds (United Church Retirement Homes and Services) Series 2015A:					
Term bonds due 2025, yielding 4.0%	\$ 1,500	\$ 1,200	\$ 900	\$ 600	\$ 300
Term bonds due 2030, yielding 4.5%	2,075	2,075	2,075	2,075	2,075
Term bonds due 2037, yielding 4.85% to 5.0%	17,955	17,955	17,955	17,955	17,955
SunTrust Bank:					
Non-Bank Qualified Loans, Series 2015B:					
Due 2018 - 2021, yielding 2.6%	565	-	-	-	-
Series 2017A:					
Due 2023-2047, yielding 3.25%	10,414	10,414	10,414	10,324	10,234
People's Bank					
Non-Bank Qualified Loans, Series 2017B:					
Due 2023-2047, yielding 3.25%	9,461	9,461	9,461	9,376	9,291
North Carolina Medical Care Commission:					
Retirement Facilities First Mortgage Revenue Refunding Bonds (United Church Retirement Homes and Services) Series 2017C:					
Serial bonds due 2021-2024, yielding 3.15-3.5%	4,385	3,665	2,500	1,280	-
Term bonds due 2041, yielding 4.24%	10,250	10,250	10,250	10,250	10,250
Term bonds due 2046, yielding 4.29%	15,650	15,650	15,650	15,650	15,650
	<u>72,255</u>	<u>70,670</u>	<u>69,205</u>	<u>67,510</u>	<u>65,755</u>
Less bond premium, net	(1,455)	(1,360)	(1,282)	(1,202)	(1,124)
Less deferred financing costs, net	1,445	1,332	1,220	1,126	1,051
	<u>\$ 72,245</u>	<u>\$ 70,642</u>	<u>\$ 69,143</u>	<u>\$ 67,434</u>	<u>\$ 65,682</u>

See Accountant's Compilation Report

UNITED CHURCH HOMES AND SERVICES
Summary of Significant Accounting Policies and Assumptions

NOTE 6 - REVENUE AND EXPENSES

Other Revenue

Residents' entry fees are amortized into revenue based on the actuarially determined remaining life expectancy of the resident, which is estimated to be 10 years.

Other revenue sources are projected to remain consistent.

Revenue From Service Fees

Forecasted revenue from service fees on existing facilities are based on the following schedule of estimated fees and occupancy. Monthly service fees for residents and ancillary revenues are assumed to increase approximately 3.25% annually. Medicare, Medicaid and hospice rates are assumed to increase approximately 1.50% annually through 2022 and 1.00% annually for 2023 and 2024. Home care revenues are assumed to increase approximately 5.00% annually.

	Abernethy Laurels	Piedmont Crossing
Villages:		
Villa	\$1,514 - \$1,746	\$ 1,705
Cottage	\$ 1,903	\$ 1,845
Second person fee	\$ 707	\$ 660
Studio:		
Single unit-private room	\$5,475-\$5,810	\$ -
Efficiency:		
Single unit	\$ 3,007	\$ -
Deluxe	\$ 3,289	\$ -
Apartments/Mall:		
One bedroom	\$3,819 - \$3,997	\$ 2,922
Two bedrooms	\$ -	\$ 3,310
Studio deluxe	\$ -	\$ 2,427
Second person fee	\$ 1,142	\$ 883
Apartments/Courts:		
One bedroom	\$ -	\$1,571 - \$2,182
Two bedrooms	\$ -	\$1,674 - \$2,350
Rental	\$ -	\$2,357 - \$3,525
Second person fee	\$ -	\$660 - 869
Nursing beds (daily rates)	\$267 - \$372	\$266 - \$372
Assisted Living (daily rates):		
Private room	\$ 176	\$ 191
Semi-private room	\$ -	\$ 143
Assisted Living & Residential Living Occupancy	86.21%	98.92%

See Accountant's Compilation Report

UNITED CHURCH HOMES AND SERVICES
Summary of Significant Accounting Policies and Assumptions

NOTE 6 - REVENUE AND EXPENSES (Continued)

Expenses

Operating expenses are expected to increase approximately 2.75% annually, except for insurance and maintenance, which are projected to increase 3.00% and 1.50%, respectively.

The provision for depreciation is based on the current depreciation schedule and projected property and equipment additions.

UNITED CHURCH HOMES AND SERVICES
Forecasted Balance Sheets - Abernethy Laurels
September 30, 2020 through 2024

(In Thousands of Dollars)

	2020	2021	2022	2023	2024
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Accounts receivable, net	1,450	1,450	1,450	1,450	1,450
Due from affiliates	18,652	19,124	19,442	19,563	19,856
Other receivables and current assets	282	282	282	282	282
Total current assets	<u>20,386</u>	<u>20,858</u>	<u>21,176</u>	<u>21,297</u>	<u>21,590</u>
Assets limited as to use:					
Operating reserves	-	-	-	-	-
Patient funds	23	23	23	23	23
Investments	-	-	-	-	-
Assets held by trustees and board designated	2,818	2,815	2,809	2,803	2,797
Total assets limited as to use	<u>2,841</u>	<u>2,838</u>	<u>2,832</u>	<u>2,826</u>	<u>2,820</u>
Property and equipment, net	<u>54,578</u>	<u>52,643</u>	<u>50,693</u>	<u>48,662</u>	<u>46,571</u>
Total assets	<u>\$ 77,805</u>	<u>\$ 76,339</u>	<u>\$ 74,701</u>	<u>\$ 72,785</u>	<u>\$ 70,981</u>
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current portion of long-term debt	\$ 204	\$ 204	\$ 379	\$ 379	\$ 404
Accounts payable and accrued expenses	2,904	2,905	2,903	2,903	2,904
Advance deposits, resident escrows and refund payables	612	612	612	612	612
Due to affiliates	-	-	-	-	-
Total current liabilities	<u>3,720</u>	<u>3,721</u>	<u>3,894</u>	<u>3,894</u>	<u>3,920</u>
Long-Term Liabilities:					
Long-term debt, less current portion	60,272	60,063	59,680	59,296	58,887
Long-term refund payable	4,885	4,772	4,660	4,550	4,422
Deferred revenue from advanced fees:					
Non-refundable contracts	8,284	8,757	9,123	9,494	9,987
Refundable contracts	2,474	2,470	2,425	2,374	2,343
Total liabilities	<u>79,635</u>	<u>79,783</u>	<u>79,782</u>	<u>79,608</u>	<u>79,559</u>
Net Assets:					
Without donor restrictions	<u>(1,830)</u>	<u>(3,444)</u>	<u>(5,081)</u>	<u>(6,823)</u>	<u>(8,578)</u>
Total net assets	<u>(1,830)</u>	<u>(3,444)</u>	<u>(5,081)</u>	<u>(6,823)</u>	<u>(8,578)</u>
Total liabilities and net assets	<u>\$ 77,805</u>	<u>\$ 76,339</u>	<u>\$ 74,701</u>	<u>\$ 72,785</u>	<u>\$ 70,981</u>

See Accountant's Compilation Report

UNITED CHURCH HOMES AND SERVICES
Forecasted Balance Sheets - Piedmont Crossing
September 30, 2020 through 2024

(In Thousands of Dollars)

	2020	2021	2022	2023	2024
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Accounts receivable, net	770	770	770	770	770
Due from affiliates	-	-	-	-	-
Other receivables and current assets	216	216	216	216	216
Total current assets	<u>988</u>	<u>988</u>	<u>988</u>	<u>988</u>	<u>988</u>
Assets limited as to use:					
Operating reserves	-	-	-	-	-
Patient funds	11	11	11	11	11
Investments	-	-	-	-	-
Assets held by trustees and board designated	1,522	1,522	1,522	1,522	1,522
Total assets limited as to use	<u>1,533</u>	<u>1,533</u>	<u>1,533</u>	<u>1,533</u>	<u>1,533</u>
Property and equipment, net	<u>10,708</u>	<u>10,420</u>	<u>10,149</u>	<u>9,865</u>	<u>9,448</u>
Total assets	<u>\$ 13,229</u>	<u>\$ 12,941</u>	<u>\$ 12,670</u>	<u>\$ 12,386</u>	<u>\$ 11,969</u>
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current portion of long-term debt	\$ 1,381	\$ 1,261	\$ 1,316	\$ 1,376	\$ 96
Accounts payable and accrued expenses	1,760	2,137	2,537	2,985	3,487
Advance deposits, resident escrows and refund payables	435	435	435	435	435
Due to affiliates	5,211	4,758	3,998	3,078	1,827
Total current liabilities	<u>8,787</u>	<u>8,591</u>	<u>8,286</u>	<u>7,874</u>	<u>5,845</u>
Long-Term Liabilities:					
Long-term debt, less current portion	10,388	9,114	7,768	6,383	6,295
Long-term refund payable	2,762	2,523	2,267	2,000	1,724
Deferred revenue from advanced fees:					
Non-refundable contracts	8,124	8,603	9,095	9,577	10,122
Refundable contracts	2,160	2,151	2,134	2,102	2,073
Total liabilities	<u>32,221</u>	<u>30,982</u>	<u>29,550</u>	<u>27,936</u>	<u>26,059</u>
Net Assets:					
Without donor restrictions	<u>(18,992)</u>	<u>(18,041)</u>	<u>(16,880)</u>	<u>(15,550)</u>	<u>(14,090)</u>
Total net assets	<u>(18,992)</u>	<u>(18,041)</u>	<u>(16,880)</u>	<u>(15,550)</u>	<u>(14,090)</u>
Total liabilities and net assets	<u>\$ 13,229</u>	<u>\$ 12,941</u>	<u>\$ 12,670</u>	<u>\$ 12,386</u>	<u>\$ 11,969</u>

UNITED CHURCH HOMES AND SERVICES
Forecasted Balance Sheets - Home Office
September 30, 2020 through 2024

(In Thousands of Dollars)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>Assets</u>					
Current Assets:					
Cash and cash equivalents	\$ 2,261	\$ 2,261	\$ 2,261	\$ 2,261	\$ 2,261
Accounts receivable, net	-	-	-	-	-
Due from affiliates	580	580	580	580	580
Other receivables and current assets	162	162	162	162	162
Total current assets	<u>3,003</u>	<u>3,003</u>	<u>3,003</u>	<u>3,003</u>	<u>3,003</u>
Assets limited as to use:					
Operating reserves	15,295	15,667	16,143	16,566	16,866
Patient funds	-	-	-	-	-
Investments	521	521	521	521	521
Assets held by trustees and board designated	50,020	53,549	57,173	60,949	65,049
Total assets limited as to use	<u>65,836</u>	<u>69,737</u>	<u>73,837</u>	<u>78,036</u>	<u>82,436</u>
Property and equipment, net	<u>2,018</u>	<u>1,803</u>	<u>1,618</u>	<u>1,493</u>	<u>1,367</u>
Total assets	<u>\$ 70,857</u>	<u>\$ 74,543</u>	<u>\$ 78,458</u>	<u>\$ 82,532</u>	<u>\$ 86,806</u>
<u>Liabilities and Net Assets</u>					
Current Liabilities:					
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	1,445	1,445	1,445	1,445	1,445
Advance deposits, resident escrows and refund payables	-	-	-	-	-
Due to affiliates	15,882	17,436	19,053	20,730	22,481
Total current liabilities	<u>17,327</u>	<u>18,881</u>	<u>20,498</u>	<u>22,175</u>	<u>23,926</u>
Long-Term Liabilities:					
Long-term debt, less current portion	-	-	-	-	-
Long-term refund payable	-	-	-	-	-
Deferred revenue from advanced fees:					
Non-refundable contracts	-	-	-	-	-
Refundable contracts	-	-	-	-	-
Total liabilities	<u>17,327</u>	<u>18,881</u>	<u>20,498</u>	<u>22,175</u>	<u>23,926</u>
Net Assets:					
Without donor restrictions	53,530	55,662	57,960	60,357	62,880
Total net assets	<u>53,530</u>	<u>55,662</u>	<u>57,960</u>	<u>60,357</u>	<u>62,880</u>
Total liabilities and net assets	<u>\$ 70,857</u>	<u>\$ 74,543</u>	<u>\$ 78,458</u>	<u>\$ 82,532</u>	<u>\$ 86,806</u>

See Accountant's Compilation Report

UNITED CHURCH HOMES AND SERVICES
Forecasted Statements of Operations and Changes in Net Assets - Abernethy Laurels
Years Ending September 30, 2020 through 2024

	(In Thousands of Dollars)				
	2020	2021	2022	2023	2024
Operating revenues:					
Health care	\$ 15,990	\$ 16,486	\$ 16,878	\$ 17,226	\$ 17,637
Pavilion/assisted living	1,019	1,101	1,137	1,172	1,211
Outside services	106	109	112	116	118
Home care	685	719	756	793	833
Residential living service	4,892	5,499	5,606	5,716	5,832
Amortization of advance fees	1,525	1,775	1,853	1,906	1,959
Management fee income	-	-	-	-	-
Other operating revenue	231	239	247	257	266
Total operating revenues	<u>24,448</u>	<u>25,928</u>	<u>26,589</u>	<u>27,186</u>	<u>27,856</u>
Operating expenses:					
Health care	7,094	7,288	7,489	7,695	7,907
Medical records	57	59	60	62	63
Personnel *	3,532	3,629	3,728	3,832	3,938
Laundry	148	152	156	161	166
Social services	105	108	110	113	117
Activities	174	178	183	189	194
Spiritual life	64	65	68	70	72
Housekeeping	625	642	660	677	696
Plant maintenance	1,892	1,926	1,959	1,993	2,028
Staff development	96	98	101	104	107
Pavilion/assisted living	540	555	571	587	603
Outside Services	81	84	86	89	91
Independent living	276	283	291	299	307
Home care	544	558	574	590	606
Clinic	66	68	70	72	74
Resident services	43	44	45	47	48
Transportation	91	94	96	99	102
Administrative	694	714	733	753	774
Marketing	424	436	448	460	473
Dietary	2,263	2,326	2,389	2,455	2,523
Wellness center	141	145	149	153	157
Beauty shop	-	-	-	-	-
Day care	-	-	-	-	-
Management fees	1,466	1,556	1,595	1,631	1,671
Depreciation/amortization	3,128	3,238	3,352	3,535	3,647
Real estate taxes	-	-	-	-	-
Interest expense	2,796	2,658	2,707	2,641	2,616
Insurance **	317	326	336	347	356
Bad debts	350	300	250	250	250
Other operating expenses ***	182	189	193	198	206
Total operating expenses	<u>27,189</u>	<u>27,719</u>	<u>28,399</u>	<u>29,102</u>	<u>29,792</u>
Operating loss	<u>(2,741)</u>	<u>(1,791)</u>	<u>(1,810)</u>	<u>(1,916)</u>	<u>(1,936)</u>
Nonoperating income (loss):					
Contribution income	481	125	125	125	125
Other nonoperating expense	1	2	1	2	2
Investment/interest income	50	50	50	50	50
Net nonoperating income	<u>532</u>	<u>177</u>	<u>176</u>	<u>177</u>	<u>177</u>
Changes in net assets	<u>(2,209)</u>	<u>(1,614)</u>	<u>(1,634)</u>	<u>(1,739)</u>	<u>(1,759)</u>
Net assets, beginning	<u>379</u>	<u>(1,830)</u>	<u>(3,444)</u>	<u>(5,078)</u>	<u>(6,817)</u>
Net assets, ending	<u>\$ (1,830)</u>	<u>\$ (3,444)</u>	<u>\$ (5,078)</u>	<u>\$ (6,817)</u>	<u>\$ (8,576)</u>

* Personnel includes cost of employee benefits including health care claims, premiums, and workers compensation insurance which is allocated from the Home Office based on the actual expenses and the number of employees.

** Insurance includes cost of property and liability insurance allocated from the Home Office based on property values.

*** Other operating expenses include cost of information technology expenses allocated from the Home Office based on the number of users.

UNITED CHURCH HOMES AND SERVICES
Forecasted Statements of Operations and Changes in Net Assets - Piedmont Crossing
Years Ending September 30, 2020 through 2024

	(In Thousands of Dollars)				
	2020	2021	2022	2023	2024
Operating revenues:					
Health care	\$ 10,138	\$ 10,547	\$ 10,915	\$ 11,279	\$ 11,683
Pavilion/assisted living	991	961	989	1,021	1,056
Outside services	17.00	14.00	15.00	15.00	16.00
Home care	1,949	2,046	2,148	2,256	2,368
Residential living service	4,537	4,713	4,874	5,041	5,213
Amortization of advance fees	1,709	1,625	1,699	1,774	1,845
Management fee income	-	-	-	-	-
Other operating revenue	68	71	73	76	78
Total operating revenues	<u>19,409</u>	<u>19,977</u>	<u>20,713</u>	<u>21,462</u>	<u>22,259</u>
Operating expenses:					
Health care	4,925	5,073	5,225	5,382	5,543
Medical records	38	39	41	42	43
Personnel *	3,026	3,116	3,210	3,306	3,405
Laundry	100	103	106	109	112
Social services	114	117	121	125	128
Activities	99	102	105	108	111
Spiritual life	61	63	64	66	68
Housekeeping	340	350	361	372	383
Plant maintenance	1,480	1,506	1,533	1,561	1,589
Staff development	42	44	45	46	48
Pavilion/assisted living	306	315	324	334	344
Independent living	14	-	-	-	-
Outside Services	126	130	134	138	142
Home care	1,579	1,627	1,676	1,726	1,778
Clinic	18	19	19	20	20
Resident services	148	152	157	161	166
Transportation	30	31	32	33	34
Administrative	548	565	582	599	617
Marketing	388	400	412	424	437
Dietary	1,538	1,584	1,632	1,681	1,731
Wellness center	-	-	-	-	-
Beauty shop	58	60	62	63	65
Day care	-	-	-	-	-
Management fees	1,165	1,199	1,243	1,288	1,336
Depreciation/amortization	1,497	1,580	1,647	1,759	1,941
Real estate taxes	-	-	-	-	-
Interest expense	534	497	462	418	371
Insurance **	222	228	235	242	250
Bad debts	36	36	36	36	36
Other operating expenses ***	146	150	154	159	164
Total operating expenses	<u>18,578</u>	<u>19,086</u>	<u>19,618</u>	<u>20,198</u>	<u>20,862</u>
Operating income	<u>831</u>	<u>891</u>	<u>1,095</u>	<u>1,264</u>	<u>1,397</u>
Nonoperating income (loss):					
Contribution income	-	-	-	-	-
Other nonoperating expense	40	41	43	44	46
Investment/interest income	20	20	20	20	20
Net nonoperating income	<u>60</u>	<u>61</u>	<u>63</u>	<u>64</u>	<u>66</u>
Changes in net assets	891	952	1,158	1,328	1,463
Net assets, beginning	<u>(19,885)</u>	<u>(18,994)</u>	<u>(18,042)</u>	<u>(16,884)</u>	<u>(15,556)</u>
Net assets, ending	<u>\$ (18,994)</u>	<u>\$ (18,042)</u>	<u>\$ (16,884)</u>	<u>\$ (15,556)</u>	<u>\$ (14,093)</u>

* Personnel includes cost of employee benefits including health care claims, premiums, and workers compensation insurance which is allocated from the Home Office based on the actual expenses and the number of employees.

** Insurance includes cost of property and liability insurance allocated from the Home Office based on property values.

*** Other operating expenses include cost of information technology expenses allocated from the Home Office based on the number of users.

UNITED CHURCH HOMES AND SERVICES
Forecasted Statements of Operations and Changes in Net Assets - Home Office
Years Ending September 30, 2020 through 2024

	(In Thousands of Dollars)				
	2020	2021	2022	2023	2024
Operating revenues:					
Health care	\$ -	\$ -	\$ -	\$ -	\$ -
Pavilion/assisted living	-	-	-	-	-
Outside services	-	-	-	-	-
Home care	-	-	-	-	-
Residential living service	-	-	-	-	-
Amortization of advance fees	-	-	-	-	-
Management fee income	4,428	4,383	4,463	4,548	4,626
Other operating revenue	819	848	877	908	940
Total operating revenues	<u>5,247</u>	<u>5,231</u>	<u>5,340</u>	<u>5,456</u>	<u>5,566</u>
Operating expenses:					
Health care	-	-	-	-	-
Medical records	-	-	-	-	-
Personnel	1,389	1,431	1,474	1,518	1,563
Laundry	-	-	-	-	-
Social services	-	-	-	-	-
Activities	-	-	-	-	-
Spiritual life	-	-	-	-	-
Housekeeping	-	-	-	-	-
Plant maintenance	-	-	-	-	-
Staff development	-	-	-	-	-
Pavilion/assisted living	-	-	-	-	-
Outside Services	-	-	-	-	-
Independent living	-	-	-	-	-
Home care	-	-	-	-	-
Clinic	-	-	-	-	-
Resident services	-	-	-	-	-
Transportation	-	-	-	-	-
Administrative	3,365	3,465	3,569	3,677	3,787
Marketing	-	-	-	-	-
Dietary	-	-	-	-	-
Wellness center	-	-	-	-	-
Beauty shop	-	-	-	-	-
Day care	336	346	356	367	378
Depreciation/amortization	230	215	185	125	125
Real estate taxes	11	11	11	11	11
Interest expense	-	-	-	-	-
Insurance	53	55	57	58	60
Bad debts	-	-	-	-	-
Other operating expenses	59	61	63	65	67
Total operating expenses	<u>5,443</u>	<u>5,584</u>	<u>5,715</u>	<u>5,821</u>	<u>5,991</u>
Operating income	<u>(196)</u>	<u>(353)</u>	<u>(375)</u>	<u>(365)</u>	<u>(425)</u>
Nonoperating income (loss):					
Contribution income	-	-	-	-	-
Other nonoperating expense	(305)	(316)	(327)	(339)	(351)
Investment/interest income	2,500	2,800	3,000	3,100	3,300
Net nonoperating income	<u>2,195</u>	<u>2,484</u>	<u>2,673</u>	<u>2,761</u>	<u>2,949</u>
Changes in net assets	1,999	2,131	2,298	2,396	2,524
Net assets, beginning	<u>51,533</u>	<u>53,532</u>	<u>55,663</u>	<u>57,961</u>	<u>60,357</u>
Net assets, ending	<u>\$ 53,532</u>	<u>\$ 55,663</u>	<u>\$ 57,961</u>	<u>\$ 60,357</u>	<u>\$ 62,881</u>

See Accountant's Compilation Report

Section VII:
Reserves, Escrow and Trusts

The Board of Directors established an operating reserve in an amount equal to fifty (50) percent of the budgeted expenses for 2020 for the purpose of preserving the financial stability of the Corporation. This fund is invested and managed by independent money managers and had a balance of \$14,914,629 at September 30, 2019.

