



Piedmont  
Crossing  
EveryAge Senior Living

# Disclosure Statement

Published March 1, 2021

Revised August 26, 2021

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, 2022.
- ◇ 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.

EveryAge, d/b/a Piedmont Crossing  
100 Leonard Avenue, Newton, NC 28658

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## Section I: **Organization Introduction and Information**

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### **Corporation Statement**

EveryAge “the Corporation,” formerly known as United Church Homes and Services, is a North Carolina nonprofit corporation that was organized in 1961 for the purpose of developing and managing housing, retirement communities and program of outreach across the geographic boundaries of the southern Conference of The United Church of Christ (The “Southern Conference”). In connection with celebrating its 50th Anniversary, the Corporation announced its new name, EveryAge with a promise of a “new design, a new name, a new beginning. Same great mission.”

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 living. 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. EveryAge also provides management services for Carolina SeniorCare and Elderhaus, Inc., PACE (Program of All-inclusive Care for the Elderly) centers located in Lexington, North Carolina and Wilmington, North Carolina, respectively.

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, Piedmont Crossing 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 Piedmont Crossing 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
- ◆ Elderhaus, Inc.
- ◆ Lake Prince Center, Inc., d.b.a. (“Lake Prince Woods”)
- ◆ Lake Prince At Home, LLC
- ◆ EveryAge 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, Lake Prince At Home, 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

## The Board of Directors of EveryAge

The Board of Directors of EveryAge is comprised of the following members:

<b>BOARD MEMBERS</b>	<b>TELEPHONE NUMBER</b>	<b>TERM EXPIRES</b>
<b>Brad Thie</b> ❖ 53 Pineland Street Chapel Hill, NC 27516	828.234.3389 (M)	2021 2 <sup>nd</sup> Term Board Vice Chairperson
<b>Eddie Beard</b> 810 Fairgrove Church Road Hickory, NC 28602	828.326.3800 (B)	2021 1 <sup>st</sup> Term
<b>Walter Hoffman</b> ❖ 115 East Center Street Lexington, NC 27292	336.225.8868 336.224.2621 (B)	2021 1 <sup>st</sup> Term Finance Committee Chairperson
<b>Kathy H. Wood</b> ❖ 31 First Avenue Hickory, NC 28602	828.244.5578 (M)	2021 1 <sup>st</sup> Term Member At Large
<b>Brenda C. Eckard</b> ❖ 2904 Bethany Church Road Claremont, NC 28610	828.464.2727	2022 3 <sup>rd</sup> Term Board Secretary
<b>Parker D. Howell, III</b> ❖ Post Office Box 2278 Suffolk, VA 23432	757.255.4721 757.620.9264 (M)	2022 3 <sup>rd</sup> Term Board Chairperson
<b>Randall L. Orwig</b> Post Office Box 625 Elon, NC 27244	336.584.0391 (B) 336.214.1304 (M)	2022 3 <sup>rd</sup> Term
<b>James W. Buchanan, Sr.</b> 610 Indian Wells Circle Lexington, NC 27292	336.956.1997	2022 3 <sup>rd</sup> Term
<b>Gene Hamilton</b> 201 7 <sup>th</sup> Street, NE Conover, NC 28613	828.612.7601	2022 1 <sup>st</sup> Term Retired Businessman
<b>Kelsey McCleave</b> 3630 Enduring Freedom Drive Raleigh NC 27610	828.218.4285 919.642.6935 (B)	2023 3 <sup>rd</sup> Term
<b>Anthony J. Branch</b> 2737 NE 1st Street Pompano Beach, FL 33062	704.467.5851 (M) 704.655.2343 (B)	2023 2 <sup>nd</sup> Term
<b>Hunter March</b> 908 West Washington Street Suffolk, VA 23434	336.225.8868	2023 2 <sup>nd</sup> Term
<b>Lawrence Bolick</b> 329 Summit Avenue, Apt. A Salisbury, NC 28144	828.612.8146	2023 1 <sup>st</sup> Term

<b>BOARD MEMBERS</b>	<b>TELEPHONE NUMBER</b>	<b>TERM EXPIRES</b>
<b>Jeffrey S. Gilliam</b> 3799 Love Road Claremont, NC 28610	704.682.8897 (M) 828.241.5152 (H)	2023 1 <sup>st</sup> Term
<b>Cory S. Tobin</b> 3993 2B Clubhouse Court High Point, NC 27265	336.905.0203	2023 1 <sup>st</sup> Term
<b>Julius W. Abernethy, IV *</b> 3781 Dockside Lane Sherrill's Ford, NC 28673	828.461.8701	Abernethy Laurels Advisory Council Chairperson
<b>Susan Reece *</b> 143 Glenbrook Springs New London, NC 28127	336.880.1651	Piedmont Crossing Advisory Council Chairperson
<b>Margie Wiley *</b> 1889 Governor's Point Drive, Suite A Suffolk, VA 23436	757.529.2617 757.809.2130	Lake Prince Woods Advisory Council Chairperson
<b>Linda Morris ❖</b> 201 Parkmont Drive Greensboro, NC 27408	336.545.7866 336.541.2838 (M)	Past Board Chairperson
<b>Edward Davis *</b> 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 EveryAge (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 EveryAge, 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 EveryAge since July 2008.
- ◆ Was previously employed with EveryAge as Vice President of Human Resources, beginning October 2003, and served as Director of Human Resources with EveryAge three years prior to her promotion from the position of Personnel Manager of Abernethy Laurels (EveryAge), 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.

### Aimee N. Reimann, Chief Operating Officer

- ◆ Has worked as Chief Operating Officer since June 1, 2013.
- ◆ Was previously employed by EveryAge as the Vice President of Home and Community Based Services from April 2011 to June 2013.
- ◆ Was previously employed as 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 since 2004 and holds an NHA license in the State of North Carolina and the Commonwealth of Virginia.
- ◆ 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.

### John B. White, Chief Financial Officer

- ◆ Employed by EveryAge since May of 2020 and appointed as Chief Financial Officer effective June 12, 2020.
- ◆ Previously served for 15 years as Treasurer of The Ohio Masonic Home and President of The Masonic Financial Assistance Corp., a multi-site senior living provider headquartered in Springfield, Ohio.
- ◆ Prior to that, worked in Risk Management, Credit Underwriting and Banking for US Bank and USAA Federal Savings Bank.
- ◆ Earned a Bachelor of Science Degree in Agricultural Business Management with a minor in Economics from North Carolina State University.
- ◆ Served on a variety of Non Profit Boards of Directors and the Emmanuel Lutheran Church (Missouri Synod) in Kettering, Ohio.

**Michelle N. Roseman**, Chief Quality and Compliance Officer

- ◆ Employed by EveryAge in July 2020 and appointed as Chief Quality and Compliance Officer effective December 19, 2020.
- ◆ Was previously employed with Kindred at Home as Area Vice President of Operations from 2016 through May of 2020.
- ◆ Was previously employed as Executive Vice President and Chief Operating Officer for Catawba Regional Hospice from 2007 to 2016.
- ◆ Earned a Master of Business Administration Degree and Bachelor of Science Degrees in Psychology and Health Education from Gardner-Webb University.
- ◆ Has previously worked as Executive Director of Abernethy Laurels/EveryAge from 1994 to 2007 and prior to her promotion, served as Healthcare Administrator and Director of Social Services at Abernethy Laurels.
- ◆ Has been a licensed Nursing Home Administrator since 1998 and holds a NHA license in the State of North Carolina and the Commonwealth of Virginia.

**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.

**Nancy M. Beard**, President, EveryAge Foundation

- ◆ Has worked as President of the EveryAge 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 printing business in Atlanta for over 35 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 EveryAge, 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 EveryAge, 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**

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Piedmont Crossing  
 100 Hedrick Drive  
 Thomasville, NC 27360  
 Executive Director: Douglas P. Russell, NHA

Piedmont Crossing is a continuing care retirement community located on a picturesque 61 acre site in Thomasville, North Carolina. The Community became operational October 1, 1986. 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.

Piedmont Crossing is located in the heart of the Piedmont region of North Carolina and is easily accessible from all parts of the state. From the Charlotte area take Interstate #85 north past Kannapolis, Salisbury, and Lexington. From the Raleigh-Durham-Greensboro area take Interstate #85 south past Burlington, Greensboro, and High Point. In the vicinity of Thomasville, North Carolina, take the Lake Road exit (No. 102) and at the top of the exit ramp turn left onto Lake Road. Go approximately ¼ mile and turn right just beyond East Davidson High School onto Kendall Mill Road. Follow Kendall Mill Road approximately ½ mile and Piedmont Crossing will be on the left side of Kendall Mill Road.

<b>Health Center</b>	<u>Available</u>	<u>Occupied</u>
Nursing Beds	114	83
<b>Residential Living Units</b>	<u>Available</u>	<u>Occupied</u>
Apartments	83	81
Villas	24	23
Cottages18	18	
<b>Pavilion</b>	<u>Available</u>	<u>Occupied</u>
Apartments	34	30
Studios	10	10
Adult Care	20	8

*There are approximately 302 Residents residing in all levels of living at Piedmont Crossing as of September 30, 2020. There are a total of 192 continuing care contracts with Piedmont Crossing, which encompass of a total of 242 people, inclusive of second persons.*

## Section III: Policies

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### **Admissions Policy Statement**

Admission to Residential Living Units shall follow the guidelines as established by EveryAge. 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. 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 fee 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, Piedmont Crossing's Home Care Agency 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 EveryAge 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 and Terms for Cancellation

#### (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 EveryAge, 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.

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## Section IV: Services

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### **Diverse and Complete Community**

**Piedmont Crossing** 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. Piedmont Crossing also operates an onsite Home Care Agency. 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 640 to 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 950 to 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 approximately 1,288 to 1,478 square feet in size with a living/dining area, two bedrooms, a kitchen equipped with standard appliances, a screened or glassed porch, a washer and dryer, storage area, and single-car carport. Most villas have two baths.

#### 4. Cottage

A freestanding residence approximately 1,339 to 1,622 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. Piedmont Crossing offers home care services on a fee-for-service basis.

### **1. 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.

### **2. Efficiency Apartment**

A residence approximately 500 square feet in size with a bedroom/living area, kitchenette and full bath.

### **3. 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.

### **4. One-Bedroom Apartment**

A residence approximately 670 square feet in size with a living/dining area, kitchenette, large separate bedroom and full bath.

### **5. Two-Bedroom Apartment**

A residence approximately 950 to 1023 square feet with a living/dining area, kitchenette, two spacious bedrooms and two full baths.

## **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 Piedmont Crossing's Home Care Agency.

### **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 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 quality 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 rate than the monthly 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**

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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 (36<sup>th</sup>) 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 (36<sup>th</sup>) 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 **Piedmont Crossing** for the last five years, including incremental average increases from the previous year. All fees for each year became effective on October 1. Residents may choose to have electricity and water/sewer included in their Monthly Statement or they may opt for direct billing by each respective utility company. There is a Residency Fee for Residential Living Units ranging from \$49,607 to \$363,649.

<b>Daily Fee (Health Center)</b>	20/21	Average Increase	19/20	Average Increase	18/19	Average Increase	17/18	Average Increase	16/17	Average Increase
<b>Suite (Private)</b>										
Nursing	290	8	282	16	266	15	251	7	244	12
Nursing w/Private Shower	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	244	6
Short Term Rehabilitation	383	11	372	11	361	11	350	N/A	N/A	N/A
Memory Support	301	12	289	8	281	N/A	N/A	N/A	N/A	N/A
<b>Companion Suite (Semiprivate)</b>										
Nursing	274	8	266	15	251	14	237	7	230	23

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

<b>Monthly Fee (Residential Living)</b>		20/21	Average Increase	19/20	Average Increase	18/19	Average Increase	17/18	Average Increase	16/17	Average Increase
<b>Veranda B *</b>											
1 Bedroom	one person	1618	47	1571	45	1526	44	1482	43	1439	49
	two people	2285	54	2231	64	2167	57	2110	61	2049	67
2 Bedroom	one person	1724	50	1674	48	1626	47	1579	46	1533	52
	two people	2391	57	2334	67	2267	60	2207	64	2143	73
<b>Kennedy Court and Veranda A and C</b>											
1 Bedroom	one person	1662	48	1614	47	1567	45	1522	44	1478	50
	two people	2329	55	2274	66	2208	58	2150	62	2088	71
2 Bedroom	one person	1790	52	1738	50	1688	49	1639	48	1591	54
	two people	2457	59	2398	69	2329	62	2267	66	2201	75
<b>Gallery **</b>											
1 Bedroom	one person	2248	66	2182	64	2118	62	2056	59	1997	68
	two people	3126	75	3051	89	2962	79	2883	83	2800	95
2 Bedroom	one person	2421	71	2350	69	2281	67	2214	64	2150	73
	two people	3299	80	3219	94	3125	84	3041	88	2953	100
1 Bedroom-Corner	one person	2163	63	2100	61	2039	60	1979	57	1922	65
	two people	3041	72	2969	86	2883	77	2806	81	2725	92

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

\* After October 1, 2013, Piedmont Crossing Veranda B Unit Residency Agreements will include utilities.