N.C.G.S. 58-64-33 requires the Corporation to maintain an operating reserve equal to fifty (50) percent of the total operating costs of the Community forecasted for the twelve-month period following the period covered by the most recent disclosure statement filed with the Department or twenty-five (25) percent, if occupancy is in excess of ninety (90) percent for the year ending September 30, 2019. Based on the Financial Forecasts, the Corporation will possess sufficient reserves to satisfy the Operating Reserve Requirement for United Church Homes and Services d/b/a Abernethy Laurels as shown below:

**Total Forecasted 2020 Operating Costs
 For
 United Church Homes and Services**

Total Operating Costs:	\$ 27,190,361
Principal Payment	204,000
Less Debt Service Reserve Account	(3,074,933)
Less Amortization Expense	(53,515)
Less Depreciation Expense	<u>(3,098,571)</u>
	<u>\$ 21,167,342</u>

OPERATING RESERVE REQUIREMENT

Total Forecasted Operating Costs for 2020	\$21,167,342
Multiplied by Required Percentage	<u>X 50%</u>
Total Operating Reserve Required for 2020	<u>\$ 10,583,671</u>

ASSETS AVAILABLE TO FUND OPERATING RESERVE

Portion of reserve corpus of assets whose use is limited - Board designated	\$14,914,629
Necessary funds available to fund operating reserve	<u>\$ 10,583,671</u>

For all of the above reserves, the Finance Committee of the Board of Directors has developed an investment policy and makes the final decision concerning investment strategies.

Section VIII: Community Development and Expansion

Abernethy Laurels

United Church Homes and Services, d.b.a. Abernethy Laurels was established in 1971 with the original unit consisting of 68 adult care (assisted living) rooms. Thirty-one skilled nursing beds were constructed in 1977. The village began construction in 1980 consisting of homes, villas and apartments. The village expansion continues to be developed as units are marketed. The Pavilion was constructed in 1989. The Pavilion is a congregate living building that has forty (40) apartments, twenty-two (22) studio rooms and eighteen (18) licensed Adult Care Home beds for assisted living.

Two additional Health Center wings were constructed during 1991 and early 1992 to bring the total number of nursing beds to 174. A Memorial Garden was constructed on campus in 1991 and dedicated for use by residents and families. There is land available on the campus for future development. Abernethy Laurels completed construction of a community center in 2009, which offers a state-of-the-art wellness area, casual dining, a library and many additional spaces that create opportunities for social gatherings and small group meetings.

In Fiscal Year 2014, the Corporation began initial planning for Health Center replacement at Abernethy Laurels by engaging an architectural firm. The project consisted of replacement of the Health Center. This project was completed in phases and construction began in January 2016. The replacement project did not result in a change in bed capacity for the skilled nursing facility; however, the new construction was designed to provide innovative, homelike residential dining spaces and other common areas which will improve the quality of life for residents residing in the Health Center.

The first phase included a two story, steel framed building, with each 48-bed floor organized into three households. Each household serves sixteen (16) residents with living and dining spaces, designed to evoke a feeling of “home.” Construction of Phase I was completed in September of 2017, and the corporation moved forward with Phase II of the replacement of the remaining seventy-eight (78) beds, which included companion suites (semiprivate rooms).

This second phase included a two-story, steel framed building, with each 39-bed floor organized into two households. Each household, serving either nineteen (19) or twenty (20) residents, included living, dining and activity spaces in a homelike environment. The Phase II addition was linked to Phase I by a double-loaded corridor to the north, with common spaces and administrative offices. To the south, Phase II was connected to the original building by a partially loaded corridor which serves staff support functions and a new loading/storage/laundry complex to the west. Phase II was constructed in multiple phases and sequenced with demolition of the former Health Center. Phase II construction was completed in the fall of 2019.

Funding

Funding for future capital expansion will be provided by Residency Fees, contributions from interested individuals and other donors, entities, organizations, etc., bank financing, sale of tax-exempt bonds, and/or use of available reserves.

Section IX:

Other Material Information

Abernethy Laurels has Medicare and Medicaid certified skilled nursing beds.

The Corporation strives to make every effort to reach out into the community and respond with care and services to meet a variety of needs of the growing older population. As opportunities and finances are available, new outreach ministries are undertaken not only to respond to needs, but also to help set standards for quality care and affordable retirement living opportunities. The Corporation is committed to carrying on charitable work in response to community and individual needs as funds are available and as opportunities present themselves.

The Corporation purchases general, professional and excess automobile liability insurance from Caring Communities, a Reciprocal Risk Retention Group (“CCrRRG”). CCrRRG is a District of Columbia insurer owned by approximately 50 members, including UCHS, all of whom are not-for-profit providers of senior services and housing, except one member which is a Vermont insurer owned by its members all of which are also not-for-profit providers of senior services and housing. CCrRRG is registered with the North Carolina Department of Insurance but is not covered by the North Carolina Guarantee Association.

Capital contributions are now represented by UCHS' Charter Capital Account of CCrRRG.

Balance Sheet, Profit and Loss, and Cash Flow items with a Material Variance of greater of 10% and \$500,000 are itemized and explained in corresponding footnote in the following pages numbered 49, 50 and 51.

Balance Sheet

UCHS Comparison 2019 Forecast to 2019 Actuals
(In Thousands of Dollars)

Material Variances of greater of 10% and \$500K are itemized and explained in footnotes.

	2019 Forecast	2019 Actual	Variance	% Variance	Footnote
Assets					
Current Assets:					
Cash and cash equivalents	4,016	2,265	(1,751)	(43.60%)	(a)
Assets limited as to use	-	439	439	100.00%	
Accounts receivable, net	1,946	2,420	474	24.36%	
Due from affiliates	533	580	47	8.82%	
Other receivables and current assets	792	885	93	11.74%	
Total current assets	7,287	6,589	(698)	(9.58%)	
Assets limited as to use:					
Operating reserves	14,482	14,915	433	2.99%	
Patient Funds	61	33	(28)	(45.90%)	
Investments	444	521	77	17.34%	
Assets held by trustees and board designated	49,487	53,406	3,919	7.92%	(b)
Total assets limited as to use	64,474	68,875	4,401	6.83%	
Property and equipment, net	70,655	69,431	(1,224)	(1.73%)	
Total assets	142,416	144,895	2,479	1.74%	
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long-term debt	1,325	1,325	-	0.00%	
Accounts payable and accrued expenses	4,547	6,111	1,564	34.41%	(c)
Advance deposits, resident escrows and refunds payable	1,042	969	(73)	(7.01%)	
Due to affiliates	1,839	2,737	898	48.83%	(d)
Total current liabilities	8,753	11,142	2,389	27.30%	
Long-Term Liabilities:					
Long-term debt, less current portion	73,043	73,043	-	0.00%	
Long-term refund payable	7,728	8,235	507	6.56%	
Deferred revenue from advanced fees:					
Non-refundable contracts	14,665	15,181	516	3.52%	
Refundable contracts	5,703	5,267	(436)	(7.65%)	
Total liabilities	109,892	112,868	2,976	2.71%	
Net Assets:					
Without Donor Restrictions:	32,524	32,017	(507)	(1.56%)	
With Donor Restrictions	-	10	10	100.00%	
Total net assets	32,524	32,027	(497)	(1.53%)	
Total liabilities and net assets	142,416	144,895	2,479	1.74%	

Based on material variance of 10% in main category with floor of \$500K

- (a) Cash balance less than forecast due to cash being invested. See (b) below.
- (b) Assets held by trustee and board designated (investments) balance was more than forecast due to excess cash being invested and slower than expected draws on construction loan.
- (c) Accounts payable higher than forecast due to accruals related to year end expenses.
- (d) Due to affiliates higher than forecast due to increased cash flow from affiliates.

Material Variances of greater of 10% and \$500K are itemized and explained in footnotes.

Profit and Loss Statement

UCHS Comparison 2019 Forecast to 2019 Actuals (In Thousands of Dollars)

	2019 Forecast	2019 Actual	Variance	%Variance	Footnote
Operating revenues:					
Health care	24,213	24,009	(204)	(0.84%)	
Residential living service	9,209	9,056	(153)	(1.66%)	
Pavilion/assisted living	1,824	1,822	(2)	(0.11%)	
Home care	2,391	2,436	45	1.88%	
Outside services	134	119	(15)	(11.19%)	
Amortization of advance fees	3,209	3,461	252	7.85%	
Management fee income	1,769	2,088	319	18.03%	
Other operating revenue	1,089	723	(366)	(33.61%)	
Total operating revenues	43,838	43,714	(124)	(0.28%)	
Operating expenses:					
Health care	11,222	11,255	33	0.29%	
Medical records	112	115	3	2.68%	
Personnel	7,141	7,333	192	2.69%	
Laundry	244	222	(22)	(9.02%)	
Social services	211	199	(12)	(5.69%)	
Activities	271	262	(9)	(3.32%)	
Spiritual life	121	116	(5)	(4.13%)	
Housekeeping	894	903	9	1.01%	
Plant maintenance	3,218	3,680	462	14.36%	
Pavilion/assisted living	751	720	(31)	(4.13%)	
Outside services	61	104	43	70.49%	
Independent living	316	412	96	30.38%	
Home care	1,985	1,920	(65)	(3.27%)	
Clinic	80	88	8	10.00%	
Resident services	164	168	4	2.44%	
Transportation	114	157	43	37.72%	
Dietary	3,711	3,770	59	1.59%	
Wellness center	137	133	(4)	(2.92%)	
Beauty shop	58	50	(8)	(13.79%)	
Day care	300	288	(12)	(4.00%)	
General and Administrative:					
Administrative	4,318	4,087	(231)	(5.35%)	
Marketing	802	766	(36)	(4.49%)	
Staff development	118	146	28	23.73%	
Depreciation/amortization	5,118	5,135	17	0.33%	
Real estate taxes	11	10	(1)	(9.09%)	
Interest expense	3,040	2,909	(131)	(4.31%)	
Insurance	601	578	(23)	(3.83%)	
Bad debts	564	564	-	0.00%	
Other operating expenses	298	313	15	5.03%	
Total operating expenses	45,981	46,403	422	0.92%	
Operating loss	(2,143)	(2,689)	(546)	(25.48%)	
Non-operating income (loss):					
Contribution income	1,750	1,796	46	2.63%	
Other non-operating expense	(247)	(368)	(121)	(48.99%)	
Investment/interest income	2,577	2,716	139	5.39%	
Net non-operating income	4,080	4,144	64	1.57%	
Changes in net assets	\$1,937	\$1,455	\$(482)	(24.88%)	

Based on material variance of 10% in main category with floor of \$500K

None

Cash Flow

Comparison 2019 Forecast to 2019 Actual (In Thousands of Dollars)

Material Variances of greater of 10% and \$500K are itemized and explained in footnotes.

	2019 Forecast	2019 Actual	Variance	% Variance	Footnote
Cash flows from operating activities:					
Changes in net assets	1,937	1,455	(482)	(24.88%)	
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Net realized and unrealized gain on investments	(2,577)	(2,717)	(140)	(5.43%)	
Depreciation/amortization	5,005	5,021	16	0.32%	
Amortization of advance fees	(3,209)	(3,461)	(252)	(7.85%)	
Advance fees received - nonrefundable	4,456	4,479	23	0.52%	
Advance fees received - refundable	771	784	13	1.69%	
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable, net	648	(198)	(846)	(130.56%)	(e)
Other receivables and current assets	-	(37)	(37)	(100.00%)	
Increase (decrease) in:					
Accounts payable and accrued expenses	(884)	398	1,282	145.02%	(f)
Advance deposits, resident escrows and refunds payables	(517)	(181)	336	64.99%	
Net cash provided by operating activities	5,630	5,543	(423)	(1.55%)	
Cash flows from investing activities:					
Changes in assets limited as to use	7,716	3,467	(4,249)	(55.07%)	(g)
Repayments from related parties, net	43	895	852	1981.40%	(h)
Purchases of property and equipment	(10,576)	(9,036)	1,540	14.56%	(i)
Net cash used in investing activities	(2,817)	(4,674)	(1,857)	(65.92%)	
Cash flows used in financing activities:					
Refunds of advance fees	(1,483)	(1,290)	193	13.01%	
Issuance costs paid			-	0.00%	
Proceeds from issuance of new debt, net			-	0.00%	
Principal payments of long-term debt	(1,330)	(1,330)	-	0.00%	
Net cash used in financing activities	(2,813)	(2,620)	193	6.86%	
Net increase (decrease) in cash and cash equivalents	-	(1,751)	(1,751)	(100.00%)	
Cash and cash equivalents, beginning	4,016	4,016	-	0.00%	
Cash and cash equivalents, ending	4,016	2,265	(1,751)	(43.60%)	

Based on material variance of 10% in main category with floor of \$500K

- (b) Assets held by trustee and board designated (investments) balance was more than forecast due to excess cash being invested and slower than expected draws on construction loan.
- (c) Accounts payable higher than forecast due to accruals related to year end expenses.
- (d) Due to affiliates higher than forecast due to increased cash flow from affiliates.
- (e) Accounts receivable balance higher than expected due to slower billing and collections.
- (f) See (c) above.
- (g) See (b) above.
- (h) See (d) above.
- (i) Construction project Phase II at Abernethy Laurels has not been closed out; therefore, balance of funds have not been drawn down.

Exhibit 1: Fee Schedules

Each of the following **Fee Schedules** provide an itemized list of services, not included in the Monthly Fee, which may be available on a fee-for-service basis.

United Church Homes and Services d/b/a Abernethy Laurels
The Health Center
 Fee Schedule as of October 1, 2019

Activities

Fees for workshops, trips, programs, and classes will be established according to costs related to the activity.

Supportive Services

Personal Laundry Service (*per month*)\$ 60.00

Clerical Services

Administrative Services (*Per ½ hour, plus supplies*)...\$ 14.00
 NSF Check Charge50.00
 Late Payment Fee50.00
 Duplication beyond 5 pages (*per copy*) 20
 Facsimile Fee (*per page/\$20 max/trans*)2.00
 Notary Services (*per principal signature*).....5.00

Salon Services

Shampoo and set.....\$ 20.00
 Color.....50.00
 Permanent.....65.00
 Haircuts20.00
 (*Other services available at posted prices*)

Key Duplication (*each*)\$ 5.00

Meals

Guest Breakfast\$ 6.00
 Guest Lunch or Dinner8.00
 Child's Plate (*under 13 years*)5.00
 Catering Services:.....*Quote Upon Request*
 Village Bistro*Posted Prices*

Medical

Oxygen (*Monthly*)\$ 60.00
 Air Mattress (*Monthly*)300.00
 C-PAP (*Monthly*)100.00
 Bi-PAP (*Monthly*)250.00
 (*Other services available at posted prices*)

Nursing Services (*Incontinence Program Per Day*)

Small\$ 10.00
 Medium12.00
 Large13.00
 X-Large15.00
 XX-Large17.00
 Bariatric20.00
 (*Non-routine nursing supplies, charged per unit*)

Telephone

Installation Fee\$ 60.00
 Monthly Fee17.00

Transportation

(*Scheduled round trip, per person [medical]*)

Newton/Conover\$ 25.00
 Research Triangle Park/Asheville 155.00
 Hickory Metro/Denver/Lincolnton 45.00
 Statesville/Huntersville/Gastonia 65.00
 Charlotte Metro/Winston-Salem 120.00

*Negotiated trips beyond above are charged a
 mileage fee, plus driver fee*

Weekdays (*per ½ Hour*) 15.00
 Weekends/Holidays (*per ½ Hour*) 20.00
 Mileage fee per mile Car 1.00
 Mileage fee per mile Bus 2.00

Guest Rooms (*per night/per room*)

Twin Oaks Studio\$ 75.00
 Dogwood One-Bedroom 85.00

Use Of Common Space

Residents may use common spaces for private gatherings by making reservations with administration. There is a fee for larger spaces.

Set up and clean up

Per staff person, per ½ hour\$ 15.00

Private Care Services

Companion (*per hour/two-hour minimum*)\$ 19.50
 Home Care Aide (*per hour/two-hour minimum*) 21.00
 Premium Charge for *Short Notice Daily Fee X 2
 (*Weekend or Holiday Add \$3 per hour*)
 (**Less than 24 Hr. Notice of Service Request*)

Daily Room Fee

Harmony and Hope Courts (Private Suite) 296.00
 Noble/Peace Courts (Private Suite) 296.00
 Noble/Peace Courts (Companion Suite) 267.00
 Grace and Unity Courts (Private Suite) 372.00
 Friendship/Faith Courts (Private Suite) 304.00

Note: Arrangements for special services not listed may be made by contacting administration. Fees subject to change with an advance notice.

United Church Homes and Services d/b/a Abernethy Laurels

Adult Care Home

Fee Schedule as of October 1, 2019

Activities

Fees for workshops, trips, programs, and classes will be established according to costs related to the activity.

Clerical (per 1/2 hour, plus supplies)

Administrative Services	\$ 14.00
NSF Check Charge	50.00
Late Payment Fee.....	50.00
Duplication beyond 5 pages (per copy)	0.20
Fax Fee (per page, \$20 max per transmission).....	2.00
Long-term Care Insurance	
Initial set up fee	60.00
Monthly filing fee.....	36.00
Notary Services (per principal signature)	5.00

Salon Services

Shampoo and set	\$ 20.00
Color	50.00
Permanent	65.00
Haircut	20.00
Pedicure	25.00
Manicure	15.00
<i>(Other services available at posted prices)</i>	

Key Duplication (each)..... \$ 5.00

Dining Services

Promenade Dining Room	
Guest Breakfast	\$ 6.00
Guest Lunch or Dinner	8.00
Child's Plate (under 13 years)	5.00
Special Event Meals	Posted Price
Catering Services	Quote upon request
Village Bistro (a la cart).....	Posted Price

Telephone

Installation	\$ 60.00
Monthly fee.....	17.00

Guest Rooms (per Night)

Twin Oaks Studio	\$ 75.00
Dogwood One Bedroom	85.00

Use Of Common Space

Residents may use common spaces for private gatherings by making reservations with administration. There is a fee for larger spaces.

Set-up and Clean-up.....	\$ 15.00
<i>(Per staff person, per 1/2 hour)</i>	

Replacement Pendant Fee \$135.00

Medical (plus cost of supplies)

Air Mattress	\$ 300.00
Bladder Scan	22.00
Blood Draws	21.50
C-PAP (Monthly)	100.00
Bi-PAP (Monthly)	250.00
Injections (Other than Flu / Pneumonia)	16.50
Catheter Care	21.50
Dressing Change (Simple)	16.50
Dressing Change (Complex)	26.50
Ear Irrigation	20.00
Oxygen (Monthly).....	60.00
Urinalysis Specimen Collection.....	10.00

Incontinence Program (Per Day)

Small	\$ 10.00
Medium.....	12.00
Large	13.00
X-Large.....	15.00
XX-Large	17.00
Bariatric	20.00
<i>(Non-routine nursing supplies, charged per unit)</i>	

Transportation (Round-Trip, per person)

Newton/Conover	\$ 25.00
Catawba/Maiden	27.00
Hickory Metro/Denver/Lincolnton	45.00
Statesville/Huntersville/Gastonia	65.00
Charlotte Metro/Winston-Salem	120.00
Research Triangle Park/Asheville.....	155.00

Shuttles

Charlotte (CLT) Airport (one way).....	\$ 65.00
Greensboro (GSO) Airport (one way).....	125.00
Concord (JQF) Executive Airport (one way).....	65.00

Negotiated trips beyond above are charged a mileage fee, plus driver fee

Weekdays (per 1/2 Hour).....	\$ 15.00
Weekends/Holidays (per 1/2 Hour)	20.00
Mileage fee per mile Car.....	1.00
Mileage fee per mile Bus	2.00
Leisure Trips	Posted Price

Daily Room Fee

ACH Daily Fee	\$ 176.00
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Note: Arrangements for special services not listed may be made by contacting administration. Fees subject to change with an advance notice.

United Church Homes and Services d/b/a Abernethy Laurels
The Pavilion
 Fee Schedule as of October 1, 2019

Activities

Fees for workshops, trips, programs, and classes will be established according to costs related to the activity.

Catered Services

(per ½ Hour / per staff person, with ½ Hour minimum)

Housekeeping and Laundry.....	\$ 13.00
Maintenance and Gardening.....	16.00
Personal Laundry Service (per month).....	60.00
Escort to Dining (per month)	160.00

Clerical *(per ½ hour, plus supplies)*

Administrative Services	\$ 14.00
NSF Check Charge.....	50.00
Late Payment Fee.....	50.00
Duplication beyond 5 pages <i>(per copy)</i>	0.20
Fax <i>(per page, \$20 max per transmission)</i>	2.00
Notary Services <i>(per principal signature)</i>	5.00

Salon Services

Shampoo and set	\$ 20.00
Color	50.00
Permanent.....	65.00
Haircuts	20.00
Pedicure.....	25.00
Manicure	15.00

(Other services Available at Posted Prices)

Key Duplication *(each)*.....\$ 5.00

P.O.S. Card Replacement *(each)*.....\$15.00

Dining Services *(Promenade Dining Room)*

Guest Breakfast.....	\$ 6.00
Guest Lunch or Dinner.....	8.00
Child's Plate (under 13 years)	5.00
Special Event Meals.....	<i>Posted Price</i>
Catering Services	<i>Quote Upon Request</i>
Village Bistro <i>(a la cart)</i>	<i>Posted Price</i>

Guest Rooms *(per night)*

Twin Oaks Studio	\$ 75.00
Dogwood One Bedroom	85.00

Telephone *(Pavilion Adult Care (Assisted Living only)*

Installation.....	60.00
Monthly Fee (Studio A and B Units)	17.00

Pendant Replacement Fee\$135.00

ALEXA

Purchase and Installation (one-time fee)	40.00
Monthly Fee	10.00

Core Fitness and Spa

Membership included in Monthly Fees.

Massage..... *Posted Price*

Medical *(see "Laurels At Home" Fee Schedule)*

Transportation *(Schedule round trips, medical)*

Newton/Conover	\$ 25.00
Catawba/Maiden	27.00
Hickory Metro/Denver/Lincolnton.....	45.00
Statesville/Huntersville/Gastonia	65.00
Charlotte Metro/Winston-Salem	120.00
Research Triangle Park/Asheville.....	155.00

Shuttles

Charlotte (CLT) Airport (one way).....	\$ 65.00
Greensboro (GSO) Airport (one way).....	125.00
Concord (JQF) Executive Airport (one way)	65.00
Grocery Shopping (per person/round trip)	13.00

Negotiated trips beyond above are charged a mileage fee, plus driver fee

Weekdays (per ½ Hour)	15.00
Weekends/Holidays (per ½ Hour).....	20.00
Mileage fee per mile Car.....	1.00
Mileage fee per mile Bus	2.00
Leisure Trips	<i>Posted Price</i>

Use Of Common Space

Residents may use common spaces for private gatherings by making reservations with administration. There is a fee for larger spaces.

Set up and clean up	
Per staff person, per ½ hour	\$ 15.00

Note: Arrangements for special services not listed may be made by contacting administration. Fees subject to change with an advance notice.

United Church Homes and Services d/b/a Abernethy Laurels

The Village

Fee Schedule as of October 1, 2019

Activities

Fees for workshops, trips, programs and classes will be established according to costs related to the activity.

Maintenance

(per 1/2 Hour / per staff person, with 1/2 Hour minimum)

Maintenance Services..... \$16.00

Housekeeping

(per 1/2 Hour / per staff person, with 1/2 Hour minimum)

Housekeeping Services \$13.00

Landscaping

Packages available upon request

Clerical *(per 1/2 hour, plus supplies)*

Administrative services \$14.00

NSF Check Fee..... 50.00

Late Payment Fee 50.00

Duplication beyond 5 pages *(per page)*..... 0.20

Fax Fee *(per page, \$20 max per transmission)* 2.00

Notary Services *(per principal signature)* 5.00

Salon Services

Shampoo and set..... \$20.00

Color..... 50.00

Permanent..... 65.00

Haircuts 20.00

Pedicure..... 25.00

Manicure..... 15.00

(Other services Available at Posted Prices)

Key Duplication *(each)* \$5.00

P.O.S. Card Replacement *(each)* \$15.00

Dining Services *(Promenade Dining Room)*

Breakfast..... \$6.00

Lunch or Dinner 8.00

Child's Plate *(under 13 years)* 5.00

Special Event Meals..... Posted Price

Catering Services..... Quote Upon Request

Meal Delivery *(on Campus)* Included

Laurel Woods' Meal Packages

(Non-Cumulative and Excludes Special Event Meals):

10 Meals per Month \$ 72.00

20 Meals per Month 136.00

30 Meals per Month 192.00

Village Bistro *(a la cart)* Posted Price

Medical *(see "Laurels At Home" Fee Schedule)*

Guest Rooms *(per night)*

Twin Oaks Studio..... \$ 75.00

Dogwood One Bedroom..... 85.00

Transportation *(Schedule round trips, per person/medical)*

On Campus Transport \$ 5.00

Newton/Conover 25.00

Catawba/Maiden..... 27.00

Hickory Metro/Denver/Lincolnton..... 45.00

Statesville/Huntersville/Gastonia 65.00

Charlotte Metro/Winston-Salem 120.00

Research Triangle Park/Asheville 155.00

Shuttles

Charlotte (CLT) Airport *(one way)* \$ 65.00

Greensboro (GSO) Airport *(one way)* 125.00

Concord (JQF) Executive Airport *(one way)* 65.00

Grocery Shopping *(per person, round trip)* 13.00

Negotiated trips beyond above are charged a mileage fee, plus driver fee

Weekdays *(per 1/2 Hour)* \$ 15.00

Weekends/Holidays *(per 1/2 Hour)* 20.00

Mileage fee per mile Car 1.00

Mileage fee per mile Bus..... 2.00

Annual Bus Pass *(per person, local travel)* 150.00

Leisure Trips Posted Price

Core Fitness and Spa

Membership included in Monthly Fees.

Massage Posted Price

Pendant Replacement Charge \$ 135.00

ALEXA

Purchase and Installation *(one time fee)* \$ 40.00

Monthly Fee 10.00

Use of Common Space

Residents may use common spaces for private gatherings by making reservations with administration. There is a fee for larger spaces.

Set up and clean up

Per staff person, per 1/2 hour \$ 15.00

Note: Arrangements for special services not listed may be made by contacting administration. Fees subject to change with an advance notice.

United Church Homes and Services d/b/a Abernethy Laurels
Laurels At Home
(Licensed Home Care Agency)
 Fee Schedule as of October 1, 2019

Home Care

Home Care Aide:	
<i>(per Hour, 2 Hour minimum)</i>	\$21.00
Weekends/Holidays <i>(per Hour, 1 Hour minimum)</i>	24.00
Companion/Personal Assistant:	
<i>(per Hour, 2 Hour minimum)</i>	19.50
Weekends/Holidays <i>(per Hour, 1 Hour minimum)</i>	22.50
Licensed Nurse Visit <i>(per ½ hour, ½ Hour min.)</i>	35.00
Weekends/Holidays <i>(per Hour, ½ Hour minimum)</i>	39.00
Home Care Enrollment Fee.....	77.00
Dietician Consultant <i>(per Hour)</i>	55.00
Premium Charge for *Short Notice	Daily Fee X2
Premium Charge for Over Scheduled Time	Daily Fee X2
<i>*Less than 24 Hrs. advance notice of service request</i>	

Medication Assistance/Reminders <i>(per Month)</i>	
1 time per day	\$ 80.00
2 times per day	100.00
3 times per day	140.00
4 times per day	165.00
Medication Box Pre-Pour <i>(per Week)</i>	30.00
Infirmary Room Charge <i>(per Day)</i>	160.00

Medical *(plus cost of supplies)*

Bladder scan	\$ 22.00
Blood Draws.....	21.50
Catheter Insertion or Removal	21.50
Dressing Change <i>(Simple)</i>	16.50
Dressing Change <i>(Complex)</i>	26.50
Ear Irrigation	20.00
EKG.....	60.00
Glucose Test.....	7.00
Injections <i>(Other than Flu/Pneumonia)</i>	16.50
Pacemaker Check	25.00
Pulse Ox	15.00
Trim Toenails	17.00
Urinalysis Specimen Collection	10.00

(Other services available at negotiated fees)

Long-term Care Insurance

Initial Processing Fee	\$ 60.00
Monthly filing fee	36.00
Late Payment fee	50.00

Other Services

Bathing.....	\$ 20.00
Specialty Equipment Assistance.....	15.00
Pet Walk/Sitting <i>(per ½ Hour, ½ Hour minimum)</i>	12.00

Non-resident Respite Care available on the campus; charge per day based upon level of living. See Admissions Counselor for more details.

Respite care in-home available based on services provided.

Services based on availability. Some services not available off campus.

Note: Minimum Enrollment of Four weeks required.

Note: Arrangements for special services not listed may be made by contacting administration. Fees subject to change with an advance notice.

Exhibit 2: Residential Living Unit: 50% Refund

Residential Living Unit: 50% Refund

Residential Living Residency Agreement
Between

(Resident)

And

United Church Homes and Services
100 Leonard Avenue, Newton, NC 28658

Dated: March 1, 2020

ABERNETHY LAURELS
United Church Homes and Services
100 Leonard Avenue, Newton, NC 28658

Residential Living Residency Agreement

1. Basic Requirements

(a) This Residency Agreement is made this ____ day of _____, 20____ by and between _____ hereinafter referred to as the “*Resident*” and United Church Homes and Services, a not-for-profit Corporation chartered by the State of North Carolina, hereinafter referred to as the “*Corporation.*” The Corporation is chartered to carry on ministry among aging persons within the bounds of the Southern Conference of the United Church of Christ. This Residency Agreement is made between the Corporation and the Resident for occupancy of a _____ numbered _____, hereinafter referred to as the “*Residential Living Unit,*” located at Abernethy Laurels, hereinafter referred to as the “*Community.*” This Residency Agreement is made binding with payment by the Resident a Residency Fee in the amount of \$ _____, and a Monthly Fee.

(b) Cancellation Prior to Occupancy Due to Death, Illness or Incapacity.

If this Residency Agreement is entered into prior to occupancy of the Residential Living Unit and the Resident dies before occupying the Residential Living Unit, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residential Living Unit, this Residency Agreement is automatically cancelled and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to the Corporation:

- (i) less any nonstandard costs specifically incurred by the Corporation at the request of the Resident, and
- (ii) any refund due the Resident for cancellation of this Residency Agreement under these circumstances will be made within forty-five (45) days after receipt by the Corporation of a written notice of the Resident’s death, illness or incapacity.

(c) Cancellation by the Resident Within Thirty (30) Days of Contract Execution.

Notwithstanding any other provision of this Residency Agreement, the Resident may rescind this Residency Agreement within thirty (30) days following the execution of this Residency Agreement (or the receipt of a disclosure statement, if later) in which event any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period a Residential Living Unit was occupied by the Resident;
- (ii) any damage caused to the Residential Living Unit during occupancy or in moving;

Resident Initials: _____

- (iii) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (iv) any refund due the Resident under this thirty (30) day provision will be made within forty-five (45) days after receipt by the Corporation of a written notice of cancellation from the Resident. The Resident is not required to move into the Residential Living Unit before the expiration of this thirty (30) day period.

(d) Cancellation by the Resident Between the Thirtieth (30th) and Ninetieth (90th) Day of Occupancy.

During the first ninety (90) days of occupancy, the Resident will have the right to terminate this Residency Agreement by serving the Corporation with written notice of such termination. During the ninety (90) day period, the Corporation also has the right to terminate this Residency Agreement based on its judgment regarding the Resident's ability to adjust to this lifestyle. Any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period the Residential Living Unit was occupied by the Resident;
- (ii) a ten percent (10%) reduction in the initial Residency Fee paid;
- (iii) cost for repair of any damage caused to the Residential Living Unit during occupancy or in moving;
- (iv) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (v) any refund due the Resident for termination during this period will be made within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for marketing.

(e) Cancellation by the Resident After Ninety (90) Days of Occupancy.

After the ninety (90) day period, this Residency Agreement may be terminated by the Resident at any time by serving the Corporation a sixty (60) day advance written notice of such termination. For termination by the Resident under this paragraph (e), the Resident's rights to a refund and the account of any such refund, will be described in Section 3 of this Residency Agreement, below.

(f) Terminations by the Corporation

The Corporation may terminate this Residency Agreement at any time if:

- (i) there has been any material misrepresentation or omission made by the Resident on the Application Form;
- (ii) there is conduct on the part of the Resident that threatens the safety or well-being of the Resident, that of the Resident's neighbors, or employees of the Corporation.

Resident Initials: _____

(g) Responsibilities of the Resident Upon Cancellation or Termination

At the effective date of termination of this Residency Agreement, the Resident shall vacate the Residential Living Unit and shall leave it in good condition except for reasonable wear and tear. Damage due to smoking or having household pets, if approved, will not be considered as reasonable wear and tear. The Resident shall be responsible to the Corporation for any costs incurred in restoring the Residential Living Unit to good condition and repair any damage beyond reasonable wear and tear.

(h) Joint Occupancy of Residential Living Unit

If another individual ("Other Resident") signs a separate Residency Agreement to share occupancy of the same Residential Living Unit with the Resident, in the event of the death of the Other Resident, or the removal of the Other Resident from the Residential Living Unit on a permanent basis for any reason, the remaining Resident will continue to enjoy all rights, privileges, and obligations of this Residency Agreement. Any refund of the Residency Fee due under either of said Residency Agreements will not be computed until the termination of both Residency Agreements due to death or otherwise, and any refund due under either Residency Agreement will be paid to the Resident or Other Resident who is the last to terminate his or her Residency Agreement, within the time period described in paragraph 3(g) of this Residency Agreement.

(i) Effect of Termination

Upon termination of this Residency Agreement and upon complying with the provisions of this Residency Agreement, the Corporation shall have no further obligation to the Resident or their heirs, executors, administrators, or assigns.

2. Changes In Occupancy

(a) Should the Resident choose to marry and the new spouse is not a resident of the Community, the spouse will be required to submit an application for admission. The spouse would complete the regular admission process including the payment of all fees, which may include but not be limited to the upgraded and readjusted Residency Fee and the Monthly Fee. If denied, the couple will then have sixty (60) days to make other living arrangements. If the couple must make other living arrangements, any monies to be returned will be paid to the individual who was a contracted resident of the Community. This refund will be paid within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for remarketing.

(b) Should the Resident choose to marry another resident and the two choose to occupy a single Residential Living Unit, any fees to be returned to the person vacating their Residential Living Unit will be set aside and held by the Corporation for use by that Resident to pay for necessary healthcare expenses should that Resident need nursing care.

Resident Initials: _____

- (c) After the Resident has occupied a Residential Living Unit, should the Resident desire to have another individual move in with them (including a new spouse), the new individual shall complete the normal admission process including the payment of all fees. If the application for admission is approved, either the original Residency Agreement shall be amended or new Residency Agreements shall be executed which specify the new fees and terms established by the Corporation.
- (d) Should a couple occupying a Residential Living Unit choose to no longer share a single living unit, one of the Residents may remain in the occupied Residential Living Unit with that Resident becoming solely entitled to any refund which may be later due under the Residency Agreement, and that Resident will continue to enjoy all rights, privileges and obligations of said Residency Agreement. A separate and new Residency Agreement must be executed for the Other Resident moving out of the Residential Living Unit and into another Residential Living Unit. Should the Other Resident vacating the Residential Living Unit choose to leave the Community and find other living opportunities, the Other Resident is not entitled to any refund and the Corporation shall have no further obligations to the Other Resident or their heirs, executors, administrators, or assigns.

3. Residency

- (a) The Corporation agrees the Resident may occupy the Residential Living Unit described above, subject to the conditions of this Residency Agreement.
- (b) Upon termination of this Residency Agreement by either party, or upon the death of the Resident, after a new Residency Agreement has been executed by another party for the last Residential Living Unit to have been occupied by the Resident, and all fees due have been paid in full, the Resident or the Resident's estate will be entitled to a refund of the Residency Fee as described in this Section 3. The amount of the refund shall be based upon the length of time that has elapsed from the date the Residency Agreement was signed to the effective date of termination as follows:
 - (i) Refunds of Residency Fee for termination of this Residency Agreement within the first thirty (30) days of occupancy are covered by Section 1(c) of this Residency Agreement.
 - (ii) Refunds of the Residency Fee for termination of this Residency Agreement between the thirtieth (30th) and ninetieth (90th) day of occupancy are covered by Section 1(d) of this Residency Agreement.
 - (iii) In cases of termination of this Residency Agreement occurring between the ninety-first (91st) day of occupancy and the thirty-sixth (36th) month of occupancy, the Resident will be entitled to a refund of Residency Fees less 1.21% per month of occupancy through month thirty-six (36).

Resident Initials: _____

- (iv) In cases of termination of this Residency Agreement occurring after the thirty-sixth (36th) month of occupancy, the Resident will be entitled to a refund of fifty percent (50%) of the Residency Fee.
 - (v) During the life of the Resident at the Community, the refund shall not be assigned to another party, without an amendment to the Residency Agreement executed by the Resident and the Corporation.
- (c) If the Resident, because of changes in circumstances, chooses to move into a different Residential Living Unit where a lesser Residency Fee is required, the Resident may do so but without a refund. If the Resident should choose to move into a different Residential Living Unit where a larger Residency Fee is required, the Resident will pay the difference between the Residency Fee and additional fees based on the amount the Resident paid upon admission and the current Residency Fee for the new Residential Living Unit to be occupied.
- (d) If the Resident occupies the Residential Living Unit for less than ninety (90) days and then moves into the Health Center, the Corporation will retain ten percent (10%) of the Residency Fee. The remainder of the Residency Fee will be set aside for use by the Resident for healthcare expenses.
- (e) If the Resident should move into the Health Center and vacate the Residential Living Unit, regardless of the length of residence in the Residential Living Unit, this Residency Agreement will remain in effect.
- (f) If two persons sign a Residency Agreement for the same Residential Living Unit and one of them should need to move into the Health Center on a permanent basis, the Resident remaining in the Residential Living Unit will continue to enjoy all the rights, privileges, and obligations of this Residency Agreement. The prevailing cost of healthcare for the person moving into the Health Center shall be paid from that person's available assets including assets transferred by the Resident to a revocable trust or to any trust in which the Resident is a beneficiary. The person remaining in the Residential Living Unit becomes solely entitled to any refund of the Residency Fee that may later be due under this Residency Agreement.
- (g) After the first ninety (90) days of occupancy of the Residential Living Unit, any refund due the Resident under this Residency Agreement will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

Resident Initials: _____

4. Monthly Fee

- (a) There is a monthly fee to be paid by the Resident at the beginning of each month that helps underwrite administrative/programmatic costs and a variety of support services. This fee is referred to as a Monthly Fee. This fee provides the Resident with services including the following:
 - (i) Outside maintenance and inside routine maintenance of the Residential Living Unit as described in the Resident Handbook.
 - (ii) Twelve (12) non-cumulative nurse visits per year, if needed. (See Paragraph 7(e) for clarification.)
 - (iii) Emergency call system to Nursing Station on 24-hour basis plus night security services.
 - (iv) The option to purchase meals singly or through a monthly fee.
 - (v) Access to programs and transportation of the Community. A minimum charge will be made for certain activities and items. The Resident will be informed of all charges.
 - (vi) Access to a variety of types of support services. A minimum charge will be made for these services. The Resident will be informed of all charges.
 - (vii) Other as herein listed: _____
- (b) Additional services may be purchased by the Resident. The list of additional services, which may be purchased, and the applicable cost of each to the Resident, are provided on the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (c) The current Monthly Fee is as follows: \$_____. It is understood, given a thirty (30) day advance notice, this fee will be adjusted from time-to-time by the Corporation to reflect changes in costs.
- (d) The Corporation will furnish a monthly statement to the Resident for the Monthly Fee and all chargeable items incurred by the Resident.
- (e) The Resident's Monthly Fee and charges for additional services shall be paid on or before the tenth (10th) day of each month, except that the first Monthly Fee is due on the occupancy date. Payments not received by the due date will result in an assessment of the late fee listed in the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (f) If, after a period of sixty (60) days, the Resident has not paid applicable fees and charges, the Corporation may terminate this Residency Agreement.
- (g) If the Resident plans to be absent from the Residential Living Unit for an extended period, the Resident may apply for a meal credit based on the meal plan for which the Resident is entitled.

Resident Initials: _____

- (h) The Monthly Fee is charged as long as the Resident and/or the Resident's possessions are occupying the unit.