\*\* After October 1, 2011, Piedmont Crossing Gallery Unit Residency Agreements will consist of one convenient monthly payment plan. This package bundles the standard monthly services fee that includes housekeeping services, a meal package and utilities.

<b>Monthly Fee (Residential Living)</b>		20/21	Average Increase	19/20	Average Increase	18/19	Average Increase	17/18	Average Increase	16/17	Average Increase
<b>Villa</b>											
	one person	1756	51	1705	64	1641	48	1593	46	1547	52
	two people	2423	58	2365	83	2282	61	2221	64	2157	73
<b>Cottage Home</b>											
	one person	1900	55	1845	68	1777	52	1725	50	1675	57
	two people	2567	62	2505	87	2418	65	2353	68	2285	78

(Fees are subject to change with an advance notice)

<b>The Pavilion at Piedmont Crossing</b>		20/21	Average Increase	19/20	Average Increase	18/19	Average Increase	17/18	Average Increase	16/17	Average Increase
<b>Daily Fee</b>											
	ACH Suite (Private)	197	6	191	6	185	20	165	5	160	5
	ACH Companion Suite (Semiprivate)	147	4	143	4	139	15	124	4	120	4
<b>Monthly Fee</b>											
Studio Deluxe	one person	2500	73	2427	71	2356	69	2287	67	2220	75
	two people	3409	99	3310	97	3213	86	3127	91	3036	103
Apartment: 1 Bedroom	one person	3010	88	2922	85	2837	83	2754	80	2674	90
	two people	3919	114	3805	111	3694	100	3594	104	3490	118
Apartment: 2 Bedroom	one person	3408	99	3309	96	3213	94	3119	91	3028	102
	two people	4317	125	4192	122	4070	111	3959	115	3844	130

(Fees are subject to change with an advance notice)

## Residency Agreements Residency Fees

<b>Kennedy Court</b>	<b>Plan A</b>	<b>Plan B</b>
Apartment 1 Bedroom	128,786	85,857
Apartment 2 Bedroom	178,722	119,148
<b>Veranda A</b>	<b>Plan A</b>	<b>Plan B</b>
Apartment 2 Bedroom	163,422	108,948
<b>Veranda B</b>	<b>Plan A</b>	<b>Plan B</b>
Apartment 1 Bedroom	112,652	75,101
Apartment 2 Bedroom	155,918	103,945
<b>Veranda C</b>		
Apartment 1 Bedroom	128,786	85,857
Apartment 2 Bedroom	178,722	119,148
<b>Gallery Building</b>	<b>Plan A</b>	<b>Plan B</b>
Apartment 1 Bedroom Corner	99,299	66,199
Apartment 1 Bedroom	99,299	66,199
Apartment 2 Bedroom	143,430	95,620
<b>Pavilion</b>	<b>Plan A</b>	<b>Plan B</b>
Studio Deluxe	74,411	49,607
Apartment 1 Bedroom	95,244	63,496
Apartment 2 Bedroom	116,987	77,991
	<b>Plan A</b>	<b>Plan B</b>
<b>Villa</b>	219,995 – 295,355	146,663 – 196,890
<b>Cottage</b>	263,261 – 363,649	175,507 – 242,433

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**

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**Historical and Forecasted Financial Statements**

Year Ending September 30, 2021 (Forecast)

Year Ending September 30, 2022 (Forecast)

Year Ending September 30, 2023 (Forecast)

Year Ending September 30, 2024 (Forecast)

Year Ending September 30, 2025 (Forecast)

**UNITED CHURCH HOMES AND SERVICES**

**COMPILED FORECAST**

**FOR THE YEARS ENDING  
SEPTEMBER 30, 2021 THROUGH 2025**



**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, 2021, 2022, 2023, 2024 and 2025, 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 15, 2021

**UNITED CHURCH HOMES AND SERVICES**  
**Forecasted Balance Sheets**  
**September 30, 2021 through 2025**

(In Thousands of Dollars)

	2021	2022	2023	2024	2025
<b><u>Assets</u></b>					
Current Assets:					
Cash and cash equivalents	\$ 1,369	\$ 1,369	\$ 1,369	\$ 1,369	\$ 1,369
Accounts receivable, net	1,575	1,575	1,575	1,575	1,575
Due from affiliates	422	422	422	422	422
Other receivables and current assets	934	934	934	934	934
Total current assets	<u>4,300</u>	<u>4,300</u>	<u>4,300</u>	<u>4,300</u>	<u>4,300</u>
Assets limited as to use:					
Operating reserves	14,899	15,294	15,908	16,460	16,706
Patient funds	50	50	50	50	50
Investments	1,156	1,156	1,156	1,156	1,156
Assets held by trustees and board designated	55,591	58,684	61,870	65,203	69,023
Total assets limited as to use	<u>71,696</u>	<u>75,184</u>	<u>78,984</u>	<u>82,869</u>	<u>86,935</u>
Property and equipment, net	<u>70,177</u>	<u>66,686</u>	<u>63,122</u>	<u>59,412</u>	<u>55,629</u>
Total assets	<u>\$ 146,173</u>	<u>\$ 146,170</u>	<u>\$ 146,406</u>	<u>\$ 146,581</u>	<u>\$ 146,864</u>
<b><u>Liabilities and Net Assets</u></b>					
Current Liabilities:					
Current portion of long-term debt	\$ 1,465	\$ 1,685	\$ 1,745	\$ 490	\$ 490
Accounts payable and accrued expenses	4,235	4,235	4,235	4,235	4,235
Advance deposits, resident escrows and refund payables	1,828	1,828	1,828	1,828	1,828
Due to affiliates	5,119	4,886	4,604	4,510	2,911
Total current liabilities	<u>12,647</u>	<u>12,634</u>	<u>12,412</u>	<u>11,063</u>	<u>9,464</u>
Long-Term Liabilities:					
Long-term debt, less current portion	69,092	67,373	65,614	65,127	64,641
Long-term refund payable	7,532	7,117	6,801	6,435	6,042
Deferred revenue from advanced fees:					
Non-refundable contracts	15,705	16,820	17,991	18,876	19,894
Refundable contracts	4,429	4,471	4,498	4,427	4,367
Total long-term liabilities	<u>96,758</u>	<u>95,781</u>	<u>94,904</u>	<u>94,865</u>	<u>94,944</u>
Total liabilities	<u>109,405</u>	<u>108,415</u>	<u>107,316</u>	<u>105,928</u>	<u>104,408</u>
Net Assets:					
Without donor restrictions	<u>36,768</u>	<u>37,755</u>	<u>39,090</u>	<u>40,653</u>	<u>42,456</u>
Total net assets	<u>36,768</u>	<u>37,755</u>	<u>39,090</u>	<u>40,653</u>	<u>42,456</u>
Total liabilities and net assets	<u>\$ 146,173</u>	<u>\$ 146,170</u>	<u>\$ 146,406</u>	<u>\$ 146,581</u>	<u>\$ 146,864</u>

**UNITED CHURCH HOMES AND SERVICES**  
**Forecasted Statements of Operations and Changes in Net Assets**  
**Years Ending September 30, 2021 through 2025**

	(In Thousands of Dollars)				
	2021	2022	2023	2024	2025
Operating revenues:					
Health care	\$ 26,632	\$ 27,032	\$ 27,843	\$ 28,678	\$ 29,538
Pavilion/assisted living	1,782	1,796	1,825	1,855	1,886
Outside Services	150	152	157	161	166
Home care	2,622	2,662	2,742	2,824	2,908
Residential living service	9,805	9,998	10,392	10,803	11,231
Amortization of advance fees	3,401	3,251	3,438	3,633	3,765
Management fee income	1,852	2,525	2,525	2,525	2,525
Other operating revenue	1,181	1,481	1,527	1,575	1,624
Total operating revenues	<u>47,425</u>	<u>48,897</u>	<u>50,449</u>	<u>52,054</u>	<u>53,643</u>
Operating expenses:					
Health services:					
Health care	12,010	12,444	12,895	13,362	13,847
Medical records	105	109	113	118	123
Personnel and employee benefits	8,546	8,806	9,079	9,366	9,664
Laundry	260	269	279	289	299
Social services	206	214	223	232	241
Activities	285	296	307	319	332
Spiritual life	129	134	139	144	150
Housekeeping	1,051	1,091	1,131	1,174	1,218
Plant maintenance	3,149	3,212	3,277	3,344	3,412
Staff development	143	148	153	159	165
Pavilion/assisted living	838	871	904	939	975
Outside Services	123	112	115	117	120
Independent living	284	291	299	306	314
Home care	2,066	2,149	2,235	2,324	2,417
Clinic	88	90	93	96	99
Resident services	198	205	212	220	227
Transportation	125	129	134	139	144
Dietary	4,076	4,209	4,348	4,491	4,639
Wellness center	143	149	154	160	166
Beauty shop	58	59	61	62	64
Day care	332	342	352	363	374
General and administrative:					
Administrative	4,862	5,039	5,224	5,415	5,613
Marketing	824	852	880	910	941
Depreciation/amortization	5,043	5,139	5,124	5,225	5,200
Real estate taxes	11	11	11	11	11
Interest expense	2,818	2,725	2,713	2,695	2,671
Insurance	664	684	711	747	784
Bad debts	236	236	236	236	236
Other operating expenses	451	463	474	485	496
Total operating expenses	<u>49,124</u>	<u>50,478</u>	<u>51,876</u>	<u>53,448</u>	<u>54,942</u>
Operating loss	<u>(1,699)</u>	<u>(1,581)</u>	<u>(1,427)</u>	<u>(1,394)</u>	<u>(1,299)</u>
Nonoperating income (loss):					
Contribution income	50	175	175	175	175
Other nonoperating expense	(202)	(207)	(213)	(218)	(223)
Investment/interest income	2,588	2,600	2,800	3,000	3,150
Net nonoperating income	<u>2,436</u>	<u>2,568</u>	<u>2,762</u>	<u>2,957</u>	<u>3,102</u>
Changes in net assets	737	987	1,335	1,563	1,803
Net assets, beginning	<u>36,031</u>	<u>36,768</u>	<u>37,755</u>	<u>39,090</u>	<u>40,653</u>
Net assets, ending	<u>\$ 36,768</u>	<u>\$ 37,755</u>	<u>\$ 39,090</u>	<u>\$ 40,653</u>	<u>\$ 42,456</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, 2021 through 2025**

	(In Thousands of Dollars)				
	2021	2022	2023	2024	2025
Cash flows from operating activities:					
Changes in net assets	\$ 737	\$ 987	\$ 1,335	\$ 1,563	\$ 1,803
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Net unrealized gain on investments	(2,588)	(2,600)	(2,800)	(3,000)	(3,150)
Depreciation/amortization	4,931	5,027	5,031	5,149	5,141
Amortization of advance fees	(3,401)	(3,251)	(3,438)	(3,633)	(3,765)
Advance fees received - nonrefundable	4,801	4,757	4,980	4,784	5,060
Advance fees received - refundable	815	710	764	648	609
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable, net	7	-	-	-	-
Increase (decrease) in:					
Accounts payable and accrued expenses	-	-	-	-	-
Advance deposits, resident escrows and refund payables	(220)	-	-	-	-
Net cash provided by operating activities	<u>5,082</u>	<u>5,630</u>	<u>5,872</u>	<u>5,511</u>	<u>5,698</u>
Cash flows from investing activities:					
Net change in assets limited as to use	3,187	(888)	(1,000)	(885)	(916)
Repayments from related parties, net	568	(233)	(282)	(94)	(1,599)
Purchases of property and equipment	(5,792)	(1,570)	(1,481)	(1,436)	(1,354)
Net cash used in investing activities	<u>(2,037)</u>	<u>(2,691)</u>	<u>(2,763)</u>	<u>(2,415)</u>	<u>(3,869)</u>
Cash flows used in financing activities:					
Refunds of advance fees	(1,460)	(1,474)	(1,424)	(1,351)	(1,339)
Principal payments of long-term debt	(1,585)	(1,465)	(1,685)	(1,745)	(490)
Net cash used in financing activities	<u>(3,045)</u>	<u>(2,939)</u>	<u>(3,109)</u>	<u>(3,096)</u>	<u>(1,829)</u>
Net increase in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents, beginning	<u>1,369</u>	<u>1,369</u>	<u>1,369</u>	<u>1,369</u>	<u>1,369</u>
Cash and cash equivalents, ending	<u>\$ 1,369</u>	<u>\$ 1,369</u>	<u>\$ 1,369</u>	<u>\$ 1,369</u>	<u>\$ 1,369</u>

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

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**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**

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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, 2021, 2022, 2023, 2024, and 2025 respectively, for the Abernethy Laurels Facility is as follows: \$10,411; \$10,713; \$11,178; \$11,575 and \$11,997; and Piedmont Crossing Facility is as follows: \$4,488; \$4,581; \$4,730; \$4,885 and \$4,709, 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**

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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**

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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**

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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, 2020, adjusted for increases in revenue and expenses.

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

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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):

	2021	2022	2023	2024	2025
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%	\$ 1,200	\$ 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 2017A:					
Due 2023-2047, yielding 3.25%	10,300	10,300	10,210	10,120	10,105
People's Bank					
Non-Bank Qualified Loans, Series 2017B:					
Due 2023-2047, yielding 3.25%	9,490	9,490	9,405	9,320	9,225
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%	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>70,585</u>	<u>69,120</u>	<u>67,425</u>	<u>65,670</u>	<u>65,260</u>
Less bond premium, net	2,309	2,082	1,885	1,705	1,436
Less deferred financing costs, net	<u>(2,337)</u>	<u>(2,144)</u>	<u>(1,951)</u>	<u>(1,758)</u>	<u>(1,565)</u>
	<u>\$ 70,557</u>	<u>\$ 69,058</u>	<u>\$ 67,359</u>	<u>\$ 65,617</u>	<u>\$ 65,131</u>

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

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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. On October 1, 2020, monthly service fees for residents in the Healthcare setting (Nursing and Assisted Living) increased approximately 1%-3%; while fees for new residents in Residential Living increased by approximately 3%-4%. Beginning in 2022, fees are assumed to increase for new and current residents as well as home care services on an average of 1.5%-5% annually.

	Abernethy Laurels	Piedmont Crossing
Villages:		
Villa	\$1,567 - \$1,807	\$ 1,756
Cottage	\$ 1,970	\$ 1,900
Second person fee	\$ 714	\$ 667
Studio:		
Single unit-private room	\$5,536 - \$5,931	\$ -
Efficiency:		
Single unit	\$ 3,049	\$ -
Deluxe	\$ 3,388	\$ -
Apartments/Mall:		
One bedroom	\$3,934 - \$4,117	\$ 3,010
Two bedrooms	\$ -	\$3,309 - \$3,408
Studio deluxe	\$ -	\$ 2,500
Second person fee	\$ 1,153	\$ 909
Apartments/Courts:		
One bedroom	\$ -	\$1,618 - \$2,248
Two bedrooms	\$ -	\$1,724 - \$2,421
Rental	\$ -	\$2,427 - \$3,632
Second person fee	\$ -	\$667 - 878
Nursing beds (daily rates)	\$275 - \$383	\$274 - \$383
Assisted Living (daily rates):		
Private room	\$ 182	\$ 197
Semi-private room	\$ -	\$ 147
Assisted Living & Residential Living Occupancy	86.47%	93.12%

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

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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 between 3.00% and 5.00% each year.

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, 2021 through 2025**

(In Thousands of Dollars)

	2021	2022	2023	2024	2025
<b><u>Assets</u></b>					
Current Assets:					
Cash and cash equivalents	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Accounts receivable, net	991	991	991	991	991
Due from affiliates	19,224	19,656	20,257	20,693	20,996
Other receivables and current assets	282	282	282	282	282
Total current assets	<u>20,499</u>	<u>20,931</u>	<u>21,532</u>	<u>21,968</u>	<u>22,271</u>
Assets limited as to use:					
Operating reserves	-	-	-	-	-
Patient funds	41	41	41	41	41
Investments	-	-	-	-	-
Assets held by trustees and board designated	2,916	2,914	2,914	2,800	2,800
Total assets limited as to use	<u>2,957</u>	<u>2,955</u>	<u>2,955</u>	<u>2,841</u>	<u>2,841</u>
Property and equipment, net	51,946	49,627	47,218	44,747	42,255
Total assets	<u>\$ 75,402</u>	<u>\$ 73,513</u>	<u>\$ 71,705</u>	<u>\$ 69,556</u>	<u>\$ 67,367</u>
<b><u>Liabilities and Net Assets</u></b>					
Current Liabilities:					
Current portion of long-term debt	\$ 204	\$ 369	\$ 369	\$ 394	\$ 394
Accounts payable and accrued expenses	1,487	1,487	1,487	1,487	1,487
Advance deposits, resident escrows and refund payables	810	810	810	810	810
Due to affiliates	-	-	-	-	-
Total current liabilities	<u>2,501</u>	<u>2,666</u>	<u>2,666</u>	<u>2,691</u>	<u>2,691</u>
Long-Term Liabilities:					
Long-term debt, less current portion	59,979	59,604	59,231	58,832	58,433
Long-term refund payable	4,884	4,760	4,732	4,675	4,592
Deferred revenue from advanced fees:					
Non-refundable contracts	7,818	8,392	9,118	9,587	10,047
Refundable contracts	2,204	2,231	2,280	2,248	2,205
Total liabilities	<u>77,386</u>	<u>77,653</u>	<u>78,027</u>	<u>78,033</u>	<u>77,968</u>
Net Assets:					
Without donor restrictions	<u>(1,984)</u>	<u>(4,140)</u>	<u>(6,322)</u>	<u>(8,477)</u>	<u>(10,601)</u>
Total net assets	<u>(1,984)</u>	<u>(4,140)</u>	<u>(6,322)</u>	<u>(8,477)</u>	<u>(10,601)</u>
Total liabilities and net assets	<u>\$ 75,402</u>	<u>\$ 73,513</u>	<u>\$ 71,705</u>	<u>\$ 69,556</u>	<u>\$ 67,367</u>

**UNITED CHURCH HOMES AND SERVICES**  
**Forecasted Balance Sheets - Piedmont Crossing**  
**September 30, 2021 through 2025**

(In Thousands of Dollars)

	2021	2022	2023	2024	2025
<b><u>Assets</u></b>					
Current Assets:					
Cash and cash equivalents	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Accounts receivable, net	584	584	584	584	584
Due from affiliates	-	-	-	-	-
Other receivables and current assets	337	337	337	337	337
Total current assets	<u>923</u>	<u>923</u>	<u>923</u>	<u>923</u>	<u>923</u>
Assets limited as to use:					
Operating reserves	-	-	-	-	-
Patient funds	9	9	9	9	9
Investments	-	-	-	-	-
Assets held by trustees and board designated	1,515	1,515	1,515	1,515	1,515
Total assets limited as to use	<u>1,524</u>	<u>1,524</u>	<u>1,524</u>	<u>1,524</u>	<u>1,524</u>
Property and equipment, net	10,114	9,275	8,403	7,451	6,448
Total assets	<u>\$ 12,561</u>	<u>\$ 11,722</u>	<u>\$ 10,850</u>	<u>\$ 9,898</u>	<u>\$ 8,895</u>
<b><u>Liabilities and Net Assets</u></b>					
Current Liabilities:					
Current portion of long-term debt	\$ 1,261	\$ 1,316	\$ 1,376	\$ 96	\$ 96
Accounts payable and accrued expenses	1,237	1,237	1,237	1,237	1,237
Advance deposits, resident escrows and refund payables	1,018	1,018	1,018	1,018	1,018
Due to affiliates	5,439	5,068	4,632	4,136	1,993
Total current liabilities	<u>8,955</u>	<u>8,639</u>	<u>8,263</u>	<u>6,487</u>	<u>4,344</u>
Long-Term Liabilities:					
Long-term debt, less current portion	9,113	7,769	6,383	6,295	6,208
Long-term refund payable	2,648	2,357	2,069	1,760	1,450
Deferred revenue from advanced fees:					
Non-refundable contracts	7,887	8,428	8,873	9,289	9,847
Refundable contracts	2,225	2,240	2,218	2,179	2,162
Total liabilities	<u>30,828</u>	<u>29,433</u>	<u>27,806</u>	<u>26,010</u>	<u>24,011</u>
Net Assets:					
Without donor restrictions	<u>(18,267)</u>	<u>(17,711)</u>	<u>(16,956)</u>	<u>(16,112)</u>	<u>(15,116)</u>
Total net assets	<u>(18,267)</u>	<u>(17,711)</u>	<u>(16,956)</u>	<u>(16,112)</u>	<u>(15,116)</u>
Total liabilities and net assets	<u>\$ 12,561</u>	<u>\$ 11,722</u>	<u>\$ 10,850</u>	<u>\$ 9,898</u>	<u>\$ 8,895</u>

**UNITED CHURCH HOMES AND SERVICES**  
**Forecasted Balance Sheets - Home Office**  
**September 30, 2021 through 2025**

(In Thousands of Dollars)

	2021	2022	2023	2024	2025
<b><u>Assets</u></b>					
Current Assets:					
Cash and cash equivalents	\$ 1,365	\$ 1,365	\$ 1,365	\$ 1,365	\$ 1,365
Accounts receivable, net	-	-	-	-	-
Due from affiliates	422	422	422	422	422
Other receivables and current assets	315	315	315	315	315
Total current assets	<u>2,102</u>	<u>2,102</u>	<u>2,102</u>	<u>2,102</u>	<u>2,102</u>
Assets limited as to use:					
Operating reserves	14,899	15,294	15,908	16,460	16,706
Patient funds	-	-	-	-	-
Investments	1,156	1,156	1,156	1,156	1,156
Assets held by trustees and board designated	51,160	54,255	57,441	60,888	64,708
Total assets limited as to use	<u>67,215</u>	<u>70,705</u>	<u>74,505</u>	<u>78,504</u>	<u>82,570</u>
Property and equipment, net	8,117	7,784	7,501	7,214	6,926
Total assets	<u>\$ 77,434</u>	<u>\$ 80,591</u>	<u>\$ 84,108</u>	<u>\$ 87,820</u>	<u>\$ 91,598</u>
<b><u>Liabilities and Net Assets</u></b>					
Current Liabilities:					
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	1,511	1,511	1,511	1,511	1,511
Advance deposits, resident escrows and refund payables	-	-	-	-	-
Due to affiliates	18,904	19,474	20,229	21,067	21,914
Total current liabilities	<u>20,415</u>	<u>20,985</u>	<u>21,740</u>	<u>22,578</u>	<u>23,425</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>20,415</u>	<u>20,985</u>	<u>21,740</u>	<u>22,578</u>	<u>23,425</u>
Net Assets:					
Without donor restrictions	57,019	59,606	62,368	65,242	68,173
Total net assets	<u>57,019</u>	<u>59,606</u>	<u>62,368</u>	<u>65,242</u>	<u>68,173</u>
Total liabilities and net assets	<u>\$ 77,434</u>	<u>\$ 80,591</u>	<u>\$ 84,108</u>	<u>\$ 87,820</u>	<u>\$ 91,598</u>

**UNITED CHURCH HOMES AND SERVICES**
**Forecasted Statements of Operations and Changes in Net Assets - Abernethy Laurels**
**Years Ending September 30, 2021 through 2025**