5. Financial Requirements

- (a) The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations under this Agreement and to meet their ordinary living expenses. The Resident shall be required at specific times to present the Corporation with an updated confidential financial statement.
- (b) The Resident or Resident's current and/or future representatives (i.e., power of attorney, executor, etc.,) will abide by any and all financial arrangements made with the Corporation for the purpose of securing the Resident's ability to pay any and all charges for residing at the Community. The Resident agrees not to make any gift or other transfer of assets for the purpose of evading the Resident's obligations under this Agreement, if such gift or transfer would render the Resident unable to meet their financial obligations under this Agreement. Gifts or transfers of assets in this manner, which result in the Resident's inability to meet the Resident's financial obligations in accordance with this Agreement, would entitle the Corporation to terminate this Agreement, and the Resident or Resident's representative, as applicable, would be liable for any unpaid amounts to the Corporation.
- (c) If requested by the Corporation, the Resident will apply for any or all federal, state, and local benefits for which the Resident may be eligible or entitled; and if requested by the Corporation, the Resident will apply any or all such benefits toward the cost of the Resident's care at the Community. These benefits may include, but would not be limited to: Medicare, prescription, and Veteran benefits.
- (d) The Corporation will carry fire and extended coverage insurance on the Residential Living Unit. The Resident will be responsible for insurance on contents and personal liability.
- (e) The Corporation will make a copy of its North Carolina Disclosure Statement available to the Resident that includes information regarding the financial status of the Corporation.
- (f) In the event it is necessary for the Corporation to take action for the purpose of enforcing this Residency Agreement or the collecting of any sums of money due under this Residency Agreement, the Corporation shall be entitled to recover routine attorney's fees, out-of-pocket expenses and court costs.
- (g) In the event that the Corporation is assessed sales or use tax on Monthly and/or Daily Fees and/or fees for other services, the Resident will be responsible for all such taxes.

Resident Initials: _____

6. Health Insurance

- (a) The Resident will maintain eligible Medicare Coverage and one supplemental insurance policy or equivalent insurance coverage, which adequately covers hospital, medical and skilled nursing deductibles and copayments required of the primary insurance plan.
- (b) If the Resident has chosen to participate in a managed care insurance program as an alternative to Medicare Part A, Medicare Part B, or other healthcare programs, and supplemental insurance coverage, when healthcare services are provided at the Community, the following restrictions apply:
 - (i) If the Corporation is an approved participating provider with the Resident's managed care program, the Corporation agrees to be reimbursed at the fee negotiated with the Resident's managed care program.
 - (ii) If the Corporation is not an approved participating provider with the Resident's managed care program and the Resident chooses to receive healthcare services at a managed care participating provider, then the Resident agrees that the Resident must relocate for as long as necessary for those services to be provided, and be responsible for all costs. In addition, while receiving healthcare services at the managed care participating provider, the Resident agrees that unless this Agreement is terminated, the Resident will continue to pay all fees for the Resident's living accommodation at the Community, unless the Resident's living accommodation has been surrendered to the Community.
 - (iii) If the Corporation is not a participating provider in the Resident's managed care program and a negotiated fee is not agreed upon by the Corporation, and the Resident would still like to receive healthcare services at the Community, then the Resident will be responsible for the full amount of applicable fees and any charges not paid by the Resident's insurance carrier.
- (c) Both the primary and supplemental health insurance policies must recognize the Corporation as a healthcare provider; or the Resident will assume the financial responsibility for services provided that otherwise would not be covered.
- (d) The Resident will be responsible for ensuring that the health insurance coverage does not lapse and, upon request, will provide the Corporation with evidence of such coverage. Should the health insurance coverage lapse, the Corporation may require the Resident to reapply for suitable coverage.
- (e) If the Resident is unable to obtain adequate new coverage, the Corporation will bill the Resident for any costs related to medical or other healthcare services that would have otherwise been covered by the health insurance coverage policy.
- (f) The Corporation reserves the right and sole discretion to eliminate and/or change its participation in all insurance plans.

Resident Initials: _____

7. Health Needs

- (a) The Resident will provide the Community with appropriate medical records thirty (30) days prior to occupancy and will, within sixty (60) days after taking occupancy, have a medical examination by a private physician or the Community's Medical Director. In matters of health, the Community's Medical Director will recommend to the administrative staff continued occupancy of a suitable Residential Living Unit. The administrative staff would make a final decision on occupancy of said Residential Living Unit after consultation with the Resident, the Resident's physician, and/or the Resident's Power-of-Attorney/Resident Representative.
- (b) When the Resident's health condition changes, an assessment team is assigned to evaluate the Resident utilizing the Corporation's Level of Living Guidelines, a copy of which is available to all residents. A formal appeal process is available to the Resident if the assessment team recommends changes to the Resident's living accommodations and/or level of living status with which the Resident disagrees.
- (c) If at any time the Medical Director, in consultation with the administrative staff, determines the Resident is no longer able to function in a Residential Living Unit or needs care beyond the scope of the Corporation, the Resident will abide by that decision.
- (d) If the Resident becomes unable to care for their business and financial affairs, the Corporation reserves the right, because of its financial and moral involvement, to institute action for the determination of the Resident's competence and, if necessary, facilitate the appointment of a guardian to fulfill the terms of this Residency Agreement; unless such needed arrangements have already been made.
- (e) The Resident is provided with twelve (12) nurse visits per year as part of the Monthly Fee. Nurse visits are non-cumulative. The administrative staff, in consultation with the Resident's physician, shall determine the need for such routine services. A routine charge will be made to the Resident for nurse visits in excess of twelve (12) visits per year.
- (f) If the Resident should need Adult Care Services or Nursing Services such services will be made available by the Corporation at fees current at such time as said services are needed and according to available space.

8. Resident Obligations

- (a) The Resident will make provisions in a Last Will and Testament thirty (30) days prior to occupancy for the final disposition of all furniture and possessions located at the Community, for burial and payment of funeral expenses, and for the appointment of an executor, provided the Resident does not already have a Will that would accomplish these purposes. The Resident agrees to complete an instruction form that will contain pertinent data related to the above matters and will keep this recorded information current while in residency. It is the responsibility of the Resident to deliver this up-to-date information to the Administrative Office.

Resident Initials: _____

- (b) The Resident shall, within thirty (30) days prior to occupancy, legally designate a person as Power-of-Attorney/Resident Representative. The name, address, and telephone number of this person, along with a copy of the documentation of this designation, will be filed with the Corporation.
- (c) The rights and privileges of the Resident under this Residency Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by act of the Resident, or by any proceedings at law, or otherwise.
- (d) The Resident agrees to reimburse the Corporation for any loss or damage suffered by the Corporation resulting from their misconduct, negligence or any damage beyond normal wear and tear.
- (e) The Resident will maintain their living accommodations in a clean, safe, and orderly condition.
- (f) The Resident shall assist the Corporation in application for and utilization of all appropriate support funds to which the Resident may be entitled and agrees to execute reasonable and necessary documents for this purpose.
- (g) The Resident agrees to follow and abide by administrative policies that are designed for the comfort, safety, and security of all Residents. The Resident will be furnished a copy of the current Resident Handbook. The Resident Handbook includes administrative policies and procedures that are part of this Residency Agreement by reference and will be amended by the Corporation from time to time.
- (h) Rights of the Resident under this Residency Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of the Corporation or any membership in the Corporation.
- (i) The 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 being understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss. Ten (10) days after the death of the Resident or termination of this Residency Agreement, the Corporation shall have the right to remove all property from the Resident's Residential Living Unit and to store and charge for the storage of such property, if the Resident or the Resident's estate has not disposed of same.
- (j) The Corporation assumes no responsibility for any injury or illness resulting from misconduct or negligence of or by the Resident.
- (k) The Corporation shall not be liable or responsible for any expenses incurred or obligations of any nature contracted by the Resident.

Resident Initials: _____

9. Financial Assistance

- (a) In connection with its charitable mission, the United Church Homes and Services Foundation, hereinafter referred to as the “*Foundation*” was established to help fulfill the Corporation’s desire that a Resident would not need to leave the Community solely due to the lack of funds. Any disposition of the Resident’s assets in any way other than for care and services at the Community or related living/medical expenses to the extent that Resident cannot adequately provide for the Resident’s expenses or care, will disqualify the Resident for financial assistance from the Foundation and entitle the Corporation to terminate the Resident’s right to reside at the Community.

In the event that a Resident presents facts which in the opinion of the Foundation justify special financial consideration, the Foundation will give careful consideration to subsidizing in whole or in part the fees and charges payable by the Resident hereunder so long as such subsidy can be made without impairing the ability of the Foundation to attain its objectives while operating on a sound financial basis.

In the event that the Foundation may subsidize in whole or in part the fees and charges payable by the Resident hereunder, the Resident will be required to execute a separate Financial (Benevolence) Assistance Agreement with the Foundation.

In the event that the Foundation continues to provide the services to the Resident under the terms of said Financial (Benevolence) Assistance Agreement despite the Resident’s financial inability to continue to pay the fees or charges payable under the terms of this Agreement, the Corporation shall be entitled to require the Resident to move to a smaller or less costly living accommodation.

Any determination by the Foundation with regard to the granting or continuation of financial assistance shall be within the sole discretion of the Foundation, under a separate agreement.

- (b) When a Resident leaves the Community either through death or relocation, if said Resident’s fees have been subsidized wholly or partly by the Foundation, the Resident or Resident’s estate, if any, will be liable to the Foundation for the full amount of the subsidy the Resident received for the entire time of residency. This provision will apply whether or not the Resident is residing at the Community at the time of death. This Agreement will operate as a lifetime assignment, transfer and conveyance to the Foundation of the amount of the Resident’s property that is necessary to cover such liability. Any amount due the Foundation under this provision may be deducted from any refund payable by the Corporation to the Resident or to the Resident’s estate, with said funds to be used to reimburse the Foundation.
- (c) The Foundation has established funds which will be used to assist Residents who would otherwise not be able to live at the Community. These funds may be used for the purpose of providing financial assistance, but no Resident shall have any claim to or expectation of receiving or continuing to receive any such assistance.

Resident Initials: _____

- (d) The resources of the Foundation to provide financial assistance are limited, and the Corporation reserves the right to terminate the residency of any Resident who cannot pay the full cost of Corporation's fees and charges, and other costs in connection with such Resident's stay at the Community.

10. Residency Agreement Concerns

- (a) This Residency Agreement constitutes the entire Contract by and between the Corporation and the Resident. The Corporation is not liable in any manner by any statements, representations, or promises made by persons representing or purporting to represent the Corporation, unless such statements, representations, or promises are set forth in this Residency Agreement or in a subsequent Residency Agreement signed by the parties.
- (b) Notwithstanding any other provisions of this Residency Agreement, the Corporation shall have the right to alter the living accommodations of the Resident to meet the requirement of law, or regulation of the Fire Department, Department of Public Health, or other duly constituted authorities or agencies.
- (c) Except as set forth herein, this Residency Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and the heirs, executors, and administrators, and assigns of the Resident.

11. Other Considerations

- (a) This Residency Agreement supersedes any previous agreements between said parties.
- (b) The Resident has been given, as an Addendum to this Residency Agreement, a current copy of the Resident Handbook. The Resident understands that these documents will change from time to time but that they are the procedural documents for those occupying Residential Living Units at the Community.
- (c) The Resident shall not transfer or voluntarily reduce substantially their assets, as related on their application for occupancy of a Residential Living Unit at United Church Homes and Services, without notification to the Corporation.
- (d) Should the Resident become financially unable to pay the Monthly Fee, the per diem Health Center Fee, or any other fees charged by the Center, the administrative staff of the Corporation will assist the Resident in applying for funds needed to meet the charges for care.
- (e) The Resident shall apply for any and all federal, state, and local grants and benefits for which the Resident may be entitled or eligible, and to apply any and all such grants and benefits toward the cost of the Resident's care at the Center. The Resident's failure to do so will result in termination of this Residency Agreement by the Corporation and release of its obligations hereunder.
- (f) All items in the aforementioned Residency Agreement are binding as of the date signed.

Resident Initials: _____

The undersigned representative of United Church Homes and Services and the undersigned Resident do hereby certify that on this date a current Disclosure Statement dated _____ and a current copy of the Resident Handbook have been presented to the Resident(s) and that the Monthly Fee has been explained to the Resident(s). Prior to execution of this Residency Agreement, the Resident(s) had opportunity to obtain the assistance of counsel in reviewing its terms.

The parties hereby execute this Residency Agreement:

United Church Homes and Services

Date

By: _____
Authorized Community Representative/Title

Date

By: _____
Resident

Exhibit 3: Residential Living Unit: Fully Declining

Residential Living Unit: Fully Declining

Residential Living Residency Agreement
Between

(Resident)

And

United Church Homes and Services
100 Leonard Avenue, Newton, NC 28658

Dated: March 1, 2020

ABERNETHY LAURELS
United Church Homes and Services
100 Leonard Avenue, Newton, NC 28658

Residential Living Residency Agreement

1. Basic Requirements

(a) This Residency Agreement is made this ____ day of _____, 20__ by and between _____ hereinafter referred to as the “*Resident*” and United Church Homes and Services, a not-for-profit Corporation chartered by the State of North Carolina, hereinafter referred to as the “*Corporation*.” The Corporation is chartered to carry on ministry among aging persons within the bounds of the Southern Conference of the United Church of Christ. This Residency Agreement is made between the Corporation and the Resident for occupancy of a _____ numbered _____, hereinafter referred to as the “*Residential Living Unit*,” located at Abernethy Laurels, hereinafter referred to as the “*Community*.” This Residency Agreement is made binding with payment by the Resident a Residency Fee in the amount of \$_____, and a Monthly Fee.

(b) Cancellation Prior to Occupancy Due to Death, Illness, or Incapacity.
If this Residency Agreement is entered into prior to occupancy of the Residential Living Unit and the Resident dies before occupying the Residential Living Unit, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residential Living Unit, this Residency Agreement is automatically cancelled and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to the Corporation:

- (i) less any nonstandard costs specifically incurred by the Corporation at the request of the Resident, and
- (ii) any refund due the Resident for cancellation of this Residency Agreement under these circumstances will be made within forty-five (45) days after receipt by the Corporation of a written notice of the Resident’s death, illness or incapacity.

(c) Cancellation by the Resident Within Thirty (30) Days of Contract Execution.
Notwithstanding any other provision of this Residency Agreement, the Resident may rescind this Residency Agreement within thirty (30) days following the execution of this Residency Agreement (or the receipt of a disclosure statement, if later) in which event any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period a Residential Living Unit was occupied by the Resident;
- (ii) any damage caused to the Residential Living Unit during occupancy or in moving;

Resident Initials: _____

- (iii) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (iv) any refund due the Resident under this thirty (30) day provision will be made within forty-five (45) days after receipt by the Corporation of a written notice of cancellation from the Resident. The Resident is not required to move into the Residential Living Unit before the expiration of this thirty (30) day period.

(d) Cancellation by the Resident Between the Thirtieth (30th) and Ninetieth (90th) Day of Occupancy.

During the first ninety (90) days of occupancy, the Resident will have the right to terminate this Residency Agreement by serving the Corporation with written notice of such termination. During the ninety (90) day period, the Corporation also has the right to terminate this Residency Agreement based on its judgment regarding the Resident's ability to adjust to this lifestyle. Any money paid will be refunded in full, other than:

- (i) the Monthly Fee applicable to the period the Residential Living Unit was occupied by the Resident;
- (ii) a ten percent (10%) reduction in the initial Residency Fee paid;
- (iii) cost for repair of any damage caused to the Residential Living Unit during occupancy or in moving;
- (iv) any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and
- (v) any refund due the Resident for termination during this period will be made within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for marketing.

(e) Cancellation by the Resident After Ninety (90) Days of Occupancy.

After the ninety (90) day period, this Residency Agreement may be terminated by the Resident at any time by serving the Corporation a sixty (60) day advance written notice of such termination. For termination by the Resident under this paragraph (e), the Resident's rights to a refund and the account of any such refund, will be described in Section 3 of this Residency Agreement, below.

(f) Terminations by the Corporation.

The Corporation may terminate this Residency Agreement at any time if:

- (i) there has been any material misrepresentation or omission made by the Resident on the Application Form;
- (ii) if there is misconduct on the part of the Resident that threatens the well-being of the Resident, that of the Resident's neighbors, or employees of the Corporation.

Resident Initials: _____

(g) Responsibilities of the Resident Upon Cancellation or Termination.

At the effective date of termination of this Residency Agreement, the Resident shall vacate the Residential Living Unit, and shall leave it in good condition except for reasonable wear and tear. Damage due to smoking or having household pets, if approved, will not be considered as reasonable wear and tear. The Resident shall be responsible to the Corporation for any costs incurred in restoring the Residential Living Unit to good condition and repair any damage beyond reasonable wear and tear.

(h) Joint Occupancy of Residential Living Unit.

If another individual ("Other Resident") signs a separate Residency Agreement to share occupancy of the same Residential Living Unit with the Resident, in the event of the death of the Other Resident, or the removal of the Other Resident from the Residential Living Unit on a permanent basis for any reason, the remaining Resident will continue to enjoy all rights, privileges, and obligations of this Residency Agreement. Any refund of the Residency Fee due under either of said Residency Agreements will not be computed until the termination of both Residency Agreements due to death or otherwise, and any refund due under either Residency Agreement will be paid to the Resident or Other Resident who is the last to terminate their Residency Agreement within the time period described in paragraph 3(g) of this Residency Agreement.

(i) Effect of Termination.

Upon termination of this Residency Agreement and upon complying with the provisions of this Residency Agreement, the Corporation shall have no further obligation to the Resident or their heirs, executors, administrators, or assigns.

2. Changes In Occupancy

- (a) Should the Resident choose to marry and the new spouse is not a resident of the Community, the spouse will be required to submit an application for admission. The spouse would complete the regular admission process including the payment of all fees, which may include but not be limited to the upgraded and readjusted Residency Fee and Monthly Fee. If denied, the couple will then have sixty (60) days to make other living arrangements. If the couple must make other living arrangements, any monies to be returned will be paid to the individual who was a contracted resident of the Community. This refund will be paid within thirty (30) days after the date that the last Residential Living Unit to have been occupied by the Resident has been vacated and made available for remarketing.
- (b) Should the Resident choose to marry another resident and the two choose to occupy a single Residential Living Unit, any fees to be returned to the person vacating their Residential Living Unit will be set aside and held by the Corporation for use by that Resident to pay for necessary healthcare expenses should that Resident need nursing care.

Resident Initials: _____

- (c) After the Resident has occupied a Residential Living Unit, should the Resident desire to have another individual move in with them (including a new spouse), the new individual shall complete the normal admission process including the payment of all fees. If the application for admission is approved, either the original Residency Agreement shall be amended or new Residency Agreements shall be executed which specify the new fees and terms established by the Corporation.
- (d) Should a couple occupying a Residential Living Unit choose to no longer share a single living unit, one of the Residents may remain in the occupied unit with that Resident becoming solely entitled to any refund which may be later due under the Residency Agreement, and that Resident will continue to enjoy all rights, privileges and obligations of said Residency Agreement. A separate and new Residency Agreement must be executed for the Other Resident moving out of the Residential Living Unit and into another Residential Living Unit. Should the Other Resident vacating the Residential Living Unit choose to leave the Community and find other living opportunities, the Other Resident is not entitled to any refund and the Corporation shall have no further obligations to the Other Resident or their heirs, executors, administrators, or assigns.

3. Residency

- (a) The Corporation agrees the Resident may occupy the Residential Living Unit described above, subject to the conditions of this Residency Agreement.
- (b) Upon termination of this Residency Agreement by either party, or upon the death of the Resident, after a new Residency Agreement has been executed by another party for the last Residential Living Unit to have been occupied by the Resident, and all fees due have been paid in full, the Resident or the Resident's estate will be entitled to a refund of the Residency Fee as described in this Section 3. The amount of the refund shall be based upon the length of time that has elapsed from the date the Residency Agreement was signed to the effective date of termination as follows:
 - (i) Refunds of Residency Fee for termination of this Residency Agreement within the first thirty (30) days of occupancy are covered by Section 1(c) of this Residency Agreement.
 - (ii) Refunds of the Residency Fee for termination of this Residency Agreement between the thirtieth (30th) and ninetieth (90th) day of occupancy are covered by Section 1(d) of this Residency Agreement.
 - (iii) In cases of termination of this Residency Agreement occurring between the ninetieth (90th) day of occupancy and the thirty-sixth (36th) month of occupancy, the Resident will be entitled to a refund of Residency Fees less 2.73% per month of occupancy through month thirty-six (36).