	(In Thousands of Dollars)				
	2021	2022	2023	2024	2025
Operating revenues:					
Health care	\$ 16,132	\$ 16,375	\$ 16,866	\$ 17,372	\$ 17,893
Pavilion/assisted living	955	969	998	1,028	1,059
Outside services	133	135	139	143	147
Home care	558	567	584	601	618
Residential living service	5,208	5,286	5,444	5,608	5,776
Amortization of advance fees	1,711	1,653	1,752	1,881	1,953
Management fee income	-	-	-	-	-
Other operating revenue	243	250	257	265	273
Total operating revenues	<u>24,940</u>	<u>25,235</u>	<u>26,040</u>	<u>26,898</u>	<u>27,719</u>
Operating expenses:					
Health care	6,919	7,170	7,431	7,701	7,982
Medical records	65	68	70	73	76
Personnel *	3,758	3,876	4,001	4,132	4,269
Laundry	158	164	170	176	182
Social services	90	93	97	101	105
Activities	183	190	197	205	214
Spiritual life	66	69	71	73	77
Housekeeping	689	716	742	770	799
Plant maintenance	1,760	1,795	1,831	1,868	1,906
Staff development	101	104	107	111	115
Pavilion/assisted living	556	578	600	624	648
Outside Services	109	112	115	117	120
Independent living	221	227	233	238	245
Home care	491	511	532	553	575
Clinic	68	69	72	74	77
Resident services	45	46	48	50	51
Transportation	94	97	100	104	107
Administrative	691	714	740	767	793
Marketing	430	445	460	476	492
Dietary	2,464	2,545	2,630	2,717	2,807
Wellness center	143	149	154	160	166
Beauty shop	-	-	-	-	-
Day care	-	-	-	-	-
Management fees	1,497	1,515	1,563	1,615	1,664
Depreciation/amortization	3,237	3,244	3,315	3,348	3,323
Real estate taxes	-	-	-	-	-
Interest expense	2,328	2,263	2,295	2,324	2,352
Insurance **	360	370	385	405	425
Bad debts	200	200	200	200	200
Other operating expenses ***	230	236	241	246	251
Total operating expenses	<u>26,953</u>	<u>27,566</u>	<u>28,400</u>	<u>29,228</u>	<u>30,021</u>
Operating loss	<u>(2,013)</u>	<u>(2,331)</u>	<u>(2,360)</u>	<u>(2,330)</u>	<u>(2,302)</u>
Nonoperating income (loss):					
Contribution income	50	175	175	175	175
Other nonoperating expense	3	-	3	-	3
Investment/interest income	25	-	-	-	-
Net nonoperating income	<u>78</u>	<u>175</u>	<u>178</u>	<u>175</u>	<u>178</u>
Changes in net assets	<u>(1,935)</u>	<u>(2,156)</u>	<u>(2,182)</u>	<u>(2,155)</u>	<u>(2,124)</u>
Net assets, beginning	<u>(49)</u>	<u>(1,984)</u>	<u>(4,140)</u>	<u>(6,322)</u>	<u>(8,477)</u>
Net assets, ending	<u>\$ (1,984)</u>	<u>\$ (4,140)</u>	<u>\$ (6,322)</u>	<u>\$ (8,477)</u>	<u>\$ (10,601)</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, 2021 through 2025**

	(In Thousands of Dollars)				
	2021	2022	2023	2024	2025
Operating revenues:					
Health care	\$ 10,500	\$ 10,657	\$ 10,977	\$ 11,306	\$ 11,645
Pavilion/assisted living	827	827	827	827	827
Outside services	17	17	18	18	19
Home care	2,064	2,095	2,158	2,223	2,290
Residential living service	4,597	4,712	4,948	5,195	5,455
Amortization of advance fees	1,690	1,598	1,686	1,752	1,812
Management fee income	-	-	-	-	-
Other operating revenue	78	81	83	86	88
Total operating revenues	<u>19,773</u>	<u>19,987</u>	<u>20,697</u>	<u>21,407</u>	<u>22,136</u>
Operating expenses:					
Health care	5,091	5,274	5,464	5,661	5,865
Medical records	40	41	43	45	47
Personnel *	3,227	3,322	3,421	3,526	3,635
Laundry	102	105	109	113	117
Social services	116	121	126	131	136
Activities	102	106	110	114	118
Spiritual life	63	65	68	71	73
Housekeeping	362	375	389	404	419
Plant maintenance	1,389	1,417	1,446	1,476	1,506
Staff development	42	44	46	48	50
Pavilion/assisted living	282	293	304	315	327
Independent living	14	-	-	-	-
Outside Services	63	64	66	68	69
Home care	1,575	1,638	1,703	1,771	1,842
Clinic	20	21	21	22	22
Resident services	153	159	164	170	176
Transportation	31	32	34	35	37
Administrative	578	598	619	640	663
Marketing	394	407	420	434	449
Dietary	1,612	1,664	1,718	1,774	1,832
Wellness center	-	-	-	-	-
Beauty shop	58	59	61	62	64
Day care	-	-	-	-	-
Management fees	1,186	1,199	1,242	1,284	1,328
Depreciation/amortization	1,578	1,533	1,502	1,566	1,565
Real estate taxes	-	-	-	-	-
Interest expense	490	462	418	371	319
Insurance **	247	255	265	278	292
Bad debts	36	36	36	36	36
Other operating expenses ***	179	183	187	192	197
Total operating expenses	<u>19,030</u>	<u>19,473</u>	<u>19,982</u>	<u>20,607</u>	<u>21,184</u>
Operating income	<u>743</u>	<u>514</u>	<u>715</u>	<u>800</u>	<u>952</u>
Nonoperating income (loss):					
Contribution income	-	-	-	-	-
Other nonoperating expense	40	42	40	44	44
Investment/interest income	10	-	-	-	-
Net nonoperating income	<u>50</u>	<u>42</u>	<u>40</u>	<u>44</u>	<u>44</u>
Changes in net assets	793	556	755	844	996
Net assets, beginning	<u>(19,060)</u>	<u>(18,267)</u>	<u>(17,711)</u>	<u>(16,956)</u>	<u>(16,112)</u>
Net assets, ending	<u>\$ (18,267)</u>	<u>\$ (17,711)</u>	<u>\$ (16,956)</u>	<u>\$ (16,112)</u>	<u>\$ (15,116)</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, 2021 through 2025**

	(In Thousands of Dollars)				
	2021	2022	2023	2024	2025
Operating revenues:					
Health care	\$ -	\$ -	\$ -	\$ -	\$ -
Pavilion/assisted living	-	-	-	-	-
Outside services	-	-	-	-	-
Home care	-	-	-	-	-
Residential living service	-	-	-	-	-
Amortization of advance fees	-	-	-	-	-
Management fee income	4,535	5,239	5,330	5,424	5,517
Other operating revenue	860	1,150	1,187	1,224	1,263
Total operating revenues	<u>5,395</u>	<u>6,389</u>	<u>6,517</u>	<u>6,648</u>	<u>6,780</u>
Operating expenses:					
Health care	-	-	-	-	-
Medical records	-	-	-	-	-
Personnel	1,561	1,608	1,657	1,708	1,760
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	3,593	3,727	3,865	4,008	4,157
Marketing	-	-	-	-	-
Dietary	-	-	-	-	-
Wellness center	-	-	-	-	-
Beauty shop	-	-	-	-	-
Day care	332	342	352	363	374
Depreciation/amortization	228	362	307	311	312
Real estate taxes	11	11	11	11	11
Interest expense	-	-	-	-	-
Insurance	57	59	61	64	67
Bad debts	-	-	-	-	-
Other operating expenses	43	42	45	46	48
Total operating expenses	<u>5,825</u>	<u>6,151</u>	<u>6,298</u>	<u>6,511</u>	<u>6,729</u>
Operating income	<u>(430)</u>	<u>238</u>	<u>219</u>	<u>137</u>	<u>51</u>
Nonoperating income (loss):					
Contribution income	-	-	-	-	-
Other nonoperating expense	(244)	(251)	(257)	(263)	(270)
Investment/interest income	2,553	2,600	2,800	3,000	3,150
Net nonoperating income	<u>2,309</u>	<u>2,349</u>	<u>2,543</u>	<u>2,737</u>	<u>2,880</u>
Changes in net assets	1,879	2,587	2,762	2,874	2,931
Net assets, beginning	<u>55,140</u>	<u>57,019</u>	<u>59,606</u>	<u>62,368</u>	<u>65,242</u>
Net assets, ending	<u>\$ 57,019</u>	<u>\$ 59,606</u>	<u>\$ 62,368</u>	<u>\$ 65,242</u>	<u>\$ 68,173</u>

## Section VIII: **Community Development and Expansion**

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### **Piedmont Crossing**

The first phase of Piedmont Crossing was constructed in 1986 as a continuing care retirement community. The Health Center originally had fifty-four licensed nursing beds and forty licensed adult care (assisted living) beds. The Community was opened with **Residential Living Units** of apartments, villas and cottages. Villa units and additional cottages have been added as they were marketed.

Further development of Piedmont Crossing occurred in the mid-1990s, with the addition of the Pavilion building, which was dedicated April 28, 1996, and consists of a Pavilion, and 36 - one and two bedroom apartments. The Pavilion provides a variety of residential and adult care (assisted living) opportunities from a two-bedroom apartment to single occupancy studio rooms.

There is land available on the site to add additional villas, cottages and apartments. One additional cottage was completed and added to the campus in 2008.

In October of 2009, the Board of Directors approved plans to renovate and expand the Piedmont Crossing Health Center, with the intent to finance the relocation of sixty licensed beds from the EveryAge Centerclair facility, formerly located in Lexington, NC, to the Piedmont Crossing campus. This consolidation included construction of new facilities on the Piedmont Crossing campus and the addition of sixty beds to the updated Health Center, for a total of 114 licensed beds. The consolidation was completed on January 12, 2012.

The project included upgrades to the existing healthcare rooms, with the addition of 54 new beds constructed as three individual “households” and connected to the existing facility. Each “Household model” is designed to create a homelike atmosphere for residents and consists of a large open kitchen, a family/living room, dining room, and private resident rooms. The concept allows for ample flexibility in the activities of daily living.

In 2019, the Adult Care Dining and Activity Space was renovated. Also, a Bistro was added to the community to provide an alternative dining venue for residents, staff and visitors to enjoy.

### **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**

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All 114 skilled nursing beds at Piedmont Crossing are Medicare certified and ninety (90) of the skilled nursing beds are also Medicaid certified.

The Corporation strives to make every effort to reach out to the wider 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 to also help set standards for quality care and affordable retirement living opportunities. The Corporation is committed to a mission of 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 over 60 members, including EveryAge, 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 the EveryAge 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 28, 29, and 30.

## Balance Sheet

Comparison 2020 Forecast to 2020 Actuals  
(In Thousands of Dollars)

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

	2020 Forecast	2020 Actual	Variance	% Variance	Footnote
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	2,265	1,369	(896)	(39.56%)	(a)
Assets limited as to use	-	-	-	0.00%	
Accounts receivable, net	2,220	1,574	(646)	(29.10%)	(b)
Due from affiliates	580	421	(159)	(27.41%)	
Other receivables and current assets	660	1,383	723	109.55%	(c)
Total current assets	5,725	4,747	(978)	(17.08%)	
Assets limited as to use:					
Operating reserves	15,295	14,915	(380)	(2.48%)	
Patient Funds	34	48	14	41.18%	
Investments	521	1,155	634	121.69%	(d)
Assets held by trustees and board designated	54,360	55,735	1,375	2.53%	
Total assets limited as to use	70,210	71,853	1,643	2.34%	
Property and equipment, net	67,304	69,334	2,030	3.02%	
Total assets	143,239	145,934	2,695	1.88%	
<b>Liabilities and Net Assets</b>					
Current Liabilities:					
Current portion of long-term debt	1,585	1,585	-	0.00%	
Accounts payable and accrued expenses	6,109	4,234	(1,875)	(30.69%)	(e)
Advance deposits, resident escrows & refunds payable	1,047	2,048	1,001	95.61%	(f)
Due to affiliates	2,441	4,550	2,109	86.40%	(g)
Total current liabilities	11,182	12,417	1,235	11.04%	
Long-Term Liabilities:					
Long-term debt, less current portion	70,660	70,575	(85)	(0.12%)	
Long-term refund payable	7,647	7,829	182	2.38%	
Deferred revenue from advanced fees:					
Non-refundable contracts	16,408	15,009	(1,399)	(8.53%)	
Refundable contracts	4,634	4,073	(561)	(12.11%)	(h)
Total liabilities	110,531	109,903	(628)	(0.57%)	
Net Assets:					
Without Donor Restrictions:	32,708	36,031	3,323	10.16%	
With Donor Restrictions	-	-	-	0.00%	
Total net assets	32,708	36,031	3,323	10.16%	
Total liabilities and net assets	\$ 143,239	\$ 145,934	\$ 2,695	1.88%	

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

- (a) Cash balance less than forecast due to year end timing and adjustment to operating reserve. See (b) below.
- (b) Accounts receivable lower than forecast due to lower than expected healthcare census.
- (c) Higher than expected receivables at year end.
- (d) Assets held by trustee and board designated (investments) balance was more than forecast due to excess cash being invested and Significant growth in capital market value.
- (e) Accounts payable higher than forecast due to accruals related to year end expenses.
- (f) Higher than expected at year end based on occupancy
- (g) Due to affiliates higher than forecast due to increased cash flow from affiliates.
- (h) Refundable contracts lower than expected due to reduced occupancy, COVID related.

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

## Profit and Loss Statement

Comparison 2020 Forecast to 2020 Actuals

(In Thousands of Dollars)

	2020 Forecast	2020 Actual	Variance	% Variance	Footnote
Operating revenues:					
Health care	26,128	25,386	(742)	(2.84%)	
Residential living service	9,429	9,358	(71)	(0.75%)	
Pavilion/assisted living	2,010	1,698	(312)	(15.52%)	
Home care	2,634	2,622	(12)	(0.46%)	
Outside services	123	72	(51)	(41.46%)	
Amortization of advance fees	3,234	3,419	185	5.72%	
Management fee income	1,797	1,797	-	0.00%	
Other operating revenue	1,118	1,644	526	47.05%	(a)
Total operating revenues	46,473	45,996	(477)	(1.03%)	
Operating expenses:					
Health care	12,019	11,386	(633)	(5.27%)	
Medical records	95	104	9	9.47%	
Personnel	7,947	7,311	(636)	(8.00%)	
Laundry	248	232	(16)	(6.45%)	
Social services	219	199	(20)	(9.13%)	
Activities	273	274	1	0.37%	
Spiritual life	125	120	(5)	(4.00%)	
Housekeeping	965	1,007	42	4.35%	
Plant maintenance	3,372	3,269	(103)	(3.05%)	
Staff development	138	122	(16)	(11.59%)	
Pavilion/assisted living	846	758	(88)	(10.40%)	
Outside services	95	64	(31)	(32.63%)	
Independent living	402	279	(123)	(30.60%)	
Home care	2,123	2,046	(77)	(3.63%)	
Clinic	84	77	(7)	(8.33%)	
Resident services	191	172	(19)	(9.95%)	
Transportation	121	148	27	22.31%	
Dietary	3,801	3,871	70	1.84%	
Wellness center	141	140	(1)	(0.71%)	
Beauty shop	58	22	(36)	(62.07%)	
Day care	336	291	(45)	(13.39%)	
General and administrative:					
Administrative	4,607	4,368	(239)	(5.19%)	
Marketing	812	624	(188)	(23.15%)	
Depreciation/amortization	4,855	4,915	60	1.24%	
Real estate taxes	11	10	(1)	(9.09%)	
Interest expense	3,330	2,926	(404)	(12.13%)	
Insurance	592	611	19	3.21%	
Bad debts	386	448	62	16.06%	
Other operating expenses	387	322	(65)	(16.80%)	
Total operating expenses	48,579	46,116	(2,463)	(5.07%)	
Operating loss	(2,106)	(120)	1,986	94.30%	
Non-operating income (loss):					
Contribution income	481	475	(6)	(1.25%)	
Other non-operating expense	(264)	(51)	213	80.68%	
Investment/interest income	2,570	3,704	1,134	44.12%	(b)
Net non-operating income	2,787	4,128	1,341	48.12%	
Changes in net assets	\$681	\$ 4,008	\$ 3,327	488.55%	

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

- (a) Other Operating Revenue variance is due to the inclusion of CARES Act Provider Relief Funds  
(b) Investment/Interest Income variance due to higher than expected realized gains in investment portfolio

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

## Cash Flow

Comparison 2020 Forecast to 2020 Actual  
(In Thousands of Dollars)

	2020 Forecast	2020 Actual	Variance	% Variance	Footnote
Cash flows from operating activities:					
Changes in net assets	681	4,008	3,327	488.55%	(a)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Net realized and unrealized gain on investments	(2,570)	(3,704)	1,134	44.12%	(b)
Depreciation/amortization	4,743	4,802	59	1.24%	
Amortization of advance fees	(3,234)	(3,419)	(185)	(5.72%)	
Advance fees received - nonrefundable	4,264	2,991	(1,273)	(29.85%)	(c)
Advance fees received - refundable	821	570	(251)	(30.57%)	
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable, net	425	211	(214)	(50.35%)	
Increase (decrease) in:					
Accounts payable and accrued expenses	(2)	161	163	8150.00%	
Advance deposits, resident escrows and refunds payables	78	116	38	48.72%	
Net cash provided by operating activities	5,206	5,736	2,760	10.18%	
Cash flows from investing activities:					
Changes in assets limited as to use	1,674	505	(1,169)	(69.83%)	(d)
Repayments from related parties, net	(296)	830	1,126	380.41%	(e)
Purchases of property and equipment	(2,634)	(4,723)	(2,089)	(79.31%)	(f)
Net cash used in investing activities	(1,256)	(3,388)	(2,132)	(169.75%)	
Cash flows used in financing activities:					
Refunds of advance fees	(1,845)	(1,054)	791	42.87%	(g)
Principal payments of long-term debt	(2,105)	(2,190)	(85)	(4.04%)	
Net cash used in financing activities	(3,950)	(3,244)	706	17.87%	
Net increase (decrease) in cash and cash equivalents					
	-	(896)	(896)	(100.00%)	
Cash and cash equivalents, beginning	2,265	2,265	-	0.00%	
Cash and cash equivalents, ending	2,265	1,369	(896)	(39.56%)	

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

- (a) Significant gain in investment assets and operating performance relative to expectations
- (b) Significant gain in investment assets relative to expectations
- (c) COVID related decline in Entry Fees received
- (d) Significant gain in investment assets relative to expectations
- (e) Due to affiliates higher than forecast due to increased cash flow from affiliates.
- (f) Acquisition of additional property in Wilmington, NC and higher than expected capital spending
- (g) Lower than expected refunds of fees. Census driven

Section VII:  
**Reserves, Escrow and Trusts**

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The Board of Directors established an operating reserve in an amount equal to twenty-five (25) percent of the budgeted expenses for 2021 for the purpose of preserving the financial stability of the Corporation. In accordance with guidance received by the NC Department of Insurance dated September 26, 2019 and subsequent guidance received December 4, 2020, the calculation of operating reserve is based on the forecasted operating expenses for Fiscal Year 2021 and occupancy as of September 30, 2020. The funds held for operating reserve are invested and managed by independent money managers and had a balance of \$14,898,925 at December 31, 2020.

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, 2020. Based on the Financial Forecasts, the Corporation will possess sufficient reserves to satisfy the Operating Reserve Requirement for EveryAge d/b/a Piedmont Crossing as shown below:

**Total Forecasted 2021 Operating Costs for  
EveryAge**

Total Operating Costs:	\$ 19,030,136
Principal Payment	1,380,550
Less Depreciation Expense	(1,536,572)
Less Amortization Expense	(41,046)
Less Debt Service Reserve Account	<u>(877,799)</u>
	<u>\$17,955,269</u>

**OPERATING RESERVE REQUIREMENT**

Total Forecasted Operating Costs for 2021	\$17,955,269
Multiplied by Required Percentage	<u>X 25%</u>
Total Operating Reserve Required for 2021	<u>\$ 4,488,817</u>

**ASSETS AVAILABLE TO FUND OPERATING RESERVE**

Portion of reserve corpus of assets whose use is limited - Board designated	\$14,898,925
Necessary funds available to fund operating reserve	<u>\$ 4,488,817</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.

## Exhibit 1: Fee Schedules

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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.

EveryAge d/b/a Piedmont Crossing  
**The Health Center and Adult Care Home**  
 Fee Schedule as of October 1, 2020

**Activities**

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

**Laundry Service**

Personal Laundry Service (per month) ..... \$64.00

**Clerical Services**

(Per 1/2 hour/plus supplies)

Administrative Services ..... \$ 16.00  
 NSF Check Fee ..... 50.00  
 Late Payment Fee..... 50.00  
 Fax Fee..... 5.00  
 Duplication beyond five pages (per page)..... 0.25  
 Long-Term Care Insurance Processing Fee (Initial) ..... 65.00  
 Long-Term Care Insurance Processing Fee (Monthly) ..... 37.00

**Salon Services**

Color Rinse ..... \$ 4.00  
 Haircut (Dry) ..... 16.00  
 Shampoo/Condition ..... 25.00  
 Set/Blow Dry ..... 25.00  
 Permanent..... 62.00  
 Color60.00  
 Color/Highlight (Add)..... 70.00  
 Manicure ..... 20.00  
 Pedicure..... 30.00

*(Other services available at posted prices)*

**Meals**

Guest Breakfast ..... \$6.00  
 Guest Lunch ..... 8.00  
 Guest Dinner..... 9.00  
 Charge to Account without ID card..... 3.50  
 Child's Plate (under 13 years) ..... 5.00  
 Hearth Upcharge per meal for NF/ACH ..... 4.00

**Catering Services – Quote upon request**

**Telephone**

Monthly fee..... 18.00

**Long Distance Fees Apply**

**Medical**

Glucose Test..... \$ 7.50  
 Pacemaker Check ..... 32.00  
 Bladder Scan..... 23.00  
 Oxygen (per day)..... 9.00

*(Other services available at posted prices)*

**Nursing Services**

*Incontinence Program Per Day \**

Small \$10.00  
 Medium ..... 12.00  
 Large 13.00  
 X-Large ..... 15.00  
 XX-Large ..... 17.00  
 Bariatric ..... 20.00

*(Non-routine nursing supplies are charged per unit)*

**Transportation**

*Trips are charged a mileage fee, plus attendant*

Attendant Fees per hour, per attendant ..... \$ 42.00  
 Weekends/Holidays per hour, plus mileage ..... 47.00  
 Mileage Fees, per mile ..... \$1.25

**Guest Accommodations (per night)..... \$70.00**

**Emergency Pendant**

Emergency Pendant Service Monthly Fee ..... \$ 35.00  
 Emergency Pendant Replacement ..... 140.00

**Watchmate Wander Alert Service: Monthly Fee..... \$ 35.00**

**Lockbox..... \$15.00**

**Use Of Common Space**

Residents may use common spaces for private gatherings by making reservations with administration. There is no charge for the space.

Set up and Clean up

Per staff person/per 1/2 hour ..... \$26.00

**Daily Room Fees**

Healthcare Suite (Private)..... \$290.00  
 Healthcare Companion Suite (Semiprivate)..... 274.00  
**Adult Care Home Suite (Private) (100 Hall)..... 197.00**  
 Adult Care Home Companion Suite (100 Hall) ..... 147.00  
 Pine Parkway Rooms (413-430) ..... 383.00  
 Willow Parkway Private Suites (313-330)..... 301.00

**Companion or Private Sitter Services**

Companion (per hour)..... \$20.00  
 Home Care Aide (per hour)..... 23.00  
 Weekends and Holidays (additional charge per hour)..... 4.00  
 \*Premium Charge for Short Notice..... Daily Fees X2

*\*Less than 24 hours advanced notice of service requests*

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

EveryAge d/b/a Piedmont Crossing  
**The Village and Pavilion**  
 Fee Schedule as of October 1, 2020

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

**Catered Support Services** ( 1/2 hour minimum)  
 Per 1/2 hour per staff person .....\$26.00

**Key Duplication** (each).....\$7.00

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

**Landscaping** (available on request)

**Housekeeping Packages**

4 Hours per Month..... \$ 105.00  
 8 Hours per Month.....178.00  
 12 Hours per Month .....254.00  
 Personal Laundry Service  
 (per month, Pavilion only) .....\$64.00

**Clerical** (Per half hour, plus supplies)

Administrative Services..... \$16.00  
 NSF Check Fee .....50.00  
 Late Payment Fee.....50.00  
 Fax.....5.00  
 Duplication beyond 5 pages (per copy)..... 0.25  
 Notary Services.....5.00

**Salon Services**

Color Rinse ..... \$ 4.00  
 Hair Cut (Dry) .....16.00  
 Shampoo, Condition and Set/Blow Dry.....25.00  
 Permanent.....62.00  
 Color.....60.00  
 Color/Highlight (Add).....70.00  
 Manicure .....20.00  
 Pedicure.....30.00

*(Other services available at posted prices)*

**Dining Services** (Resident or Guest)

Breakfast .....6.00  
 Lunch.....8.00  
 Dinner .....9.00  
 Child's Place (under 13) .....5.00  
 Meal Delivery (per delivery).....5.00  
 Charge to Account without ID card .....3.50  
 A la carte ordering available in Hearth  
 Special Event Meals.....Posted Price  
 Catering Services .....Quote Upon Request

**Dining Packages:**

\$ 80 POS Dining Credit (save \$5.00) ..... \$ 75.00  
 \$160 POS Dining Credit (save \$15.00).....145.00  
 \$240 POS Dining Credit (save \$25.00) .....215.00  
 \$320 POS Dining Credit (save \$35.00).....285.00  
 \$400 POS Dining Credit (save \$45.00).....355.00  
 \$480 POS Dining Credit (save \$55.00).....425.00  
 The Crossing Bistro (a la carte).....Posted Price

**Guest Rooms** (per night) Studio .....\$75.00

**Emergency Pendant**..... \$140.00

*(if lost, charge of cost for replacement per bracelet)*

**Spectrum Cable Box(es)**..... \$ 40.00  
*(if lost or removed, charge of cost for replacement per box)*

**Transportation**

**Trips are charged a mileage fee, plus attendant**  
*Attendant Fees per hour, per attendant*

Attendant Fees  
 (per hour, per attendant) .....23.00  
 Weekends attendant  
 (per half hour plus mileage).....27.00  
 Mileage Fees (per mile).....1.25

**Use of Common Space**

Residents may use common spaces for private gatherings by making reservations with administration. There is no charge for the space.