Resident Initials: _____

- (iv) In cases of termination of this Residency Agreement occurring after the thirty-sixth (36th) month of occupancy, the Resident will not be entitled to any refund of the Residency Fee.
- (v) During the life of the Resident at the Community, the refund shall not be assigned to another party without an amendment to the Residency Agreement executed by the Resident and the Corporation.
- (c) If the Resident, because of changes in circumstances, chooses to move into a different Residential Living Unit where a lesser Residency Fee is required, the Resident may do so but without a refund. If the Resident should choose to move into a different Residential Living Unit where a larger Residency Fee is required, the Resident will pay the difference between the Residency Fee and additional fees based on the amount the Resident paid upon admission and the current Residency Fee for the new Residential Living Unit to be occupied.
- (d) If the Resident occupies the Residential Living Unit for less than ninety (90) days and then moves into the Health Center, the Corporation will retain ten percent (10%) of the Residency Fee. The remainder of the Residency Fee will be set aside for use by the Resident for healthcare expenses.
- (e) If the Resident should move into the Health Center and vacate the Residential Living Unit, regardless of the length of residence in the Residential Living Unit, this Residency Agreement will remain in effect.
- (f) If two persons sign a Residency Agreement for the same Residential Living Unit and one of them should need to move into the Health Center on a permanent basis, the Resident remaining in the Residential Living Unit will continue to enjoy all the rights, privileges, and obligations of this Residency Agreement. The prevailing cost of healthcare for the person moving into the Health Center shall be paid from that person's available assets including assets transferred by the Resident to a revocable trust or to any trust in which the Resident is a beneficiary. The person remaining in the Residential Living Unit becomes solely entitled to any refund of the Residency Fee that may later be due under this Residency Agreement.
- (g) After the first ninety (90) days of occupancy of the Residential Living Unit, any refund due the Resident under this Residency Agreement will be made only when the last Residential Living Unit to have been occupied by the Resident is covered by a new Residency Agreement with another person or persons and all new fees have been paid in full.

4. Monthly Fee

- (a) There is a monthly fee to be paid by the Resident at the beginning of each month that helps underwrite administrative/programmatic costs and a variety of support services. This fee is referred to as a Monthly Fee. This fee provides the Resident with services including the following:

Resident Initials: _____

- (i) Outside maintenance and inside routine maintenance of the Residential Living Unit as described in the Resident Handbook.
 - (ii) Twelve (12) non-cumulative nurse visits per year, if needed. (See Paragraph 7(e) for clarification.)
 - (iii) Emergency call system to Nursing Station on 24-hour basis plus night security services.
 - (iv) The option to purchase meals singly or through a monthly fee.
 - (v) Access to programs and transportation of the Community. A minimum charge will be made for certain activities and items. The Resident will be informed of all charges.
 - (vi) Access to a variety of types of support services. A minimum charge will be made for these services. The Resident will be informed of all charges.
 - (vii) Other as herein listed: _____
- (b) Additional services may be purchased by the Resident. The list of additional services, which may be purchased, and the applicable cost of each to the Resident, are provided on the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (c) The current Monthly Fee is as follows: \$_____. It is understood, given a thirty (30) day advance notice, this fee will be adjusted from time-to-time by the Corporation to reflect changes in costs.
- (d) The Corporation will furnish a monthly statement to the Resident for the Monthly Fee and all chargeable items incurred by the Resident.
- (e) The Resident's Monthly Fee and charges for additional services shall be paid on or before the tenth (10th) day of each month, except that the first Monthly Fee is due on the occupancy date. Payments not received by the due date will result in an assessment of the late fee listed in the Fee Schedule that is published annually and attached as an addendum to this agreement.
- (f) If, after a period of sixty (60) days, the Resident has not paid applicable fees and charges, the Corporation may terminate this Residency Agreement.
- (g) If the Resident plans to be absent from the Residential Living Unit for an extended period, the Resident may apply for a meal credit based on the meal plan for which the Resident is entitled.
- (h) The Monthly Fee is charged as long as the Resident and/or the Resident's possessions are occupying the unit.

Resident Initials: _____

5. Financial Requirements

- (a) The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations under this Agreement and to meet their ordinary living expenses. The Resident shall be required at specific times to present the Corporation with an updated confidential financial statement.
- (b) The Resident or Resident's current and/or future representatives (i.e., power of attorney, executor, etc.) will abide by any and all financial arrangements made with the Corporation for the purpose of securing the Resident's ability to pay any and all charges for residing at the Community. The Resident agrees not to make any gift or other transfer of assets for the purpose of evading the Resident's obligations under this Agreement, if such gift or transfer would render the Resident unable to meet their financial obligations under this Agreement. Gifts or transfers of assets in this manner, which result in the Resident's inability to meet the Resident's financial obligations in accordance with this Agreement, would entitle the Corporation to terminate this Agreement, and the Resident or Resident's representative, as applicable, would be liable for any unpaid amounts to the Corporation.
- (c) If requested by the Corporation, the Resident will apply for any or all federal, state, and local benefits for which the Resident may be eligible or entitled; and if requested by the Corporation, the Resident will apply any or all such benefits toward the cost of the Resident's care at the Community. These benefits may include, but would not be limited to: Medicare, prescription, and Veteran benefits.
- (d) The Corporation will carry fire and extended coverage insurance on the Residential Living Unit. The Resident will be responsible for insurance on contents and personal liability.
- (e) The Corporation will make a copy of its North Carolina Disclosure Statement available to the Resident that includes information regarding the financial status of the Corporation.
- (f) In the event it is necessary for the Corporation to take action for the purpose of enforcing this Residency Agreement or the collecting of any sums of money due under this Residency Agreement, the Corporation shall be entitled to recover routine attorney's fees, out-of-pocket expenses and court costs.
- (g) In the event that the Corporation is assessed sales or use tax on Monthly and/or Daily Fees and/or fees for other services, the Resident will be responsible for all such taxes.

6. Health Insurance

- (a) The Resident will maintain eligible Medicare Coverage and one supplemental insurance policy or equivalent insurance coverage, which adequately covers hospital, medical and skilled nursing deductibles and copayments required of the primary insurance plan.
- (b) If the Resident has chosen to participate in a managed care insurance program as an alternative to Medicare Part A, Medicare Part B, or other healthcare programs, and

Resident Initials: _____

supplemental insurance coverage, when healthcare services are provided at the Community, the following restrictions apply:

- (i) If the Corporation is an approved participating provider with the Resident's managed care program, the Corporation agrees to be reimbursed at the rate negotiated with the Resident's managed care program.
 - (ii) If the Corporation is not an approved participating provider with the Resident's managed care program and the Resident chooses to receive healthcare services at a managed care participating provider, then the Resident agrees that the Resident must relocate for as long as necessary for those services to be provided, and be responsible for all costs. In addition, while receiving healthcare services at the managed care participating provider, the Resident agrees that unless this Agreement is terminated, the Resident will continue to pay all fees for the Resident's living accommodation at the Community, unless the Resident's living accommodation has been surrendered to the Community.
 - (iii) If the Corporation is not a participating provider in the Resident's managed care program and a negotiated rate is not agreed upon by the Corporation, and the Resident would still like to receive healthcare services at the Community, then the Resident will be responsible for the full amount of applicable fees and any charges not paid by the Resident's insurance carrier.
- (c) Both the primary and supplemental health insurance policies must recognize the Corporation as a healthcare provider; or the Resident will assume the financial responsibility for services provided that otherwise would not be covered.
 - (d) The Resident will be responsible for ensuring that the health insurance coverage does not lapse and, upon request, will provide the Corporation with evidence of such coverage. Should the health insurance coverage lapse, the Corporation may require the Resident to reapply for suitable coverage.
 - (e) If the Resident is unable to obtain adequate new coverage, the Corporation will bill the Resident for any costs related to medical or other healthcare services that would have otherwise been covered by the health insurance coverage policy.
 - (f) The Corporation reserves the right and sole discretion to eliminate and/or change its participation in all insurance plans.

7. Health Needs

- (a) The Resident will provide the Community with appropriate medical records thirty (30) days prior to occupancy and will, within sixty (60) days after taking occupancy, have a medical examination by a private physician or the Community's Medical Director. In matters of health, the Community's Medical Director will recommend to the administrative staff continued occupancy of a suitable Residential Living Unit. The administrative staff would make a final decision on occupancy of said Residential Living Unit after

Resident Initials: _____

consultation with the Resident, the Resident's physician, and/or the Resident's Power-of-Attorney/Resident Representative.

- (b) When the Resident's health condition changes, an assessment team is assigned to evaluate the Resident utilizing the Corporation's Level of Living Guidelines, a copy of which is available to all residents. A formal appeal process is available to the Resident if the assessment team recommends changes to the Resident's living accommodations and/or level of living status with which the Resident disagrees.
- (c) If at any time the Medical Director, in consultation with the administrative staff, determines the Resident is no longer able to function in a Residential Living Unit or needs care beyond the scope of the Corporation, the Resident will abide by that decision.
- (d) If the Resident becomes unable to care for their business and financial affairs, the Corporation reserves the right, because of its financial and moral involvement, to institute action for the determination of the Resident's competence and, if necessary, facilitate the appointment of a guardian to fulfill the terms of this Residency Agreement; unless such needed arrangements have already been made.
- (e) The Resident is provided with twelve (12) nurse visits per year as part of the Monthly Fee. Nurse visits are non-cumulative. The administrative staff, in consultation with the Resident's physician, shall determine the need for such routine services. A routine charge will be made to the Resident for nurse visits in excess of twelve (12) visits per year.
- (f) If the Resident should need Adult Care Services or Nursing Services, such services will be made available by the Corporation at fees current at such time as said services are needed and according to available space.

8. Resident Obligations

- (a) The Resident will make provisions in a Last Will and Testament thirty (30) days prior to occupancy for the final disposition of all furniture and possessions located at the Community, for burial and payment of funeral expenses, and for the appointment of an executor, provided the Resident does not already have a Will that would accomplish these purposes. The Resident agrees to complete an instruction form that will contain pertinent data related to the above matters and will keep this recorded information current while in residency. It is the responsibility of the Resident to deliver this up-to-date information to the Administrative Office.
- (b) The Resident shall, within thirty (30) days prior to occupancy, legally designate a person as Power-of-Attorney/Resident Representative. The name, address, and telephone number of this person, along with a copy of the documentation of this designation, will be filed with the Corporation.

Resident Initials: _____

- (c) The rights and privileges of the Resident under this Residency Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by act of the Resident, or by any proceedings at law, or otherwise.
- (d) The Resident agrees to reimburse the Corporation for any loss or damage suffered by the Corporation resulting from their misconduct, negligence or any damage beyond normal wear and tear.
- (e) The Resident will maintain their living accommodations in a clean, safe, and orderly condition.
- (f) The Resident shall assist the Corporation in application for and utilization of all appropriate support funds to which the Resident may be entitled and agrees to execute reasonable and necessary documents for this purpose.
- (g) The Resident agrees to follow and abide by administrative policies that are designed for the comfort, safety, and security of all Residents. The Resident will be furnished a copy of the current Resident Handbook. The Resident Handbook includes administrative policies and procedures that are part of this Residency Agreement by reference and will be amended by the Corporation from time to time.
- (h) Rights of the Resident under this Residency Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of the Corporation or any membership in the Corporation.
- (i) The 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 being understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss. Ten (10) days after the death of the Resident or termination of this Residency Agreement, the Corporation shall have the right to remove all property from the Resident's Residential Living Unit and to store and charge for the storage of such property, if the Resident or the Resident's estate has not disposed of same.
- (j) The Corporation assumes no responsibility for any injury or illness resulting from misconduct or negligence of or by the Resident.
- (k) The Corporation shall not be liable or responsible for any expenses incurred or obligations of any nature contracted by the Resident.

9. Financial Assistance

- (a) In connection with its charitable mission, the United Church Homes and Services Foundation, hereinafter referred to as the "*Foundation*" was established to help fulfill the Corporation's desire that a Resident would not need to leave the Community solely due to the lack of funds. Any disposition of the Resident's assets in any way other than for care and services at the Community or related living/medical expenses to the extent that

Resident Initials: _____

Resident cannot adequately provide for the Resident's expenses or care, will disqualify the Resident for financial assistance from the Foundation and entitle the Corporation to terminate the Resident's right to reside at the Community.

In the event that a Resident presents facts which in the opinion of the Foundation justify special financial consideration, the Foundation will give careful consideration to subsidizing in whole or in part the fees and charges payable by the Resident hereunder so long as such subsidy can be made without impairing the ability of the Foundation to attain its objectives while operating on a sound financial basis.

In the event that the Foundation may subsidize in whole or in part the fees and charges payable by the Resident hereunder, the Resident will be required to execute a separate Financial (Benevolence) Assistance Agreement with the Foundation.

In the event that the Foundation continues to provide the services to the Resident under the terms of said Financial (Benevolence) Assistance Agreement despite the Resident's financial inability to continue to pay the fees or charges payable under the terms of this Agreement, the Corporation shall be entitled to require the Resident to move to a smaller or less costly living accommodation.

Any determination by the Foundation with regard to the granting or continuation of financial assistance shall be within the sole discretion of the Foundation, under a separate agreement.

- (b) When a Resident leaves the Community either through death or relocation, if said Resident's fees have been subsidized wholly or partly by the Foundation, the Resident or Resident's estate, if any, will be liable to the Foundation for the full amount of the subsidy the Resident received for the entire time of residency. This provision will apply whether or not the Resident is residing at the Community at the time of death. This Agreement will operate as a lifetime assignment, transfer and conveyance to the Foundation of the amount of the Resident's property that is necessary to cover such liability. Any amount due the Foundation under this provision may be deducted from any refund payable by the Corporation to the Resident or to the Resident's estate, with said funds to be used to reimburse the Foundation.
- (c) The Foundation has established funds which will be used to assist Residents who would otherwise not be able to live at the Community. These funds may be used for the purpose of providing financial assistance, but no Resident shall have any claim to or expectation of receiving or continuing to receive any such assistance.
- (d) The resources of the Foundation to provide financial assistance are limited, and the Corporation reserves the right to terminate the residency of any Resident who cannot pay the full cost of Corporation's fees and charges, and other costs in connection with such Resident's stay at the Community.

Resident Initials: _____

10. Residency Agreement Concerns

- (a) This Residency Agreement constitutes the entire Contract by and between the Corporation and the Resident. The Corporation is not liable in any manner by any statements, representations, or promises made by persons representing or purporting to represent the Corporation, unless such statements, representations, or promises are set forth in this Residency Agreement or in a subsequent Residency Agreement signed by the parties.
- (b) Notwithstanding any other provisions of this Residency Agreement, the Corporation shall have the right to alter the living accommodations of the Resident to meet the requirement of law, or regulation of the Fire Department, Department of Public Health, or other duly constituted authorities or agencies.
- (c) Except as set forth herein, this Residency Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and the heirs, executors, and administrators, and assigns of the Resident.

11. Other Considerations

- (a) This Residency Agreement supersedes any previous agreements between said parties.
- (b) The Resident has been given, as an Addendum to this Residency Agreement, a current copy of the Resident Handbook. The Resident understands that these documents will change from time to time but that they are the procedural documents for those occupying Residential Living Units at the Community.
- (c) The Resident shall not transfer or voluntarily reduce substantially their assets, as related on their application for occupancy of a Residential Living Unit at United Church Homes and Services, without notification to the Corporation.
- (d) Should the Resident become financially unable to pay the Monthly Fee, the per diem Health Center Fee, or any other fees charged by the Center, the administrative staff of the Corporation will assist the Resident in applying for funds needed to meet the charges for care.
- (e) The Resident shall apply for any and all federal, state, and local grants and benefits for which the Resident may be entitled or eligible, and to apply any and all such grants and benefits toward the cost of the Resident's care at the Center. The Resident's failure to do so will result in termination of this Residency Agreement by the Corporation and release of its obligations hereunder.
- (f) All items in the aforementioned Residency Agreement are binding as of the date signed.

Resident Initials: _____

The undersigned representative of United Church Homes and Services and the undersigned Resident do hereby certify that on this date a current Disclosure Statement dated _____ and a current copy of the Resident Handbook have been presented to the Resident(s) and that the Monthly Fee has been explained to the Resident(s). Prior to execution of this Residency Agreement, the Resident(s) had opportunity to obtain the assistance of counsel in reviewing its terms.

The parties hereby execute this Residency Agreement:

United Church Homes and Services

Date

By: _____
Authorized Community Representative/Title

Date

By: _____
Resident

Exhibit 4: Articles of Incorporation

ARTICLES OF INCORPORATION
OF
UNITED CHURCH HOMES AND SERVICES
A Non-Profit Organization

I

The name of the Corporation is **UNITED CHURCH HOMES AND SERVICES**

II

The period of duration of the Corporation shall be perpetual.

III

The purposes for which the Corporation is organized are:

- A. To conduct and manage a Retirement Community or communities for aging members of the Southern Conference of the United Church of Christ and for such other persons as may be admitted from time to time in accordance with the rules and regulations adopted by the Board of Directors of the Corporation;
- B. to establish and carry on a program of care in each designated operating unit that is designed to minister to the “whole person”, thereby meeting his or her physical, social, spiritual, educational, religious and economic needs;
- C. to establish and carry on a program of charity in which the Corporation will be enabled to reach out and provide its services to needy and deserving members of the Conference Community who would not otherwise be able to afford the same;
- D. to establish, build, and operate several facilities across the geographical boundaries of the Southern Conference of the United Church of Christ, ministering to the needs of the aging population of that area but at all times, however, keeping in mind the necessity of providing a continuum of care in each such area of residential, custodial, and nursing services;
- E. in connection with the purposes set forth hereinabove and in order to carry them out, to receive and acquire by gift, bequest, or otherwise, and to hold real and personal property, to lease and sell its holdings, to make investment of its funds, to borrow money, secured by mortgage on its properties or otherwise, to accept gifts and bequests, and to apply the principal and interest as may be directed by the donor or as the Board of Directors may determine in the absence of such direction; and
- F. to take such other steps as the Board of Directors deems requisite and necessary to carry out such of its general purposes as are permitted by law to non-profit corporations and to have all other powers with which such corporations are normally endowed.

IV

The Corporation shall have no members.

V

The control and operation of the Corporation shall be vested in a Board of Directors consisting of no more than twenty-six (26) members, who shall be elected in the manner and for the terms as provided in the Bylaws of the Corporation.

VI

No part of the income of the Corporation or no part of the property or assets of the Corporation upon dissolution or liquidation shall ever inure to the benefit of any of the Board of Directors. Upon the dissolution or liquidation of the Corporation, all of the property and assets, after the payment of claims and liabilities, shall belong to and be the property of the Southern Conference of the United Church of Christ, or its successors.

VII

The Board of Directors shall have the general management of the affairs of the Corporation and may, from time to time, delegate these duties to committees or individuals, as it may see fit.

VIII

The Board of Directors shall adopt Bylaws not inconsistent with the Articles of Incorporation of the Corporation, and such Bylaws may be amended at any time upon such notice as may be required by the Bylaws or the General Statutes of North Carolina by the Board of Directors by a two-thirds majority of its members present and voting.

IX

These Articles of Incorporation may be amended by the affirmative vote of two-thirds majority of the members of the Board of Directors voting at either an Annual Meeting or at a special meeting called for such purpose, provided, however, that a written notice of the proposed resolution to amend such Articles shall be given to each member at least ten (10) days prior to any such meeting.

X

Notwithstanding any other provisions of these Articles of Incorporation or the General Statutes of the State of North Carolina, no director, officer, employee, or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation which is not permitted to be taken or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its Regulations as they now exist or as they may be hereafter amended, or by an organization, contributions to which are deductible under Section 170(c)(2) of such code and regulations as they now exist or as they may hereafter be amended.

XI

The address of the registered office of the Corporation is as follows: 100 Leonard Avenue, Newton, Catawba County, North Carolina 28658. The name of the registered agent at the above address is Lee B. Syria. From time to time, changes in the registered agent and/or registered office may be determined by the President and CEO as necessary.

XII

The address of the principal office of the Corporation is as follows: 100 Leonard Avenue, Newton, Catawba County, North Carolina 28658.

IN TESTIMONY WHEREOF, the Corporation has caused this instrument to be executed in its corporate name by its President, this the 7th day of March, 2013.

UNITED CHURCH HOMES AND SERVICES

By: Lee B. Syria
Lee B. Syria, President and CEO

Exhibit 5: Certified 2018-2019 Audited Financial Statement

For the Period Ending September 30, 2019

UNITED CHURCH HOMES AND
SERVICES AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2018)



UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
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Bernard Robinson & Company, L.L.P.