Set up/Clean up,  
 per staff person, per half hour: ..... \$ 26.00

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

EveryAge d/b/a Piedmont Crossing  
**Piedmont At Home**  
 Fee Schedule as of October 1, 2020

**Home Care**

Companion (per hour).....	\$20.00
Home Care Aide (per 1/2 hour).....	23.00
Weekends/Holidays (additional charge per hour).....	4.00
*Premium Charge for Short Notice.....	Daily Fee X2
Licensed Nurse Visit (per 1/2 hour) .....	38.00
Home Care Enrollment Fee .....	82.00
Dietician Consultant (per hour).....	56.00

\*Less than 24 hours advanced notice of service requests

\* Cancellation of services with less than 24-Hour Notice ..... \$ 26.00

**Medication Assistance (per month at Clinic)**

1 time per day at clinic.....	\$ 87.00
2 times per day at clinic.....	115.00
3 times per day at clinic.....	160.00
4 times per day at clinic.....	200.00

Medication Box Fill (per week)..... \$ 43.00

**Medication Assistance (per month – Pavilion only)**

1 time per day in apartment.....	\$ 450.00
2 times per day in apartment.....	900.00
3 times per day in apartment.....	1,350.00
4 times per day in apartment.....	1,800.00

**Other Home Care Charges and Services**

(plus cost of supplies)

Clinic Visit.....	\$ 28.00
Infirmery/Clinic Day Charge (per day).....	165.00
Incontinence Supplies.....	Market Price
Blood Draws .....	22.00
Catheter Care.....	22.00
Colostomy/Ileostomy Care .....	22.00
Dressing Changes (uncomplicated/per visit).....	17.00
Dressing Changes (plus supplies/complex/per visit) .....	27.00
Ear Irrigation .....	27.00
Glucose Test.....	7.50
Injections (other than Flu/Pneumonia).....	17.50
Pacemaker Check .....	32.00
Blood Pressure Check .....	7.00
Urinalysis (Specimen Collection).....	12.00
Long-term Care Insurance - Initial set up fee .....	65.00
Long-term Care Insurance - Monthly filing fee .....	37.00

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

## **Exhibit 2: Residential Living Unit: 50% Refund**

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**Residential Living Unit: 50% Refund**

Residential Living Residency Agreement  
**Between**

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*(Resident)*

And

EveryAge

100 Leonard Avenue, Newton, NC 28658

Dated: March 1, 2021

**PIEDMONT CROSSING**  
**EveryAge**  
100 Leonard Avenue, Newton, NC 28658

Residential Living Residency Agreement

**1. Basic Requirements and Terms for Cancellation**

(a) This Residency Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_ hereinafter referred to as the “*Resident*” and EveryAge, 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 Piedmont Crossing, 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;
- iii. any nonstandard costs specifically incurred by the Corporation at the request of the Resident; and

Resident Initials: \_\_\_\_\_

- 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 (30<sup>th</sup>) and ninetieth (90<sup>th</sup>) 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 (91<sup>st</sup>) day of occupancy and the thirty-sixth (36<sup>th</sup>) 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).
  - (iv) In cases of termination of this Residency Agreement occurring after the thirty-sixth (36<sup>th</sup>) 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.

Resident Initials: \_\_\_\_\_

- (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:
  - 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.

Resident Initials: \_\_\_\_\_

- (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 (10<sup>th</sup>) 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.

**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.

Resident Initials: \_\_\_\_\_

- (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 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.

Resident Initials: \_\_\_\_\_

- (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 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

Resident Initials: \_\_\_\_\_

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.

## 9. Financial Assistance

- (a) In connection with its charitable mission, the EveryAge 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

Resident Initials: \_\_\_\_\_

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.

## 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.

Resident Initials: \_\_\_\_\_

- (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 EveryAge, 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.

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Resident Initials: \_\_\_\_\_

The undersigned representative of EveryAge 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:

**EveryAge**

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Authorized Community Representative/Title

\_\_\_\_\_  
Date

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

## Exhibit 3: Residential Living Unit: Fully Declining

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**Residential Living Unit: Fully Declining**

Residential Living Residency Agreement  
**Between**

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*(Resident)*

And

EveryAge

100 Leonard Avenue, Newton, NC 28658

Dated: March 1, 2021

**PIEDMONT CROSSING**

**EveryAge**

100 Leonard Avenue, Newton, NC 28658

Residential Living Residency Agreement

**1. Basic Requirements and Terms for Cancellation**

(a) This Residency Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_

hereinafter referred to as the “Resident” and EveryAge, 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 Piedmont Crossing, 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 (30<sup>th</sup>) and Ninetieth (90<sup>th</sup>) 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.

(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.

Resident Initials: \_\_\_\_\_

- (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 (30<sup>th</sup>) and ninetieth (90<sup>th</sup>) 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 (90<sup>th</sup>) day of occupancy and the thirty-sixth (36<sup>th</sup>) 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).
  - iv. In cases of termination of this Residency Agreement occurring after the thirty-sixth (36<sup>th</sup>) 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.

Resident Initials: \_\_\_\_\_

- (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:
  - 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.

Resident Initials: \_\_\_\_\_

- (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.

## 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.

Resident Initials: \_\_\_\_\_

- (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 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.

Resident Initials: \_\_\_\_\_

- (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 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.

Resident Initials: \_\_\_\_\_

## 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.
- (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 EveryAge 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.
- (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 EveryAge, 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 EveryAge 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:

**EveryAge**

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Authorized Community Representative/Title

\_\_\_\_\_  
Date

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

## Exhibit 4: Articles of Incorporation

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## ARTICLES OF INCORPORATION

### OF

### EVERYAGE

A Non-Profit Organization

#### I

The name of the Corporation is **EVERYAGE**

#### 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 individuals throughout the geographic area 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 their 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 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**

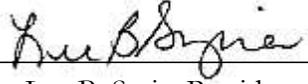
The address of the registered office of the Corporation is as follows: 100 Leonard Avenue, Newton, Catawba County, North Carolina 28658. The name of the registered agent at the above address is Lee B. Syria. From time to time, changes in the registered agent and/or registered office may be determined 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 26th day of August, 2021.

EVERYAGE

By:   
Lee B. Syria, President and CEO

## **Exhibit 5: Certified 2019-2020 Audited Financial Statement**

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For the Period Ending September 30, 2020

UNITED CHURCH HOMES AND  
SERVICES AND AFFILIATES

COMBINED FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2019)



# UNITED CHURCH HOMES AND SERVICES AND AFFILIATES

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## 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, 2020, 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, 2020, 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' 2019 combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Other information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of receipts and expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of United Church Homes and Services and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Church Homes and Services and Affiliates' internal control over financial report or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Church Homes and Services and Affiliates' internal control over financial reporting and compliance.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
December 18, 2020

**UNITED CHURCH HOMES AND SERVICES AND AFFILIATES**  
**Combined Statement of Financial Position**  
**September 30, 2020 (With Comparative Totals for September 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 2,972,346	\$ 3,449,389
Cash and cash equivalents, limited as to use	242,285	-
Accounts receivable, net of allowance for doubtful accounts	2,245,671	3,185,834
Other receivables, net of allowance for doubtful accounts	450,862	1,142,440
Current assets limited as to use	441,476	438,952
Due from related parties, current	193,639	352,886
Other current assets	952,980	559,642
Total current assets	<u>7,499,259</u>	<u>9,129,143</u>
Due from related parties, less current portion	227,524	227,524
Assets limited as to use	81,444,534	78,360,696
Other non-current assets	1,061,888	453,399
Property and equipment, net	84,398,591	85,480,829
	<u>167,132,537</u>	<u>164,522,448</u>
Total assets	<u>\$ 174,631,796</u>	<u>\$ 173,651,591</u>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities:		
Current portion of long-term debt	\$ 1,834,550	\$ 1,940,000
Current portion of capital leases	40,984	60,306
Accounts payable	4,233,466	5,038,167
Accrued salaries and related benefits	3,001,277	3,725,790
Other current payables	2,480,648	2,172,271
Total current liabilities	<u>11,590,925</u>	<u>12,936,534</u>
Long-Term Liabilities:		
Long-term debt, less current portion	87,409,492	90,182,867
Capital leases, less current portion	37,147	78,131
Long-term refunds payable	10,895,716	11,757,561
Deferred revenue CARES act	925,847	-
Deferred revenue from advance fees	33,875,337	35,756,165
	<u>133,143,539</u>	<u>137,774,724</u>
Total liabilities	<u>144,734,464</u>	<u>150,711,258</u>
Net Assets:		
Without donor restrictions	23,307,855	16,229,478
With donor restrictions	6,589,477	6,710,855
Total net assets	<u>29,897,332</u>	<u>22,940,333</u>
Total liabilities and net assets	<u>\$ 174,631,796</u>	<u>\$ 173,651,591</u>

**UNITED CHURCH HOMES AND SERVICES AND AFFILIATES****Combined Statement of Operations and Changes in Net Assets****Year Ended September 30, 2020 (With Comparative Totals for Year Ended September 30, 2019)**

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Health care	\$ 28,253,957	\$ 27,220,229
Pavilion/assisted living	4,368,076	4,694,202
Residential living	13,509,339	13,185,139
Amortization of advance fees	5,532,718	5,274,467
Home care	3,604,832	2,701,239
PACE income	16,904,153	17,095,571
Management fee income	153,111	166,671
Outside services	72,145	118,785
Other operating revenue	2,563,172	929,828
Total operating revenues	<u>74,961,503</u>	<u>71,386,131</u>
Operating expenses:		
Health services:		
Health care	13,142,451	13,075,410
Medical records	135,846	150,261
Personnel and employee benefits	8,775,380	8,824,350
Laundry	272,701	262,630
Social services	250,553	301,670
Activities	366,601	354,675
Spiritual life	185,250	181,363
Housekeeping	1,206,647	1,094,003
Plant maintenance	5,013,721	5,444,068
Residential living	297,078	504,392
Pavilion/assisted living	1,664,181	1,561,810
Clinic	77,124	87,618
Resident services	259,809	268,400
Transportation	170,424	188,511
Dietary	4,992,120	4,914,088
Wellness center	139,849	132,539
Beauty shop	43,697	97,855
Day care	290,571	287,793
Home care	2,410,520	2,172,367
Home health	502,225	76,438
PACE expenses (including depreciation of \$136,707)	13,552,281	15,208,420
Outside services	64,322	103,892
General and administrative:		
Administrative	5,151,057	4,871,034
Marketing	922,937	1,061,755
Staff development	215,763	209,864
Depreciation	6,524,144	6,740,376
Real estate taxes	442,159	419,820
Interest expense (including amortization of \$212,687)	3,796,532	3,791,132

**UNITED CHURCH HOMES AND SERVICES AND AFFILIATES**  
**Combined Statement of Operations and Changes in Net Assets (Continued)**  
**Year Ended September 30, 2020 (With Comparative Totals for Year Ended September 30, 2019)**