Independent Auditor's Report

To the Board of Directors
United Church Homes and Services
Newton, North Carolina

Report on the Financial Statements

We have audited the accompanying combined financial statements of United Church Homes and Services and Affiliates (the Organization), which comprise the combined statement of financial position as of September 30, 2019, and the related combined statements of operations and changes in net assets, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of United Church Homes and Services and Affiliates as of September 30, 2019, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Church Homes and Services and Affiliates' 2018 combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
December 20, 2019

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Combined Statement of Financial Position
September 30, 2019 (With Comparative Totals for September 30, 2018)

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 4,293,318	\$ 5,375,720
Accounts receivable, net of allowance for doubtful accounts	3,185,834	2,899,923
Other receivables, net of allowance for doubtful accounts	1,142,440	2,122,619
Current assets limited as to use	438,952	433,126
Due from related parties, current	352,886	305,146
Other current assets	559,642	735,363
Total current assets	<u>9,973,072</u>	<u>11,871,897</u>
Due from related parties, less current portion	227,524	227,524
Assets limited as to use	78,360,696	78,796,562
Other non-current assets	453,399	372,028
Property and equipment, net	85,480,829	82,407,173
	<u>164,522,448</u>	<u>161,803,287</u>
Total assets	<u>\$ 174,495,520</u>	<u>\$ 173,675,184</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Current portion of long-term debt	\$ 1,940,000	\$ 1,780,000
Current portion of capital leases	60,306	89,965
Accounts payable	5,882,096	6,268,493
Accrued salaries and related benefits	3,725,790	3,595,961
Other current payables	2,172,271	2,317,535
Total current liabilities	<u>13,780,463</u>	<u>14,051,954</u>
Long-Term Liabilities:		
Long-term debt, less current portion	90,182,867	92,196,236
Capital leases, less current portion	78,131	138,437
Long-term refunds payable	11,757,561	11,582,733
Deferred revenue from advance fees	35,756,165	34,031,191
	<u>137,774,724</u>	<u>137,948,597</u>
Total liabilities	<u>151,555,187</u>	<u>152,000,551</u>
Net Assets:		
Without donor restrictions	16,229,478	13,783,836
With donor restrictions	6,710,855	7,890,797
Total net assets	<u>22,940,333</u>	<u>21,674,633</u>
Total liabilities and net assets	<u>\$ 174,495,520</u>	<u>\$ 173,675,184</u>

See Notes to Combined Financial Statements

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Combined Statement of Operations and Changes in Net Assets
Year Ended September 30, 2019 (With Comparative Totals for Year Ended September 30, 2018)

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Health care	\$ 27,220,229	\$ 25,353,530
Pavilion/assisted living	4,694,202	4,377,466
Residential living	13,185,139	12,371,729
Amortization of advance fees	5,274,467	5,148,903
Home care	2,701,239	2,271,784
PACE income	17,095,571	16,475,082
Management fee income	166,671	156,577
Outside services	118,785	76,583
Other operating revenue	929,828	974,718
Total operating revenues	<u>71,386,131</u>	<u>67,206,372</u>
Operating expenses:		
Health services:		
Health care	13,075,410	12,774,222
Medical records	150,261	148,368
Personnel and employee benefits	8,824,350	7,728,506
Laundry	262,630	264,449
Social services	301,670	289,161
Activities	354,675	333,758
Spiritual life	181,363	171,659
Housekeeping	1,094,003	1,055,689
Plant maintenance	5,444,068	5,264,627
Residential living	504,392	418,282
Pavilion/assisted living	1,561,810	1,452,862
Clinic	87,618	89,496
Resident services	268,400	255,415
Transportation	188,511	200,329
Dietary	4,914,088	4,487,915
Wellness center	132,539	135,425
Beauty shop	97,855	105,497
Day care	287,793	241,811
Home care	2,172,367	1,992,156
Home health	76,438	-
PACE expenses (including depreciation of \$161,517)	15,208,420	14,796,472
Outside services	103,892	73,325
General and administrative:		
Administrative	4,871,034	4,583,033
Marketing	1,061,755	1,171,973
Staff development	209,864	130,203
Depreciation	6,740,376	6,487,319
Real estate taxes	419,820	411,030
Interest expense (including amortization of \$212,687)	3,791,132	4,104,776

See Notes to Combined Financial Statements

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Combined Statement of Operations and Changes in Net Assets (Continued)
Year Ended September 30, 2019 (With Comparative Totals for Year Ended September 30, 2018)

	<u>2019</u>	<u>2018</u>
Operating expenses (Continued):		
General and administrative (Continued):		
Insurance	\$ 718,396	\$ 711,301
Bad debts	602,000	519,561
Other operating expenses	453,840	322,780
Total operating expenses	<u>74,160,770</u>	<u>70,721,400</u>
Operating loss	<u>(2,774,639)</u>	<u>(3,515,028)</u>
Nonoperating income (loss):		
Contributions	166,205	115,472
Contribution expense	(574,664)	(260,749)
Investment return, net	3,101,946	3,406,948
Gain on sale of property and equipment	3,250	888
Other nonoperating income (expense)	(737,821)	42,178
Net assets released from restrictions	3,261,365	1,370,875
Net nonoperating income	<u>5,220,281</u>	<u>4,675,612</u>
Change in net assets without donor restrictions	<u>2,445,642</u>	<u>1,160,584</u>
Net assets with donor restrictions:		
Contributions	2,068,039	2,495,989
Change in value of gift annuities	13,384	(99,688)
Net assets released from restrictions	(3,261,365)	(1,370,875)
Change in net assets with donor restrictions	<u>(1,179,942)</u>	<u>1,025,426</u>
Change in net assets	1,265,700	2,186,010
Net assets, beginning	<u>21,674,633</u>	<u>19,488,623</u>
Net assets, ending	<u>\$ 22,940,333</u>	<u>\$ 21,674,633</u>

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Combined Statement of Cash Flows
Year Ended September 30, 2019 (With Comparative Totals for Year Ended September 30, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 1,265,700	\$ 2,186,010
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on investments	(3,101,946)	(3,403,888)
Net (gain) loss on sale of property and equipment	(3,250)	1,614
Change in allowance for doubtful accounts	(6,279)	(63,152)
Depreciation, including PACE capital depreciation	6,901,893	6,669,907
Non-cash donation of property and equipment	(3,659)	-
Amortization of deferred issue costs	192,816	817,702
Amortization of bond (premium) discount, net	(265,735)	(63,787)
Amortization of advance fees	(5,274,467)	(5,150,108)
Advance fees received	8,110,080	7,795,670
Change in value of gift annuities	3,497	115,460
(Increase) decrease in:		
Accounts receivable	(279,632)	329,548
Other receivables	980,179	(1,343,880)
Other current assets	94,350	(309,100)
Increase (decrease) in:		
Accounts payable	(735,044)	497,786
Accrued salaries and related benefits	129,829	(8,694)
Other current payables	437,056	(194,180)
Net cash provided by operating activities	<u>8,445,388</u>	<u>7,876,908</u>
Cash flows from investing activities:		
Change in assets limited as to use	3,528,489	(12,671,628)
Purchases of property and equipment	(9,623,243)	(14,838,853)
Proceeds from sale of property and equipment	3,250	800
Repayments from (payments to) related parties, net	(47,740)	9,370
Net cash used in investing activities	<u>(6,139,244)</u>	<u>(27,500,311)</u>
Cash flows from financing activities:		
Advanced fees refunds	(1,518,131)	(2,591,761)
Borrowings from long-term debt	-	23,403,056
Principal payments on long-term debt and capital leases	(1,870,415)	(2,563,995)
Deferred issue costs paid	-	(1,016,003)
Premium received on bonds issued	-	1,655,936
Net cash provided by (used in) financing activities	<u>(3,388,546)</u>	<u>18,887,233</u>
Net decrease in cash and cash equivalents	(1,082,402)	(736,170)
Cash and cash equivalents, beginning	5,375,720	6,111,890
Cash and cash equivalents, ending	<u>\$ 4,293,318</u>	<u>\$ 5,375,720</u>
Supplemental disclosures of cash flow information:		
Cash payments for interest	<u>\$ 3,566,034</u>	<u>\$ 3,790,874</u>
Supplemental disclosures of noncash investing and financing activities:		
Acquisition of property and equipment financed by capital lease obligation	<u>\$ -</u>	<u>\$ 69,939</u>
Acquisition of property and equipment through incurrence of accounts payable	<u>\$ 348,647</u>	<u>\$ 24,130</u>

See Notes to Combined Financial Statements

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 1 - NATURE OF BUSINESS

United Church Homes and Services ("UCHS") is a not-for-profit organization that owns and operates continuing care retirement communities in Newton ("Abernethy Laurels") and Thomasville ("Piedmont Crossing"), North Carolina, consisting of residential living units, assisted living units and nursing facilities providing adult care and intermediate and skilled nursing care. UCHS was incorporated in North Carolina in 1961. UCHS's corporate office is located in Newton, North Carolina.

Lake Prince Center, Inc. ("Lake Prince") is a not-for-profit continuing care retirement community in Suffolk, Virginia. The facility consists of independent living units and nursing facilities providing adult care and intermediate and skilled nursing care for Lake Prince residents. Lake Prince was incorporated under the laws of North Carolina in July 1999 and has obtained a certificate to transact business in Virginia where the facility is located.

Lake Prince at Home, LLC, was incorporated on October 16, 2017 and is a wholly owned subsidiary of Lake Prince Center, Inc. It has expanded the services offered at Lake Prince and the surrounding market areas of Suffolk, Virginia.

The United Church Homes and Services Foundation (the "Foundation") is a not-for-profit organization which was established to raise endowment funds for the residential facilities operated by UCHS, to support benevolent care for those residents who are unable to pay for continuing care at the residential facilities operated by UCHS. The Foundation was incorporated under the laws of the State of North Carolina in 2000.

Carolina SeniorCare (CSC), a Program of All-inclusive Care for the Elderly (PACE), in Lexington, North Carolina, is a not-for-profit organization created in 2011 by its parent organization, United Church Homes and Services. Carolina SeniorCare serves individuals who are age 55 or older, are certified by their state to need nursing home care, able to live safely in the community at the time of enrollment, live in Davidson, Rowan, Davie, or Iredell counties and either have Medicare or Medicaid. The program is able to provide the entire continuum of care and services to seniors with chronic care needs while maintaining their independence in their homes for as long as possible. PACE funding is unique as PACE receives direct payments from Medicare and Medicaid to provide all needed services. Because of the pooled financing of PACE, programs have strong incentives to focus on wellness and prevention and to decrease the hospitalization rates for the participants and the incidence of long-term institutionalization.

UCHS, Lake Prince, Carolina SeniorCare and the Foundation are collectively referred to as the "Organization".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Standard

In 2019, the Company retroactively adopted the requirements in FASB ASC 606 to improve the revenue recognition process by defining exactly when revenue is considered earned. The September 30, 2018 comparative totals had no impact due to this adoption.

Principles of Combination

The combined financial statements include the financial statements of UCHS, Lake Prince, Carolina SeniorCare, and the Foundation. All material intercompany accounts and transactions have been eliminated in the combination.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

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 assets limited as to use from cash and cash equivalents.

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors for future capital improvements to the extent funds are available, over which the Board retains control and may, at its discretion, subsequently use for other purposes; and the operating reserve required by State statute.

Investments (Included in Assets Limited as to Use)

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included and reflected within investment return, net of non-operating income on the combined statement of operations and changes in net assets. Donated investments are stated at fair value at the date of the gift. Investment expenses and fees are \$228,633 and are netted with net realized gains on investments in the combined statement of operations and changes in net assets.

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance less an allowance for doubtful accounts. The Organization determines past-due status based on the billing dates and does not charge interest on overdue accounts. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to bad debt expense. The accounts receivable's allowance for doubtful accounts at year end was \$528,410.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Donated property and equipment are recorded at their estimated fair value on the date of receipt. Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets. The Organization capitalizes property and equipment with an estimated useful life of greater than one year and a cost of more than \$5,000.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Depreciation is computed using the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Land improvement	10 - 20
Buildings and improvements	30 - 40
Furniture, fixtures and equipment	5 - 15
Vehicles	5

The Organization periodically assesses the value of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount.

The Organization reports contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Costs

Deferred financing costs relating to the permanent financing of the facilities have been deferred and are being amortized over the life of the bonds. The annual amortization for these deferred financing costs will be approximately \$200,000 for each of the next five years.

Resident Escrows

If a resident should move into a health care unit and vacate a residential living unit, the amount of any refund to which the resident would be entitled is set aside and held by the Organization for use by the resident to pay for necessary health care expenses. Once a permanent move is made and the residential living unit is available for remarketing, the resident may draw against the remaining residency refund to pay health care costs. At year end, resident escrow totaled \$369,479.

In case of financial hardship, withdrawal of more than \$1,500 per month may be requested by the resident. The resident must submit financial information sufficient to prove financial need. Such withdrawals will be allowed upon approval by senior management of the Organization.

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents at a discount rate of 5% 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. The Organization had no future service obligation.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advance Deposits

The Organization may collect up to 10% of the advance fees described below as a deposit on unoccupied units. Once the unit becomes occupied, these fees are transferred to deferred revenue. At year end, advance deposits totaled \$603,147.

Deferred Revenue from Advance Fees

Deferred revenue includes the prepayment of rent and fees from residents for future months. Deferred revenue from advance fees represents payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement.

Contracts currently offered to UCHS and Lake Prince residents are a fully declining refund contract and a 50% refundable contract. The nonrefundable portion of these fees is amortized into income on a straight-line basis over the estimated remaining life, actuarially adjusted periodically, of each resident. The estimated amount of advance fees that is expected to be refunded to current residents under terms of the contracts are classified as refunds payable. Refunds are made to residents upon re-occupancy of the unit unless the resident has chosen to transfer their remaining balance into escrow as described above. Any unrecognized deferred revenue, less any related refund, at the date of termination of the contract is recorded as income in the period the termination of the contract occurs.

At year end, current portion of refunds payable was \$616,565.

Classification of Net Assets

The following classification of net assets is presented in the accompanying 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.

Operating Reserves

In accordance with the requirements of North Carolina General Statute 58, Article 64-33, management computes an annual operating reserve for its continuing care retirement communities licensed in North Carolina. The operating reserve must be an amount at least equal to 25% to 50% of operating expenses (net of depreciation and amortization) plus debt service, for the projected year ended September 30, 2020, for those facilities depending on occupancy levels of each facility."

Changes in Net Assets Without Donor Restriction

The combined statement of operations and changes in net assets reflect operating losses. Changes in net assets without donor restrictions that are excluded from operating loss, 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.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - 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 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 expectant life of the resident as the performance obligation is associated with access to future services. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the balance sheet.

Health care services: The Organization also provides assisted and nursing care to residents who are covered by government and commercial payers. The Organization is paid fixed rates from government and commercial payers. These fixed rates are billed in arrears monthly when the service is provided. The monthly fees represent the estimated net realizable amounts from patients, third-party payors, and others for services rendered while in the health care unit, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically such adjustments for the Organization have been immaterial in relation to the combined financial statements as a whole.

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.

Resident Services

Two major types of revenue are recognized in resident services as follows:

Residential/assisted living revenue: Residents that reside in residential and assisted living units are subject to a continuing monthly support service fee, which varies based on each resident's contract. The monthly fee can be adjusted from time to time by the Organization according to changes in costs.

PACE revenue: PACE provides comprehensive health care services to participants and receives payment in the form of capitated rates per participant based on a tri-party agreement between Medicare, Medicaid, and Carolina SeniorCare. Medicaid and Medicare make monthly interim capitation payments to Carolina SeniorCare. Capitation revenues from Medicare are subject to the same retroactive rate adjustments and audits which often are not finalized until months or years after the services are rendered. Adjustments are nominal and are included in the statement of activities in the period they become known.

Benevolent Assistance

The Organization has a policy of providing benevolent assistance to qualified residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. The normal charges for services provided are included in revenue and paid through a transfer of assets from the Benevolent Trust Fund.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization consists of not-for-profit organizations exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), and the affiliated Foundation is exempt from income taxes pursuant to 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 combined financial statements. No material uncertain tax positions were identified for 2019.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$201,382.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expense that is primarily allocated include salaries and benefits which are allocated on the basis of estimates of time and effort.

Use of Estimates

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

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through December 20, 2019, which is the date the combined financial statements were available to be issued.

NOTE 3 - FAIR VALUE MEASUREMENTS - ASSETS LIMITED AS TO USE

Fair value measurement provides a 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy 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.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 3 - FAIR VALUE MEASUREMENTS - ASSETS LIMITED AS TO USE (Continued)

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 and agency, international, corporate and municipal bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets limited as to use at fair value:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$45,664,363	\$ -	\$ -	\$45,664,363
U.S. government and agency bonds	-	6,286,511	-	6,286,511
Municipal bonds	7,904,526	-	-	7,904,526
International bonds	1,181,399	-	-	1,181,399
Corporate bonds	-	2,961,997	-	2,961,997
Cash and money market funds	131,363	4,207,025	-	4,338,388
Charitable gift annuities	-	-	68,092	68,092
Closed end funds	-	3,707,364	-	3,707,364
Common stocks	6,647,412	39,596	-	6,687,008
Total assets at fair value	<u>\$61,529,063</u>	<u>\$17,202,493</u>	<u>\$ 68,092</u>	<u>\$78,799,648</u>

A reconciliation of the beginning and ending balances of the Organization's Level 3 investments is as follows:

Beginning balance	\$ 71,589
Change in value of charitable gift annuities and settlements	<u>(3,497)</u>
Ending balance	<u>\$ 68,092</u>

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 3 - FAIR VALUE MEASUREMENTS - ASSETS LIMITED AS TO USE (Continued)

Assets limited as to use are allocated as follows:

Board designated quasi-endowment fund	\$55,877,186
Trustee deposit accounts required by debt agreement	5,827,422
Construction funds available for draw down	2,077,104
Operating reserve for Department of Insurance	14,914,629
Beneficial interest in charitable gift annuities	68,092
Residents' funds	35,215
	<u>\$78,799,648</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 4 - 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 also include amounts designated 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	\$87,774,126
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	6,710,855
Assets limited as to use	22,922,462
Board designations: Quasi-endowment fund for long-term investing	<u>55,877,186</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,263,623</u>

The Organization is substantially supported by healthcare and residential/assisted living revenues. As part of the Organization's liquidity, management has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various investments held in assets limited as to use as board designated quasi-endowment funds for long term investing. These funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land and improvements	\$15,142,136
Buildings and improvements	130,549,805
Furniture, fixtures and equipment	38,565,771
Vehicles	<u>1,809,184</u>
	186,066,896
Less accumulated depreciation	<u>103,164,142</u>
	82,902,754
Construction in progress	<u>2,578,075</u>
	<u><u>\$85,480,829</u></u>

NOTE 6 - LONG-TERM DEBT

Long-term debt consists of the following:

North Carolina Medical Care Commission:

Retirement Facilities First Mortgage Revenue Refunding
 Bonds (United Church Retirement Homes), Series 2015A:

Serial bonds due 2020 yielding 3.0%	\$ 300,000
Term bonds due 2025, yielding 4.0%	1,500,000
Term bonds due 2030, yielding 4.5%	2,075,000
Term bonds due 2037, yielding 4.85 to 5.0%	17,955,000

North Carolina Medical Care Commission:

Retirement Facilities First Mortgage Revenue Refunding
 Bonds (United Church Retirement Homes), Series 2017C:

Serial bonds due 2021 - 2024 yielding 3.15% to 3.50%	4,385,000
Term bonds due 2041, yielding 4.24%	10,250,000
Term bonds due 2046, yielding 4.29%	15,650,000

SunTrust Bank:

Non-Bank Qualified Loans:

Series 2015B: Due 2020 - 2021, yielding 2.6%	1,590,000
Series 2017A: Due 2023-2047, yielding 3.25%	10,820,000

Peoples Bank:

Non-Bank Qualified Loans:

Series 2017B: Due 2023-2047, yielding 3.25%	9,835,000
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Economic Development Authority of the City of Suffolk:

Variable Rate Demand Residential Care Facility Revenue
 Bonds (Lake Prince Center, Inc.), Series 2016:

Serial bonds due 2020 - 2026 yielding 2.20% to 5.05%	6,255,000
Term bonds due 2031, yielding 3.5%	<u>11,420,000</u>
	<u>92,035,000</u>

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 6 - LONG-TERM DEBT (Continued)

Plus net premium, net of accumulated amortization of \$419,575.	\$ 2,811,011
Less deferred financing cost, net of accumulated amortization of \$1,384,295	<u>2,723,144</u>
	92,122,867
Less current portion	<u>1,940,000</u>
Long-term portion	<u><u>\$90,182,867</u></u>

In 2015, the Organization entered into a re-financing agreement with the North Carolina Medical Care Commission, under which the Commission issued tax-exempt Series 2015A revenue bonds of \$23,180,000 and redeemed the qualified loan with SunTrust Bank ("SunTrust") due in 2019. The total amount redeemed was approximately \$22,000,000. The remaining proceeds from this offering were used to fund 2015A's debt service reserve funds.

During the 2016 fiscal year, the Organization entered into a \$31,570,000 bank loan financing with a commercial lender ("Series 2015B"). \$5,220,000 of the Series 2015B bank loan was used to retire the 2005A bonds. The remaining \$26,350,000 will be used to pay for the construction of a new health care center at the Abernethy Laurels Community.

During the 2017 fiscal year, the Organization entered into a financing agreement with the Economic Development Authority of the City of Suffolk (the "Authority"), under which the Authority issued tax-exempt Series 2016 revenue bonds of \$18,940,000. The bonds were issued to refund existing bonds for the Lake Prince Center.

During the 2018 fiscal year, the Organization entered into a re-financing agreement with the North Carolina Medical Care Commission, under which the Commission issued tax-exempt Series 2017C revenue bonds of \$30,285,000. The bonds were issued to refund the existing 2005B bonds of \$4,385,000 and the 2015B bonds for \$25,900,000.

During the 2018 fiscal year, the Organization entered into a \$10,820,000 bank loan financing with a commercial lender ("Series 2017A") and a \$9,835,000 bank loan financing with a commercial lender ("Series 2017B"). The loans will be used to pay for the construction of a new health care center at the Abernethy Laurels Community.

With the issuance of the debt, the Organization executed a Master Trust Indenture that appointed all the Organization's divisions, excluding the Foundation and Carolina SeniorCare, as members of the obligated group. Series 2015A, 2015B, 2016, 2017A, 2017B, and 2017C bonds are collateralized by a deed of trust on the land and buildings of the obligated group and the assignment of interest in use-for-life contracts for the obligated group.

The bonds are also collateralized by an assignment of the Commission and Authority's rights in the Loan Agreement to the bond trustee.

Under the terms of the bonds, the obligated group is required to maintain certain deposits with the trustee. Such deposits are included with assets limited as to use of the Organization. The Master Trust Indenture and Loan Agreements for these bonds include certain covenants and restrictions.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 6 - LONG-TERM DEBT (Continued)

Scheduled principal repayments on long-term debt, excluding the net premium on the bonds, for the next five years and thereafter, are summarized as follows:

<u>Fiscal Year End</u>	<u>Series 2015A</u>	<u>Series 2015B</u>	<u>Series 2016</u>	<u>Series 2017A</u>	<u>Series 2017B</u>	<u>Series 2017C</u>	<u>Total</u>
2020	\$ 300,000	\$ 1,025,000	\$ 615,000	\$ -	\$ -	\$ -	\$ 1,940,000
2021	300,000	565,000	250,000	-	-	720,000	1,835,000
2022	300,000	-	385,000	-	-	1,165,000	1,850,000
2023	300,000	-	450,000	90,000	85,000	1,220,000	2,145,000
2024	300,000	-	475,000	90,000	85,000	1,280,000	2,230,000
Thereafter	20,330,000	-	15,500,000	10,640,000	9,665,000	25,900,000	82,035,000
	<u>\$21,830,000</u>	<u>\$ 1,590,000</u>	<u>\$17,675,000</u>	<u>\$10,820,000</u>	<u>\$ 9,835,000</u>	<u>\$30,285,000</u>	<u>\$92,035,000</u>

NOTE 7 - LINE OF CREDIT

The Organization has available a \$5,000,000 unsecured revolving line of credit due in full in June 2020. Amounts drawn against the line bear interest at the one-month LIBOR rate plus 2.50% (4.51% at year end), which is payable monthly. The outstanding amount drawn against this line is \$0.

NOTE 8 - CAPITAL LEASES

The Organization currently leases equipment under capital lease agreements. The asset and liability under the capital leases are recorded at the present value of the future lease payments, which approximates fair value. The asset is being amortized over the estimated useful life using the straight-line method and is included in depreciation expense.

Cost of equipment under capital leases was \$333,518 and the related accumulated depreciation was \$200,226.

Future lease payments under capital lease obligations are as follows:

<u>Years Ending September 30,</u>	
2020	\$ 65,070
2021	45,464
2022	29,004
2023	6,266
	<u>145,804</u>
Less amount representing interest	<u>7,367</u>
Present value of future payments	<u>\$ 138,437</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

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

Benevolent trust	\$ 4,162,642
Capital expansion	2,548,213
	<u>\$ 6,710,855</u>

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 10 - FUNCTIONAL EXPENSES BY NATURE

The table below presents functional expenses by their nature for the fiscal year:

	Salaries and Benefits	Contracted Services	Utilities	Repairs	Other	Total
Health services:						
Health care	\$9,226,736	\$ 2,195,833	\$ -	\$ 61,041	\$ 1,591,800	\$13,075,410
Medical records	145,956	-	-	-	4,305	150,261
Personnel and employee	8,551,978	-	-	-	272,372	8,824,350
Laundry	180,163	-	-	-	82,467	262,630
Social services	298,876	-	-	-	2,794	301,670
Activities	326,128	-	-	-	28,547	354,675
Spiritual life	173,448	-	-	-	7,915	181,363
Housekeeping	903,459	-	-	1,465	189,079	1,094,003
Plant maintenance	867,627	-	1,777,238	1,459,978	1,339,225	5,444,068
Residential living	-	504,392	-	-	-	504,392
Pavilion/assisted living	1,378,047	134,117	-	-	49,646	1,561,810
Clinic	25,571	-	-	-	62,047	87,618
Resident services	207,481	-	-	8,363	52,556	268,400
Transportation	149,619	-	-	-	38,892	188,511
Dietary	1,851,884	-	1,670	80,442	2,980,092	4,914,088
Wellness center	113,493	-	-	-	19,046	132,539
Beauty shop	-	-	-	-	97,855	97,855
Day care	204,182	-	-	-	83,611	287,793
Home care	2,163,913	-	-	-	8,454	2,172,367
Home health	65,262	-	-	-	11,176	76,438
PACE expenses	3,998,329	6,679,712	72,240	56,772	4,401,367	15,208,420
Outside services	-	103,892	-	-	-	103,892
General and administrative:						
Administrative	3,268,158	-	-	-	1,602,876	4,871,034
Marketing	586,303	-	-	-	475,452	1,061,755
Staff development	93,406	-	-	-	116,458	209,864
Depreciation	-	-	-	-	6,740,376	6,740,376
Real estate taxes	-	-	-	-	419,820	419,820
Interest expense	-	-	-	-	3,791,132	3,791,132
Insurance	-	-	-	-	718,396	718,396
Bad debts	-	-	-	-	602,000	602,000
Other operating expenses:	-	-	-	-	453,840	453,840
Total operating expenses	<u>\$34,780,019</u>	<u>\$ 9,617,946</u>	<u>\$ 1,851,148</u>	<u>\$ 1,668,061</u>	<u>\$26,243,596</u>	<u>\$74,160,770</u>

NOTE 11 - EMPLOYEE GROUP HEALTH PLAN

The Organization maintains a self-insured employee group health plan. The plan is administered by a third party and individual stop-loss coverage has been obtained at \$85,000, with a maximum aggregate limit of loss that fluctuates based on enrollment. The total plan expense incurred by the Organization was \$3,759,700.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES

Notes to Combined Financial Statements

NOTE 12 - RETIREMENT PLANS

The Organization has a 403(b) plan that covers substantially all employees who meet eligibility requirements. The Organization contributes to the plan based on a percentage of gross wages paid. The expenses related to the plan were \$557,188.

The Organization has a nonqualified retirement plan that covers key management employees. The Organization contributes to the plan based on a percentage of the employee's salary. The Organization contributed \$296,320.

The Organization also has a retirement annuity plan that covers ordained United Church of Christ ministers employed by the Organization. The Organization contributed 10% of the ministers' salary to the plan for a total of \$5,889.

NOTE 13 - PROFESSIONAL AND GENERAL LIABILITY

In the summer of 2002, the management of the Organization evaluated the best means of assuring the Organization's continued access to affordable liability and excess insurance coverage, including the possibility of obtaining such coverage from conventional and alternative insurance providers. After performing a diligent search, the Organization was not able to procure professional and general liability coverage from any insurance company licensed to do business in the state of North Carolina, and therefore, obtained liability coverage from Caring Communities Insurance Company ("CCIC"). CCIC was an insured owned insurance company incorporated in and regulated by the Superintendent of Insurance of the Cayman Islands. In addition to the Organization, CCIC was owned by and insured approximately 25 other long-term care organizations that operate across the United States. As an insurance company that is not authorized to conduct business in North Carolina, CCIC was not subject to regulation by the North Carolina Department of Insurance nor covered under the North Carolina Guaranty Association. The Organization independently procured this liability coverage pursuant to the North Carolina General Statutes, which permit persons to obtain insurance from an insurer not authorized to do business in the state of North Carolina in the event that the full amount or kind of insurance necessary to protect the risks cannot be obtained from insurance companies authorized to do business in North Carolina. The policy was renewed November 30, 2004. Effective January 1, 2006, the insurance previously written by CCIC was written by Diapason Casualty Risk Retention Group, Inc., a District of Columbia corporation ("DCRRG") regulated by the District of Columbia Department of Insurance. DCRRG was a wholly owned subsidiary of Diapason Shared Services, a District of Columbia not-for-profit corporation ("DSS"). The four members of DSS, who were also owners of CCIC, were the insurers of DCRRG. DCRRG has given intent to offer insurance in North Carolina as required by federal law. DCRRG is substantially reinsured by CCIC.

As a risk retention group DCRRG is not covered under the North Carolina Guaranty Association. Effective January 1, 2008, CCIC and DCRRG completed a corporate restructuring. As a result of the restructuring, DCRRG changed its name to Caring Communities, a reciprocal Risk Retention Group ("CCrRRG") and became a reciprocal insurer. The Organization, along with all other shareholders of CCIC, exchanged its shares of CCIC for a Charter Capital Account of CCrRRG. CCIC is now a wholly owned subsidiary of CCrRRG. Members of CCrRRG are required to pay assessed premiums and are subject to a per claim self-insurance retention. Insurance premiums under this program totaled \$489,127.

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 13 - PROFESSIONAL AND GENERAL LIABILITY (Continued)

The Organization made an initial capital contribution to CCIC of \$187,855 in November of 2002 and additional capital contributions of \$72,252 on January 1, 2004, and \$28,901 on January 1, 2005. These capital contributions, totaling \$289,008, are represented by the Organization's Charter Capital Account of CCRRG and are included in other non-current assets in its combined statement of financial position. Such contributions are accounted for using the cost method.

NOTE 14 - RELATED PARTIES

The following organizations are considered related parties of the Organization due to management and administrative services provided to them by the Organization:

- New Bern Older Adult Housing, Inc. ("NOAH"), a HUD 202 facility in New Bern, North Carolina.
- UCC Living Center, Inc. ("Covenant Place"), a HUD 202 project in Chapel Hill, North Carolina.
- Statesville Elderly Housing, Inc. ("Emmanuel's Place"), a HUD 202 facility in Statesville, North Carolina.
- Carolina Senior Living, Inc. a HUD 202 facility in Lexington, North Carolina.
- UDI/St. Joseph's, Inc. ("St. Joseph's Place"), a HUD 202 facility in Durham, North Carolina.
- Albemarle Older Adult Housing, Inc. ("Matthew's Place"), a HUD 202 facility in Albemarle, North Carolina.
- The Willows, a HUD 202 facility in Burlington, North Carolina.

The Organization provides management and administrative services to the above organizations. Management fee income was \$166,671.

The Organization pays salaries and employee benefit expense on behalf of its related parties, charging for expenses paid on a reimbursement basis. The Organization, as the sponsoring organization of these related parties, also advanced these entities funding for initial development costs.

The Organization was owed the following:

NOAH	\$ 165,085
Covenant Place	51,863
Emmanuel's Place	51,476
St. Joseph's Place	160,120
Carolina Senior Living	70,036
Matthew's Place	23,000
Willows	58,830
	<u>\$ 580,410</u>

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Notes to Combined Financial Statements

NOTE 15 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits.

The Organization grants credit without collateral to its residents and is insured under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows:

Medicare	37%
Medicaid	9%
Private and other insurances	54%
	<u>100%</u>



Bernard Robinson & Company, L.L.P.

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

To the Board of Directors
United Church Homes and Services
Newton, North Carolina

We have audited the combined financial statements of United Church Homes and Services and Affiliates as of and for the year ended September 30, 2019, and have issued our report thereon dated December 20, 2019, 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 statement of financial position, and combining statement of operations and changes in net assets without donor restrictions as of and for the year ended September 30, 2019 are presented for 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
December 20, 2019

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
 Combining Statement of Financial Position
 September 30, 2019

Assets	Corporate Office	Abermethy Laurels	Piedmont Crossing	UCHS Subtotal	Lake Prince Center, Inc.	Total Obligated Group	Foundation	Carolina Senior Care	Combined Total
Current Assets:									
Cash and cash equivalents	\$ 2,261,539	\$ 1,900	\$ 1,500	\$ 2,264,939	\$ 90,261	\$ 2,355,200	\$ 799,343	\$ 1,138,775	\$ 4,293,318
Accounts receivable, net	-	1,649,681	770,241	2,419,922	678,168	3,098,090	-	87,744	3,185,834
Other receivables, net	24,192	382,613	87,697	494,502	33,143	527,645	600,241	14,554	1,142,440
Current assets limited as to use	438,952	-	-	438,952	-	438,952	-	-	438,952
Due from related parties, current	352,886	-	-	352,886	-	352,886	-	-	352,886
Other current assets	137,963	124,984	127,971	390,918	83,069	473,987	-	85,655	559,642
Total current assets	3,215,532	2,159,178	987,409	6,362,119	884,641	7,246,760	1,399,584	1,326,728	9,973,072
Due from related parties, less current portion	227,524	-	-	227,524	-	227,524	-	-	227,524
Assets limited as to use	61,950,451	4,936,828	1,533,309	68,420,588	1,507,406	69,927,994	8,432,702	-	78,360,696
Other non-current assets	453,399	-	-	453,399	-	453,399	-	-	453,399
Property and equipment, net	2,248,717	55,589,113	11,593,078	69,430,908	15,627,956	85,058,864	-	421,965	85,480,829
Total assets	\$ 68,095,623	\$ 62,685,119	\$ 14,113,796	\$ 144,894,538	\$ 18,020,003	\$ 162,914,541	\$ 9,832,286	\$ 1,748,693	\$ 174,495,520
Liabilities and Net Assets									
Current Liabilities:									
Current portion of long-term debt	\$ -	\$ 204,000	\$ 1,121,000	\$ 1,325,000	\$ 615,000	\$ 1,940,000	\$ -	\$ -	\$ 1,940,000
Current portion of capital leases	-	-	-	-	-	-	-	60,306	60,306
Accounts payable	658,164	1,476,552	725,153	2,859,669	471,515	3,331,184	2,559	2,548,373	5,882,096
Accrued salaries and related benefits	708,835	1,198,436	982,604	2,889,875	464,886	3,354,761	38,148	332,881	3,725,790
Other current payables	77,891	763,651	489,010	1,330,552	835,320	2,165,872	5,500	899	2,172,271
Due to (from) affiliates	15,117,343	(18,307,548)	5,928,253	2,738,048	(3,544,018)	(805,970)	3,092,775	(2,286,805)	-
Total current liabilities	16,562,233	(14,665,109)	9,246,020	11,143,144	(1,157,297)	9,985,847	3,138,962	655,654	13,780,463
Long-term Liabilities:									
Long-term debt, less current portion	-	61,261,196	11,781,332	73,042,528	17,140,339	90,182,867	-	-	90,182,867
Capital leases, less current portion	-	-	-	-	-	-	-	78,131	78,131
Long-term refunds payable	-	5,157,057	3,078,259	8,235,316	3,522,245	11,757,561	-	-	11,757,561
Deferred revenue from advance fees	-	10,552,771	9,893,399	20,446,170	15,309,995	35,756,165	-	-	35,756,165
Total liabilities	16,562,233	62,305,915	33,999,010	112,867,158	34,815,282	147,682,440	3,138,962	733,785	151,555,187
Net Assets:									
Without donor restrictions	51,533,390	369,597	(19,885,214)	32,017,773	(16,795,279)	15,222,494	(7,924)	1,014,908	16,229,478
With donor restrictions	-	9,607	-	9,607	-	9,607	6,701,248	-	6,710,855
Total net assets	51,533,390	379,204	(19,885,214)	32,027,380	(16,795,279)	15,232,101	6,693,324	1,014,908	22,940,333
Total liabilities and net assets	\$ 68,095,623	\$ 62,685,119	\$ 14,113,796	\$ 144,894,538	\$ 18,020,003	\$ 162,914,541	\$ 9,832,286	\$ 1,748,693	\$ 174,495,520

See Independent Auditor's Report on Supplementary Information

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES
Combining Statement of Operations and Changes in Net Assets Without Donor Restrictions
Year Ended September 30, 2019

	Corporate Office	Abernethy Laurels	Piedmont Crossing	UCHS Subtotal	Lake Prince Center, Inc.	Total Obligated Group	Foundation	Carolinn Senior Care	Total	Combined Total
Operating revenues:										
Health care	\$ -	\$ 14,871,864	\$ 9,137,059	\$ 24,008,923	\$ 3,211,306	\$ 27,220,229	\$ -	\$ -	\$ 27,220,229	\$ 27,220,229
Pavilion/assisted living	-	954,085	867,253	1,821,338	2,872,864	4,694,202	-	-	4,694,202	4,694,202
Residential living	-	4,701,762	4,355,403	9,057,165	4,127,974	13,185,139	-	-	13,185,139	13,185,139
Amortization of advance fees	-	1,608,353	3,461,147	3,461,147	1,813,320	5,274,467	-	-	5,274,467	5,274,467
Home care	-	637,204	1,799,011	2,436,215	265,024	2,701,239	-	-	2,701,239	2,701,239
PACE income	-	-	-	-	-	-	-	17,095,571	17,095,571	17,095,571
Management fee income	1,181,991	-	-	1,181,991	-	1,181,991	-	(1,015,320)	166,671	166,671
Outside services	-	109,263	9,601	118,864	(79)	118,785	-	-	118,785	118,785
Other operating revenue	592,633	165,662	38,969	797,264	131,631	928,895	-	933	929,828	929,828
Total operating revenues	1,774,624	23,048,193	18,060,090	42,882,907	12,422,040	55,304,947	-	16,081,184	71,386,131	71,386,131
Operating expenses:										
Health services:										
Health care	-	6,597,321	4,658,048	11,255,369	1,820,041	13,075,410	-	-	13,075,410	13,075,410
Medical records	-	77,924	37,289	115,223	35,038	150,261	-	-	150,261	150,261
Personnel and employee benefits	1,369,612	3,286,748	2,677,061	7,333,421	1,417,347	8,750,768	73,582	-	8,824,350	8,824,350
Laundry	-	136,666	85,697	222,363	40,267	262,630	-	-	262,630	262,630
Social services	-	84,433	114,160	198,593	103,077	301,670	-	-	301,670	301,670
Activities	-	167,851	94,101	261,952	92,723	354,675	-	-	354,675	354,675
Spiritual life	-	59,355	324,506	903,009	65,607	1,813,363	-	-	1,813,363	1,813,363
Housekeeping	-	578,503	324,506	903,009	190,994	1,094,003	-	-	1,094,003	1,094,003
Plant maintenance	-	2,042,956	1,636,765	3,679,721	1,764,347	5,444,068	-	-	5,444,068	5,444,068
Residential living	-	284,407	127,187	411,594	92,798	504,392	-	-	504,392	504,392
Pavilion/assisted living	-	481,692	238,356	720,048	841,762	1,561,810	-	-	1,561,810	1,561,810
Clinic	-	65,590	22,028	87,618	87,618	87,618	-	-	87,618	87,618
Resident services	-	51,131	117,332	168,463	99,937	268,400	-	-	268,400	268,400
Transportation	-	126,417	31,027	157,444	31,067	188,511	-	-	188,511	188,511
Dietary	-	2,134,414	1,635,218	3,769,632	1,144,456	4,914,088	-	-	4,914,088	4,914,088
Wellness center	-	132,539	-	132,539	-	132,539	-	-	132,539	132,539
Beauty shop	-	-	50,425	50,425	47,430	97,855	-	-	97,855	97,855
Day care	287,793	-	-	287,793	-	287,793	-	-	287,793	287,793
Home care	-	502,163	1,417,727	1,919,890	252,477	2,172,367	-	-	2,172,367	2,172,367
Home health	-	-	-	-	76,438	76,438	-	-	76,438	76,438
PACE expenses	-	-	-	-	-	-	-	-	-	-
Outside services	-	93,441	10,451	103,892	-	103,892	-	-	103,892	103,892
General and administrative:										
Administrative	2,849,856	694,908	542,221	4,086,985	566,532	4,653,517	217,517	-	4,871,034	4,871,034
Marketing	-	414,186	351,491	765,677	296,078	1,061,755	-	-	1,061,755	1,061,755
Staff development	-	83,125	62,850	145,975	63,889	209,864	-	-	209,864	209,864
Management fees	(3,229,439)	1,403,735	1,072,428	(753,276)	753,276	-	-	-	-	-
Depreciation	234,289	3,379,438	1,425,573	5,039,300	1,701,076	6,740,376	-	-	6,740,376	6,740,376
Real estate taxes	9,629	-	-	9,629	410,191	419,820	-	-	419,820	419,820
Interest expense (including amortization)	-	2,408,018	596,598	3,004,616	786,516	3,791,132	-	-	3,791,132	3,791,132
Insurance	52,025	308,243	217,688	577,956	140,440	602,000	-	-	602,000	602,000
Bad debts	-	480,000	84,000	564,000	38,000	602,000	-	-	602,000	602,000
Other operating expenses	77,299	149,033	112,605	338,937	96,297	455,234	16,431	2,175	453,840	453,840
Total operating expense	1,651,064	26,234,237	17,795,243	45,674,544	12,968,101	58,642,645	307,530	15,210,595	74,160,770	74,160,770
Operating income (loss)	123,560	(3,176,044)	260,847	(2,791,637)	(546,061)	(3,337,698)	(307,530)	870,589	(2,774,639)	(2,774,639)
Nonoperating income (loss):										
Contributions and grants	(574,664)	-	-	(574,664)	-	(574,664)	166,205	-	166,205	166,205
Investment return, net	2,608,126	78,081	30,706	2,716,913	34,905	2,751,818	350,128	-	(574,664)	(574,664)
Gain(loss) on sale of property and equipment	750	2,500	79,382	3,250	-	3,250	-	-	3,250	3,250
Other nonoperating income (expense)	3,575	119,650	25,569	199,357	5,229	204,586	(1,303,327)	360,920	(737,821)	(737,821)
Net assets released from restriction	2,038,112	2,072,563	135,657	4,246,332	74,976	4,321,308	534,124	364,849	3,261,365	3,261,365
Total nonoperating income	\$ 2,161,672	\$ (1,103,481)	\$ 396,504	\$ 1,454,695	\$ (471,085)	\$ 983,610	\$ 226,594	\$ 1,235,438	\$ 2,445,642	\$ 2,445,642
Change in net assets without donor restriction										