	<u>2020</u>	<u>2019</u>
Operating expenses (Continued):		
General and administrative (Continued):		
Insurance	\$ 755,551	\$ 718,396
Bad debts	485,687	602,000
Other operating expenses	453,746	453,840
Total operating expenses	<u>72,560,927</u>	<u>74,160,770</u>
Operating income (loss)	<u>2,400,576</u>	<u>(2,774,639)</u>
Nonoperating income (loss):		
Contributions and grants	127,830	166,205
Contribution expense	(226,276)	(574,664)
Investment return, net	4,055,953	3,101,946
(Gain) loss on sale of property and equipment	(6,250)	3,250
Other nonoperating expense	(437,434)	(737,821)
Net assets released from restrictions	1,163,978	3,261,365
Net nonoperating income	<u>4,677,801</u>	<u>5,220,281</u>
Change in net assets without donor restrictions	<u>7,078,377</u>	<u>2,445,642</u>
Net assets with donor restrictions:		
Contributions	1,032,711	2,068,039
Change in value of gift annuities	(75)	13,384
Net assets released from restrictions	(1,154,014)	(3,261,365)
Change in net assets with donor restrictions	<u>(121,378)</u>	<u>(1,179,942)</u>
Change in net assets	6,956,999	1,265,700
Net assets, beginning	<u>22,940,333</u>	<u>21,674,633</u>
Net assets, ending	<u>\$ 29,897,332</u>	<u>\$ 22,940,333</u>

**UNITED CHURCH HOMES AND SERVICES AND AFFILIATES**

**Combined Statement of Cash Flows**

**Year Ended September 30, 2020 (With Comparative Totals for Year Ended September 30, 2019)**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,956,999	\$ 1,265,700
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on investments	(4,055,953)	(3,101,946)
Net (gain) loss on sale of property and equipment	6,250	(3,250)
Change in allowance for doubtful accounts	(115,873)	(6,279)
Depreciation, including PACE capital depreciation	6,660,851	6,901,893
Non-cash donation of property and equipment	-	(3,659)
Amortization of deferred issue costs	192,817	192,816
Amortization of bond (premium) discount, net	(266,642)	(265,735)
Amortization of advance fees	(5,532,718)	(5,274,467)
Advance fees received	5,299,674	8,110,080
Change in value of gift annuities	(25,473)	3,497
(Increase) decrease in:		
Accounts receivable	1,056,036	(279,632)
Other receivables	691,578	980,179
Other current assets	(1,001,827)	94,350
Increase (decrease) in:		
Accounts payable	(949,489)	(1,578,973)
Accrued salaries and related benefits	(724,513)	129,829
Other current payables	(145,012)	437,056
Deferred revenue	925,847	-
Net cash provided by operating activities	<u>8,972,552</u>	<u>7,601,459</u>
Cash flows from investing activities:		
Change in assets limited as to use	995,064	3,528,489
Purchases of property and equipment	(5,440,075)	(9,623,243)
Proceeds from sale of property and equipment	-	3,250
Repayments from (payments to) related parties, net	159,247	(47,740)
Net cash used in investing activities	<u>(4,285,764)</u>	<u>(6,139,244)</u>
Cash flows from financing activities:		
Advanced fees refunds	(2,056,240)	(1,518,131)
Principal payments on long-term debt and capital leases	(2,865,306)	(1,870,415)
Net cash used in financing activities	<u>(4,921,546)</u>	<u>(3,388,546)</u>
Net decrease in cash, cash equivalents, and cash limited as to use	(234,758)	(1,926,331)
Cash, cash equivalents and cash limited as to use, beginning	<u>3,449,389</u>	<u>5,375,720</u>
Cash, cash equivalents and cash limited as to use, ending	<u>\$ 3,214,631</u>	<u>\$ 3,449,389</u>
Supplemental disclosures of cash flow information:		
Cash payments for interest	<u>\$ 3,921,843</u>	<u>\$ 3,790,874</u>
Supplemental disclosures of noncash investing and financing activities:		
Acquisition of property and equipment through incurrence of accounts payable	<u>\$ 144,788</u>	<u>\$ 348,647</u>

## UNITED CHURCH HOMES AND SERVICES AND AFFILIATES

### Notes to Combined Financial Statements

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#### 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 for the purpose of fund development for the capital and operating support of the residential facilities operated by UCHS, this includes fund development 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

##### **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.

##### **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, 2019, from which the summarized information was derived.

## UNITED CHURCH HOMES AND SERVICES AND AFFILIATES

### Notes to Combined Financial Statements

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization excludes 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 \$237,345 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 \$412,537.

##### **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.

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

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Property and Equipment (Continued)**

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 \$10,100.

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.

**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 \$1,085,677.

**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.

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Deferred Revenue from Advance Fees (Continued)**

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 \$813,803.

**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.

**Revenue Recognition**

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

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue Recognition (Continued)**

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

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#### 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 2020.

##### **Advertising**

Advertising costs are expensed as incurred. Advertising expense was \$221,404.

##### **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 18, 2020, 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 and asset backed securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*U.S. government and agency, municipal, international, and corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*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	\$ 38,747,143	\$ -	\$ -	\$ 38,747,143
U.S. government and agency bonds	-	3,375,974	-	3,375,974
Municipal bonds	6,285,459	-	-	6,285,459
Asset backed securities	100,217	-	-	100,217
International bonds	2,842,929	-	-	2,842,929
Corporate bonds	3,812,813	-	-	3,812,813
Cash and money market funds	74,338	4,554,223	-	4,628,561
Charitable gift annuities	-	-	93,565	93,565
Closed end funds	3,499,520	-	-	3,499,520
Common stocks	18,499,829	-	-	18,499,829
Total assets at fair value	<u>\$ 73,862,248</u>	<u>\$ 7,930,197</u>	<u>\$ 93,565</u>	<u>\$ 81,886,010</u>

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

Beginning balance	\$ 68,092
Change in value of charitable gift annuities and settlements	25,473
Ending balance	<u>\$ 93,565</u>

## UNITED CHURCH HOMES AND SERVICES AND AFFILIATES

### Notes to Combined Financial Statements

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#### 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	\$ 60,944,050
Trustee deposit accounts required by debt agreement	5,884,109
Operating reserve for Department of Insurance	14,914,629
Beneficial interest in charitable gift annuities	93,565
Residents' funds	49,657
	<u>\$ 81,886,010</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 maintains an investment policy and retains investment managers to operate within that investment policy and 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	\$ 89,052,701
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted cash accounts related to deposits for Lake Prince Renovations	242,285
Restricted by donor with purpose restrictions	6,589,477
Assets limited as to use	20,941,960
Board designations: Quasi-endowment fund for long-term investing	<u>60,944,050</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 334,929</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**

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NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land and improvements	\$ 16,201,391
Buildings and improvements	132,795,583
Furniture, fixtures and equipment	42,079,841
Vehicles	1,768,315
	<u>192,845,130</u>
Less accumulated depreciation	109,624,520
	<u>83,220,610</u>
Construction in progress	1,177,981
	<u><u>\$ 84,398,591</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:	
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 2021, yielding 2.6%	565,000
Series 2017A: Due 2023-2047, yielding 3.25%	10,300,000
Peoples Bank:	
Non-Bank Qualified Loans:	
Series 2017B: Due 2023-2047, yielding 3.25%	9,490,000
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 2021 - 2026 yielding 2.20% to 5.05%	5,640,000
Term bonds due 2031, yielding 3.5%	11,420,000
	<u>89,230,000</u>
Plus net premium, net of accumulated amortization of \$686,217	2,544,369
Less deferred financing cost, net of accumulated amortization of \$1,577,112	<u>2,530,327</u>
	<u>89,244,042</u>
Less current portion	1,834,550
Long-term portion	<u><u>\$ 87,409,492</u></u>

**UNITED CHURCH HOMES AND SERVICES AND AFFILIATES**

**Notes to Combined Financial Statements**

NOTE 6 - LONG-TERM DEBT (Continued)

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 was 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 were used to pay for the construction of a new health care center at the Abernethy Laurels Community with excess proceeds used to pay down debt.

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.

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:

Fiscal Year End	Series 2015A	Series 2015B	Series 2016	Series 2017A	Series 2017B	Series 2017C	Total
2021	\$ 300,000	\$ 565,000	\$ 250,000	\$ -	\$ -	\$ 719,550	\$ 1,834,550
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
2025	300,000	-	1,960,000	105,000	95,000	-	2,460,000
Thereafter	20,030,000	-	13,540,450	10,015,000	9,225,000	25,900,000	78,710,450
	<u>\$21,530,000</u>	<u>\$ 565,000</u>	<u>\$17,060,450</u>	<u>\$ 10,300,000</u>	<u>\$ 9,490,000</u>	<u>\$ 30,284,550</u>	<u>\$ 89,230,000</u>

## UNITED CHURCH HOMES AND SERVICES AND AFFILIATES

### Notes to Combined Financial Statements

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#### NOTE 7 - LINE OF CREDIT

The Organization has available a \$5,000,000 unsecured revolving line of credit due in full in June 2021. 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 \$270,590 and the related accumulated depreciation was \$197,472.

Future lease payments under capital lease obligations are as follows:

<u>Years Ending September 30,</u>	
2021	\$ 45,464
2022	29,004
2023	11,900
	<u>86,368</u>
Less amount representing interest	8,237
Present value of future payments	<u>\$ 78,131</u>

#### NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

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

Benevolent trust	\$ 4,456,536
Capital expansion	2,132,941
	<u>\$ 6,589,477</u>

#### NOTE 10 - 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 \$100,000, with a maximum aggregate limit of loss that fluctuates based on enrollment. The total plan expense incurred by the Organization was \$2,838,704.

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

NOTE 11 - FUNCTIONAL EXPENSES BY NATURE

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

	<b>Salaries and Benefits</b>	<b>Contracted Services</b>	<b>Utilities</b>	<b>Repairs</b>	<b>Other</b>	<b>Total</b>
Health services:						
Health care	\$ 9,783,056	\$ 1,609,501	\$ -	\$ 33,345	\$ 1,716,549	\$ 13,142,451
Medical records	132,971	-	-	-	2,875	135,846
Personnel and employee benefits	8,423,876	-	-	-	351,504	8,775,380
Laundry	191,656	-	-	-	81,045	272,701
Social services	245,664	-	-	-	4,889	250,553
Activities	344,648	-	-	-	21,953	366,601
Spiritual life	178,959	-	-	-	6,291	185,250
Housekeeping	976,838	-	-	4,335	225,474	1,206,647
Plant maintenance	899,039	-	1,723,128	1,015,383	1,376,171	5,013,721
Residential living	-	297,078	-	-	-	297,078
Pavilion/assisted living	1,502,966	125,227	-	-	35,988	1,664,181
Clinic	20,709	-	-	-	56,415	77,124
Resident services	221,778	-	-	-	38,031	259,809
Transportation	136,664	-	-	-	33,760	170,424
Dietary	1,859,601	-	2,030	33,123	3,097,366	4,992,120
Wellness center	120,760	-	-	-	19,089	139,849
Beauty shop	-	-	-	-	43,697	43,697
Day care	206,232	-	-	-	84,339	290,571
Home care	2,403,299	-	-	-	7,221	2,410,520
Home health	263,485	-	-	-	238,740	502,225
PACE expenses	3,798,986	5,504,300	67,126	92,644	4,089,225	13,552,281
Outside services	-	64,322	-	-	-	64,322
General and administrative:						
Administrative	3,634,554	-	-	-	1,516,503	5,151,057
Marketing	538,986	-	-	-	383,951	922,937
Staff development	100,873	-	-	-	114,890	215,763
Depreciation	-	-	-	-	6,524,144	6,524,144
Real estate taxes	-	-	-	-	442,159	442,159
Interest expense	-	-	-	-	3,796,532	3,796,532
Insurance	-	-	-	-	755,551	755,551
Bad debts	-	-	-	-	485,687	485,687
Other operating expense	-	-	-	-	453,746	453,746
Total operating expenses	<u>\$35,985,600</u>	<u>\$ 7,600,428</u>	<u>\$ 1,792,284</u>	<u>\$ 1,178,830</u>	<u>\$26,003,785</u>	<u>\$ 72,560,927</u>

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 \$604,087.

## UNITED CHURCH HOMES AND SERVICES AND AFFILIATES

### Notes to Combined Financial Statements

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#### NOTE 12 - RETIREMENT PLANS (Continued)

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 \$341,162.

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 \$6,271.

#### 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 \$526,836.

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 CCrRRG and are included in other non-current assets in its combined statement of financial position. At year end, the value of the Organization's Charter Capital Account is \$833,710 due to premiums in excess of claims paid by CCrRRG.

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

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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 \$153,111.

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	\$ 224,257
Covenant Place	14,202
Emmanuel's Place	12,324
St. Joseph's Place	138,207
Carolina Senior Living	10,550
Matthew's Place	6,356
Willows	15,267
	<u>\$ 421,163</u>

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	31%
Medicaid	7%
Private and other insurances	62%
	<u>100%</u>

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

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**NOTE 16 - FEDERAL CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ("CARES") ACT**

During Fiscal year 2020, the Organization received funds as a result of the CARES Act which was signed into law on March 27, 2020. Funds received as a result of the CARES Act were originally classified as deferred revenue and recognized as other operating revenue in accordance with then applicable guidance provided by the United States Department of Health and Human Services. At year end, the Organization had recognized \$1,608,068 in other operating revenue from the CARES act.