See Independent Auditor's Report on Supplementary Information

Exhibit 6: Interim Financial Statements

For the Period Ending December 31, 2019

1. UCHS Balance Sheet (Side By Side)

For the Period Ending December 31, 2019

	Home Office	Abernethy Laurels	Piedmont Crossing	Lake Prince Woods	Lake Prince At Home	UCHS Obligated Group	UCHS Foundation	Carolina SeniorCare	Consolidated
Assets									
Current Assets:									
Cash & Cash Equivalents	1,268,807	1,900	1,500	1,000	179,613	1,452,820	546,365	1,134,273	3,133,459
Assets Limited as to Use	438,952	0	0	0	0	438,952	0	0	438,952
Accounts Receivable	0	1,580,740	930,206	440,132	139,616	3,090,694	0	215,309	3,306,003
Less: Allow Doubtful Accounts	0	(257,186)	(79,383)	(33,909)	0	(370,477)	(4,751)	(128,037)	(503,265)
Other Accounts Receivable	21,087	386,828	50,687	35,138	0	493,740	565,809	8,253	1,067,801
Inventory	0	33,532	37,102	17,081	0	87,715	0	0	87,715
Due From Related Parties, Current	469,784	0	0	0	0	469,784	0	0	469,784
Prepaid Expenses	325,694	104,681	85,867	84,197	0	600,440	3,591	58,336	662,367
Total Current Assets	2,524,325	1,850,495	1,025,980	543,639	319,230	6,263,668	1,111,013	1,288,135	8,662,817
Non-Current Assets:									
Board Designated	50,039,583	0	0	0	0	50,039,583	8,843,218	0	58,882,801
Investments	67,411	0	0	0	0	67,411	0	0	67,411
Operating Reserve	14,914,629	0	0	0	0	14,914,629	0	0	14,914,629
Escrow Deposits	0	0	0	37,935	0	37,935	0	0	37,935
Resident Funds	0	22,676	10,054	2,485	0	35,215	0	0	35,215
Debt Service Reserves	0	5,217,954	1,529,362	1,833,438	0	8,580,753	0	0	8,580,753
Assets Limited as to Use	65,021,623	5,240,630	1,539,416	1,873,858	0	73,675,526	8,843,218	0	82,518,745
Due From Related Parties, Less Current Portion	227,524	0	0	0	0	227,524	0	0	227,524
Other Non-Current Assets	477,274	0	0	0	0	477,274	0	0	477,274
Property, Plant & Equipment Gross	4,795,222	92,671,198	38,860,306	51,849,845	0	188,176,572	0	1,313,394	189,489,965
Less: Accumulated Depreciation	(2,574,786)	(37,262,132)	(27,586,339)	(36,476,643)	0	(103,899,900)	0	(922,317)	(104,822,217)
Net Property, Plant & Equipment	2,220,437	55,409,066	11,273,966	15,373,202	0	84,276,671	0	391,077	84,667,748
Total Non-current Assets	67,946,858	60,649,696	12,813,382	17,247,060	0	158,656,996	8,843,218	391,077	167,891,291
Total Assets	70,471,183	62,500,190	13,839,363	17,790,699	319,230	164,920,665	9,954,232	1,679,212	176,554,108
Liabilities and Net Assets									
Current Liabilities:									
Current Portion of Long-term Debt	0	204,000	866,000	615,000	0	1,685,000	0	0	1,685,000
Current Portion of Lease Obligation	0	0	0	0	0	0	0	43,379	43,379
Accounts Payable	182,355	1,354,194	564,745	446,911	4,313	2,552,518	912	1,293,523	3,846,954
Wages/Taxes/Withholding Payable	767,799	951,672	901,048	396,394	35,306	3,052,219	37,359	277,176	3,366,755
Resident Funds Liability	0	22,676	10,054	2,485	0	35,215	0	0	35,215
Resident Escrows	0	8,050	35,991	289,211	0	333,252	0	0	333,252
Refunds Payable	0	327,790	118,026	170,750	0	616,566	0	0	616,566
Refunds Paid	0	(142,136)	(187,867)	(79,626)	0	(409,629)	0	0	(409,629)
Advance Deposits	0	171,128	246,244	184,909	0	602,281	0	0	602,281
Entrance Fees Received	0	381,002	628,876	254,109	0	1,263,987	0	0	1,263,987
Due to Affiliates	14,531,709	(18,112,870)	6,068,045	(3,531,650)	357,963	(686,802)	3,090,976	(2,405,175)	(1,000)
Other Current Liabilities	475,535	721,010	185,048	244,247	0	1,625,839	0	1,201,527	2,827,366
Total Current Liabilities	15,957,397	(14,113,485)	9,436,210	(1,007,260)	397,582	10,670,446	3,129,248	410,431	14,210,124
Non-current Liabilities:									
Long Term Debt, Less Current Portion	0	61,259,978	11,778,027	17,126,408	0	90,164,413	0	0	90,164,413
Lease Obligation, Less Current Portion	0	0	0	0	0	0	0	78,131	78,131
Deferred Rev - Resident Fee (Non Refundable)	0	9,875,188	9,356,867	14,709,985	14,717	33,956,756	0	0	33,956,756
Long Term Refunds Payable (Refundable)	0	5,157,057	3,078,259	3,522,244	0	11,757,560	0	0	11,757,560
Total Non-current Liabilities	0	76,292,223	24,213,153	35,358,637	14,717	135,878,730	0	78,131	135,956,861
Total Liabilities	15,957,397	62,178,738	33,649,364	34,351,377	412,299	146,549,175	3,129,248	488,562	150,166,985
Net Assets:									
With Donor Restrictions	0	9,598	0	0	0	9,598	6,482,615	0	6,492,213
Without Donor Restrictions:									
Retained Earnings-Prior Year	51,533,395	369,596	(19,885,203)	(16,732,574)	(62,697)	15,222,517	(7,924)	1,014,897	16,229,489
Retained Earnings-Current Year	2,980,390	(57,743)	75,202	171,896	(30,372)	3,139,374	350,293	175,753	3,665,420
Total Net Assets	54,513,786	321,452	(19,810,001)	(16,560,678)	(93,070)	18,371,490	6,824,984	1,190,650	26,387,123
Total Liabilities & Net Assets	70,471,183	62,500,190	13,839,363	17,790,699	319,230	164,920,665	9,954,232	1,679,212	176,554,108

2. UCHS Profit and Loss (YTD)

For the Period Ending December 31, 2019

	Home Office	Abernethy Laurels	Piedmont Crossing	Lake Prince Woods	Lake Prince At Home	UCHS Obligated Group	UCHS Foundation	Carolina Senior Care	Consolidated
OPERATING REVENUES:									
Total Health Care Revenue	0	3,857,363	2,355,568	908,795	0	7,121,726	0	0	7,121,726
Total Home Care Revenue	0	131,956	496,664	180	63,740	692,540	0	0	692,540
Total Home Health Revenue	0	0	0	0	92,899	92,899	0	0	92,899
Total Outside Services Revenue	0	37,856	3,277	0	0	41,133	0	0	41,133
Total Capitation Revenue	0	0	0	0	0	0	0	4,074,851	4,074,851
Total Pavilion/Assisted Living Rev	0	245,379	244,031	760,704	0	1,250,114	0	0	1,250,114
Total ILU Service Revenue	0	1,236,955	1,124,675	1,081,676	0	3,443,305	0	0	3,443,305
Net Service Rev	0	5,509,508	4,224,214	2,751,355	156,639	12,641,716	0	4,074,851	16,716,567
Amortization of Advance Fees	0	404,630	377,918	529,871	0	1,312,419	0	0	1,312,419
Other Operating Revenue	1,303,735	64,632	15,558	26,264	0	1,410,190	0	134	1,410,325
Total Center Operating Rev	1,303,735	5,978,770	4,617,690	3,307,490	156,639	15,364,326	0	4,074,985	19,439,311
OPERATING EXPENSES:									
Health Care Expense	0	1,608,977	1,195,842	475,961	0	3,280,780	0	0	3,280,780
Primary Care	0	0	0	0	0	0	0	153,067	153,067
Restorative Therapy	0	0	0	0	0	0	0	94,254	94,254
Outpatient Services	0	0	0	0	0	0	0	392,713	392,713
Inpatient Services	0	0	0	0	0	0	0	878,546	878,546
Center Support	0	0	0	0	0	0	0	81,721	81,721
Recreational Therapy	0	0	0	0	0	0	0	40,356	40,356
Pharmacy	0	0	0	0	0	0	0	659,600	659,600
Nutrition	0	0	0	0	0	0	0	58,015	58,015
Medical Records	0	17,189	9,827	6,894	0	33,910	0	0	33,910
Personnel	459,805	855,122	727,655	283,237	22,034	2,347,854	23,144	351,071	2,722,068
Laundry	0	31,529	21,740	9,265	0	62,535	0	0	62,535
Social Services	0	22,300	26,519	12,517	0	61,336	0	34,195	95,531
Activities	0	45,946	25,121	28,265	0	99,332	0	0	99,332
Spiritual Life	0	17,193	15,274	16,655	0	49,123	0	8,463	57,585
Housekeeping	0	165,768	80,991	50,491	0	297,250	0	19,113	316,364
Plant Maintenance	0	512,434	383,406	462,039	0	1,357,880	0	32,623	1,390,503
Staff Development	0	21,415	21,903	17,916	0	61,234	0	0	61,234
Independent Living Expense	0	57,283	16,483	14,645	0	88,412	0	0	88,412
Pavilion/Assisted Living Expense	0	114,460	61,838	233,727	0	410,025	0	0	410,025
Outside Services Expense	0	34,912	2,907	0	0	37,819	0	0	37,819
Clinic	0	16,983	4,771	0	0	21,754	0	163,939	185,693
Home Care Expense	0	104,542	398,555	(143)	77,980	580,935	0	185,155	766,089
Home Health Expense	0	0	0	0	85,405	85,405	0	0	85,405
Resident Services	0	16,145	30,840	23,264	0	70,250	0	0	70,250
Transportation	0	36,421	7,792	8,063	0	52,276	0	204,499	256,775
Administrative	764,028	175,081	131,462	134,142	1,298	1,206,011	57,858	142,013	1,405,882
Health Plan Operations	0	0	0	0	0	0	0	68,775	68,775
Marketing	0	89,929	66,656	75,952	0	232,538	0	29,054	261,592
Dietary	0	561,031	436,150	292,024	0	1,289,205	0	0	1,289,205
Wellness Center	0	34,745	0	0	0	34,745	0	0	34,745
Beauty Shop Expense	0	0	12,050	11,618	0	23,668	0	0	23,668
Day Care Expense	80,948	0	0	0	0	80,948	0	0	80,948
Total Resident Services Expenses	1,304,781	4,539,407	3,677,787	2,156,532	186,718	11,865,224	81,002	3,597,171	15,543,398
Management Fees	0	362,338	291,992	194,086	0	848,416	0	166,609	1,015,025
Building Lease	0	0	0	0	0	0	0	78,150	78,150
Depreciation	58,485	776,905	360,444	426,643	0	1,622,478	0	35,597	1,658,075
Amortization	0	13,379	10,262	29,286	0	52,927	0	0	52,927
Real Estate	2,620	0	0	107,188	0	109,808	0	0	109,808
Interest Expense	0	622,141	133,648	165,053	0	920,841	0	1,078	921,919
Insurance	13,570	81,616	56,388	35,719	48	187,340	0	15,002	202,342
Bad Debt Expense	0	87,500	9,000	3,000	0	99,500	0	0	99,500
Total Retirement Center Expenses	1,379,456	6,483,286	4,539,519	3,117,507	186,766	15,706,534	81,002	3,893,607	19,681,143
Retirement Center Profit (Loss)	(75,720)	(504,516)	78,171	189,983	(30,127)	(342,209)	(81,002)	181,378	(241,833)
Other Operating Expenses	15,940	23,983	23,766	25,218	245	89,153	1,523	5,624	96,300
Profit (Loss) from Operations	(91,661)	(528,499)	54,405	164,765	(30,372)	(431,362)	(82,524)	175,753	(338,133)
Contributions - Revenue	0	457,635	0	0	0	457,635	28,953	0	486,588
Contributions - Expense	(62,300)	0	0	0	0	(62,300)	0	0	(62,300)
Realized Gain/(Loss) on Investments	1,182,564	12,748	6,106	5,756	0	1,207,175	219,984	0	1,427,158
Gift and Thrift Shop	0	373	0	0	0	373	0	0	373
Other Non-operating Revenue/(Expense)	0	0	14,691	1,375	0	16,066	436	0	16,502
Unrealized Gain (Loss) on Investments	1,951,787	0	0	0	0	1,951,787	183,445	0	2,135,232
Total Non-Operating Rev(Exp)	3,072,051	470,756	20,797	7,131	0	3,570,736	432,817	0	4,003,553
Net Profit (Loss)	2,980,390	(57,743)	75,202	171,896	(30,372)	3,139,374	350,293	175,753	3,665,420

3. UCHS Cash Flow Statement

For the Period Ending December 31, 2019

	Home Office	Abermethy Laurels	Piedmont Crossing	Lake Prince Woods	Lake Prince At Home	UCHS Obligated Group	UCHS Foundation	Carolina SeniorCare	Consolidated
Operating Activities:									
Change in Net Assets w/o Donor Restrictions	2,980,390	(57,743)	75,202	171,896	(30,372)	3,139,374	350,293	175,753	3,665,420
Adjustments to reconcile change in net assets to net cash provided by operating activities:									
Net realized and unrealized gain on investments	(3,134,351)	(12,748)	(6,106)	(5,756)	0	(3,158,962)	(403,429)	0	(3,562,390)
Change in allowance for doubtful accounts	0	(14,728)	(4,683)	766	0	(18,644)	(6,500)	0	(25,144)
Depreciation	58,485	776,905	360,444	426,643	0	1,622,478	0	35,597	1,658,075
Amortization of deferred costs	0	13,379	10,262	24,564	0	48,204	0	0	48,204
Amortization of advance fees	0	(404,630)	(377,918)	(529,871)	0	(1,312,419)	0	0	(1,312,419)
Amortization of bond discounts	0	0	0	4,723	0	4,723	0	0	4,723
Amortization of bond premiums	0	(14,597)	(13,568)	(43,219)	0	(71,383)	0	0	(71,383)
Entrance fees received	0	381,002	628,876	254,109	0	1,263,987	0	0	1,263,987
Entrance fees refunded	0	(142,136)	(187,867)	(79,626)	0	(409,629)	0	0	(409,629)
Change in value of fund balances	0	0	0	0	0	0	(218,634)	0	(218,634)
Change in value of gift annuities	681	0	0	0	0	681	0	0	681
(Increase) decrease in:									
Accounts receivable(net)	0	67,903	(234,512)	134,314	(58,172)	(90,468)	0	471	(89,996)
Other receivables	3,105	(4,215)	37,009	(1,994)	0	33,905	45,685	6,301	85,891
Pre-paid	(187,731)	(13,229)	5,001	(18,210)	0	(214,168)	(3,591)	27,319	(190,440)
Increase (decrease) in:									
Accounts payable	6,449	(301,633)	99,558	32,690	3,077	(159,857)	(1,627)	(205,835)	(367,319)
Accrued expenses and other payables	58,533	(254,544)	(85,879)	(38,492)	910	(319,472)	(788)	(56,604)	(376,864)
Other Current Liabilities	(32,464)	499,283	134,902	68,044	0	669,765	(5,500)	(33,757)	630,508
Resident escrows	0	(4,500)	(24,225)	(7,500)	0	(36,225)	0	0	(36,225)
Intercompany	(585,632)	194,678	139,792	192,691	177,639	119,169	(1,799)	(118,370)	(1,000)
Net Cash provided by operating activities	(832,535)	708,447	556,288	585,773	93,083	1,111,056	(245,889)	(169,123)	696,043
Cash flows from investing activities:									
Change of assets limited as to use	38,623	(291,054)	0	(360,696)	0	(613,128)	(7,089)	0	(620,216)
Advances from related parties, net	(116,898)	0	0	0	0	(116,898)	0	0	(116,898)
Purchases of property and equipment	(30,200)	(596,869)	(41,321)	(171,883)	0	(840,274)	0	(4,720)	(844,994)
Net cash used by investing activities	(108,476)	(887,923)	(41,321)	(532,580)	0	(1,570,300)	(7,089)	(4,720)	(1,582,109)
Cash flows from financing activities									
Deposits on advanced fees	0	0	0	134	0	134	0	0	134
Checks issued in excess of deposits	(51,738)	179,475	(259,966)	(53,327)	(2,731)	(188,287)	(10)	186,269	(2,028)
Principal payments of long-term debt / leases	0	0	(255,000)	0	0	(255,000)	0	(16,927)	(271,927)
Net cash used by financing activities	(51,738)	179,475	(514,966)	(53,193)	(2,731)	(443,153)	(10)	169,342	(273,821)
Net increase(decrease) in cash & cash equivalents	(992,749)	0	0	0	90,352	(902,396)	(252,988)	(4,502)	(1,159,886)

4. UCHS Profit and Loss Statement (Fiscal Year 2020 Budget)
(w/o Carolina SeniorCare and UCHS Foundation)

	Home Office	Abernethy Laurels	Piedmont Crossing	Elimination of Management Fees	Combined
OPERATING REVENUES					
Total Health Care Revenue		15,990,230	10,137,882		26,128,112
Total Home Care Revenue		685,210	1,948,553		2,633,763
Total Outside Services Revenue		105,500	17,000		122,500
Total Pavilion/Assisted Living Revenues		1,018,931	990,687		2,009,618
Total ILU Service Revenue		4,891,530	4,537,368		9,428,898
Net Service Revenue	0	22,691,401	17,631,490		40,322,891
Resident Agreement Revenue		1,525,000	1,709,285		3,234,285
Other Operating Revenue	5,246,979	230,956	68,398	(2,631,391)	2,914,942
Total Center Operating Revenue	5,246,979	24,447,357	19,409,173		46,472,118
OPERATING EXPENSES:					
Health Care Expenses		7,093,727	4,924,859		12,018,586
Medical Records		56,977	38,195		95,172
Personnel	1,389,003	3,532,022	3,025,679		7,946,704
Laundry Expenses		148,128	99,949		248,077
Social Services Expenses		104,551	113,949		218,500
Activities Expenses		173,730	98,912		272,642
Spiritual Life Expenses		64,035	60,683		124,718
Housekeeping Expenses		624,854	340,097		964,951
Plant Maintenance Expenses		1,892,270	1,479,827		3,372,097
Staff Development Expenses		95,936	42,400		138,336
Independent Living Expenses		275,565	126,386		401,951
Pavilion/Assisted Living Expenses		540,686	305,719		846,405
Outside Services Expenses		81,621	13,791		95,412
Clinic Expenses		66,380	18,000		84,380
Home Care Expenses		543,589	1,579,429		2,123,018
Resident Services		43,147	147,650		190,797
Transportation Expenses		90,995	30,357		121,352
Administration Expenses	3,364,524	694,222	548,356		4,607,102
Marketing Expenses		424,098	388,263		812,361
Dietary Expenses		2,263,099	1,538,188		3,801,287
Wellness Center		140,761			140,761
Beauty Shop Expenses			58,000		58,000
Day Care Expenses	335,894				335,894
Total Resident Services Expenses	5,089,421	18,950,393	14,978,689		39,018,503
Management Fees		1,466,841	1,164,550	(2,631,391)	0
Depreciation Expense	230,322	3,074,933	1,455,645		4,760,900
Amortization Expense	0	53,515	41,046		94,561
Real Estate Taxes	10,500		0		10,500
Interest Expense	0	2,796,448	534,016		3,330,464
Insurance	53,475	316,459	221,805		591,739
Bad Debts		350,000	36,000		386,000
Total Retirement Center Expenses	5,383,718	27,008,589	18,431,751		48,192,667
Retirement Center Profit/(Loss)	(136,739)	(2,561,232)	977,422		(1,720,549)
Other Operating Expenses	59,262	181,772	145,570		386,604
Profit/(Loss) from Operations	(196,001)	(2,743,004)	831,852		(2,107,153)
Contributions - Revenue		481,000			481,000
Contributions - Expense	(305,499)				(305,499)
Realized Gain(Loss) on Investments	2,500,346	50,000	20,000		2,570,346
Gift Shop					0
Other Non-Operating Revenue/(Expense)		1,500	40,000		41,500
Unrealized Gain(Loss) on Investments					0
Total Non-Operating Rev/(Exp)	2,194,847	532,500	60,000		2,787,347
Net Profit(Loss)	1,998,846	(2,210,504)	891,852		680,194