**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, 2020, and have issued our report thereon dated December 18, 2020, 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, 2020 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 18, 2020



**UNITED CHURCH HOMES AND SERVICES AND AFFILIATES**  
**Combining Statement of Financial Position**  
**September 30, 2020**

<u>Assets</u>	Corporate Office	Abermethy Laurels	Piedmont Crossing	UCHS Subtotal	Lake Prince Center, Inc.	Total Obligated Group	Foundation	Carolina Senior Care	Combined Total
<b>Current Assets:</b>									
Cash and cash equivalents	\$ 1,123,025	\$ 1,900	\$ 1,500	\$ 1,126,425	\$ 1,000	\$ 1,127,425	\$ 806,282	\$ 1,038,659	\$ 2,972,346
Cash and cash equivalents, limited as to use	242,285	-	-	242,285	-	242,285	-	-	242,285
Accounts receivable, net	-	1,261,401	697,824	1,959,225	286,446	2,245,671	-	-	2,245,671
Other receivables, net	22,087	60,254	155,725	238,066	74,635	312,701	14,806	123,355	450,862
Current assets limited as to use	441,476	-	-	441,476	-	441,476	-	-	441,476
Due from related parties, current	193,639	-	-	193,639	-	193,639	-	-	193,639
Other current assets	293,032	229,212	181,368	703,612	154,770	858,382	-	94,598	952,980
<b>Total current assets</b>	<b>2,315,544</b>	<b>1,552,767</b>	<b>1,036,417</b>	<b>4,904,728</b>	<b>516,851</b>	<b>5,421,579</b>	<b>821,088</b>	<b>1,256,592</b>	<b>7,499,259</b>
Due from related parties, less current portion	227,524	-	-	227,524	-	227,524	-	-	227,524
Assets limited as to use	66,299,828	2,980,629	1,510,950	70,791,407	1,480,212	72,271,619	9,172,915	-	81,444,534
Other non-current assets	1,061,888	-	-	1,061,888	-	1,061,888	-	-	1,061,888
Property and equipment, net	4,598,859	54,081,931	10,652,860	69,333,650	14,721,326	84,054,976	-	343,615	84,398,591
<b>Total assets</b>	<b>\$ 74,503,643</b>	<b>\$ 58,615,327</b>	<b>\$ 13,200,227</b>	<b>\$ 146,319,197</b>	<b>\$ 16,718,389</b>	<b>\$ 163,037,586</b>	<b>\$ 9,994,003</b>	<b>\$ 1,600,207</b>	<b>\$ 174,631,796</b>
<b>Liabilities and Net Assets</b>									
<b>Current Liabilities:</b>									
Current portion of long-term debt	\$ -	\$ 204,000	\$ 1,380,550	\$ 1,584,550	\$ 250,000	\$ 1,834,550	\$ -	\$ -	\$ 1,834,550
Current portion of capital leases	-	-	-	-	-	-	-	40,984	40,984
Accounts payable	773,463	396,519	386,378	1,556,360	464,006	2,020,366	10,629	2,202,471	4,233,466
Accrued salaries and related benefits	632,060	897,391	805,467	2,334,918	366,943	2,701,861	36,566	262,850	3,001,277
Other current payables	103,798	804,044	556,904	1,464,746	1,015,902	2,480,648	-	-	2,480,648
Due to (from) affiliates	17,853,524	(19,255,244)	5,951,963	4,550,243	(3,444,394)	1,105,849	3,213,413	(4,319,262)	-
<b>Total current liabilities</b>	<b>19,362,845</b>	<b>(16,953,290)</b>	<b>9,081,262</b>	<b>11,490,817</b>	<b>(1,347,543)</b>	<b>10,143,274</b>	<b>3,260,608</b>	<b>(1,812,957)</b>	<b>11,590,925</b>
<b>Long-term Liabilities:</b>									
Long-term debt, less current portion	-	60,187,323	10,387,559	70,574,882	16,834,610	87,409,492	-	-	87,409,492
Capital leases, less current portion	-	-	-	-	-	-	-	37,147	37,147
Long-term refunds payable	-	4,921,092	2,907,556	7,828,648	3,067,068	10,895,716	-	-	10,895,716
Deferred revenue from CARES act	-	419,258	506,589	925,847	1,015,902	2,480,648	-	-	2,480,648
Deferred revenue from advance fees	-	10,090,320	9,377,160	19,467,480	14,407,857	33,875,337	-	-	33,875,337
<b>Total liabilities</b>	<b>19,362,845</b>	<b>58,664,703</b>	<b>32,260,126</b>	<b>110,287,674</b>	<b>32,961,992</b>	<b>143,249,666</b>	<b>3,260,608</b>	<b>(1,775,810)</b>	<b>144,734,464</b>
<b>Net Assets:</b>									
Without donor restrictions	55,140,798	(55,137)	(19,059,899)	36,025,762	(16,243,603)	19,782,159	149,679	3,376,017	23,307,855
With donor restrictions	-	5,761	-	5,761	-	5,761	6,583,716	-	6,589,477
<b>Total net assets</b>	<b>55,140,798</b>	<b>(49,376)</b>	<b>(19,059,899)</b>	<b>36,031,523</b>	<b>(16,243,603)</b>	<b>19,787,920</b>	<b>6,733,395</b>	<b>3,376,017</b>	<b>29,897,332</b>
<b>Total liabilities and net assets</b>	<b>\$ 74,503,643</b>	<b>\$ 58,615,327</b>	<b>\$ 13,200,227</b>	<b>\$ 146,319,197</b>	<b>\$ 16,718,389</b>	<b>\$ 163,037,586</b>	<b>\$ 9,994,003</b>	<b>\$ 1,600,207</b>	<b>\$ 174,631,796</b>

UNITED CHURCH HOMES AND SERVICES AND AFFILIATES  
 Combining Statement of Operations and Changes in Net Assets Without Donor Restrictions  
 Year Ended September 30, 2020

	Corporate Office	Abernethy Laurels	Piedmont Crossing	UCHS Subtotal	Lake Prince Center, Inc.	Total Obligated Group	Foundation	Carolina Senior Care	Total	Combined Total
<b>Operating revenues:</b>										
Health care	\$ -	\$ 16,008,263	\$ 9,378,029	\$ 25,386,292	\$ 2,867,665	\$ 28,253,957	\$ -	\$ -	\$ 28,253,957	\$ 28,253,957
Pavilion/assisted living	-	998,934	699,563	1,698,497	2,669,579	4,368,076	-	-	4,368,076	4,368,076
Residential living	-	4,932,528	4,424,026	9,356,554	4,152,785	13,509,339	-	-	13,509,339	13,509,339
Amortization of advance fees	-	1,695,501	1,723,909	3,419,410	2,113,308	5,532,718	-	-	5,532,718	5,532,718
Home care	-	740,336	1,881,427	2,621,763	983,069	3,604,832	-	-	3,604,832	3,604,832
PACE income	-	-	-	-	-	-	-	16,904,153	16,904,153	16,904,153
Management fee income	1,163,061	-	-	1,163,061	-	1,163,061	-	(1,009,950)	153,111	153,111
Outside services	-	62,710	9,435	72,145	-	72,145	-	-	72,145	72,145
Other operating revenue	670,581	472,930	304,772	1,448,283	1,089,528	2,537,811	-	25,361	2,563,172	2,563,172
<b>Total operating revenues</b>	<b>1,833,642</b>	<b>24,911,202</b>	<b>18,421,161</b>	<b>45,166,005</b>	<b>13,875,934</b>	<b>59,041,939</b>	<b>-</b>	<b>15,919,564</b>	<b>74,961,503</b>	<b>74,961,503</b>
<b>Operating expenses:</b>										
Health services:										
Health care	-	6,585,910	4,800,182	11,386,092	1,756,359	13,142,451	-	-	13,142,451	13,142,451
Medical records	-	64,795	39,658	104,453	31,393	135,846	-	-	135,846	135,846
Personnel and employee benefits	1,300,038	3,332,366	2,677,999	7,310,403	1,369,717	8,680,120	95,260	-	8,775,380	8,775,380
Laundry	-	142,351	89,939	232,290	40,411	272,701	-	-	272,701	272,701
Social services	-	85,673	113,437	199,110	51,443	250,553	-	-	250,553	250,553
Activities	-	178,792	94,974	273,766	92,835	366,601	-	-	366,601	366,601
Spiritual life	-	60,750	59,070	119,820	65,430	185,250	-	-	185,250	185,250
Housekeeping	-	645,096	362,019	1,007,115	199,532	1,206,647	-	-	1,206,647	1,206,647
Plant maintenance	-	1,825,051	1,443,985	3,269,036	1,744,500	5,013,536	-	185	5,013,721	5,013,721
Residential living	-	225,365	277,736	503,101	19,342	297,078	-	-	297,078	297,078
Pavilion/assisted living	-	510,322	247,963	758,285	905,896	1,664,181	-	-	1,664,181	1,664,181
Clinic	-	59,648	17,476	77,124	-	77,124	-	-	77,124	77,124
Resident services	-	57,564	114,918	172,482	87,327	259,809	-	-	259,809	259,809
Transportation	-	115,756	32,403	148,159	22,265	170,424	-	-	170,424	170,424
Dietary	-	2,240,146	1,630,548	3,870,694	1,121,426	4,992,120	-	-	4,992,120	4,992,120
Wellness center	-	139,849	-	139,849	-	139,849	-	-	139,849	139,849
Beauty shop	-	-	21,177	21,177	22,520	43,697	-	-	43,697	43,697
Day care	290,571	-	-	290,571	364,908	290,571	-	-	290,571	290,571
Home care	-	570,261	1,475,351	2,045,612	502,225	2,410,520	-	-	2,410,520	2,410,520
Home health	-	-	-	-	-	-	-	-	-	-
PACE expenses (including depreciation)	-	-	-	-	-	-	-	-	-	-
Outside services	-	55,855	8,467	64,322	-	64,322	-	-	64,322	64,322
General and administrative:										
Administrative	3,113,652	724,920	530,455	4,369,027	572,543	4,941,570	209,487	-	5,151,057	5,151,057
Marketing	-	333,593	290,688	624,281	292,088	916,369	-	6,568	922,937	922,937
Staff development	-	85,041	37,349	122,390	93,373	215,763	-	-	215,763	215,763
Management fees	(3,417,943)	1,466,841	1,164,550	(786,552)	786,552	-	-	-	-	-
Depreciation	250,110	3,120,424	1,449,298	4,819,832	1,704,312	6,524,144	-	-	6,524,144	6,524,144
Real estate taxes	10,269	-	-	10,269	431,890	442,159	-	-	442,159	442,159
Interest expense (including amortization)	-	2,460,804	559,459	3,020,263	776,269	3,796,532	-	-	3,796,532	3,796,532
Insurance	54,580	329,687	226,428	610,695	144,856	755,551	-	-	755,551	755,551
Bad debts	-	392,224	55,830	448,054	37,633	485,687	-	-	485,687	485,687
Other operating expenses	63,076	132,896	126,113	322,085	114,970	437,055	16,573	118	453,746	453,746
<b>Total operating expense</b>	<b>1,664,353</b>	<b>25,941,980</b>	<b>17,722,107</b>	<b>45,328,440</b>	<b>13,352,015</b>	<b>58,680,455</b>	<b>321,320</b>	<b>13,559,152</b>	<b>72,560,927</b>	<b>72,560,927</b>
<b>Operating income (loss)</b>	<b>169,289</b>	<b>(1,030,778)</b>	<b>699,054</b>	<b>(162,435)</b>	<b>523,919</b>	<b>361,484</b>	<b>(321,320)</b>	<b>2,360,412</b>	<b>2,400,576</b>	<b>2,400,576</b>
<b>Nonoperating income (loss):</b>										
Contributions and grants	-	-	-	-	-	-	127,830	-	127,830	127,830
Contribution expense	(226,276)	-	-	(226,276)	-	(226,276)	-	-	(226,276)	(226,276)
Investment return, net	3,662,075	29,410	12,383	3,703,868	12,941	3,716,809	339,144	-	4,055,953	4,055,953
(Gain) loss on sale of property and equipment	-	600	-	600	(6,850)	(6,250)	-	-	(6,250)	(6,250)
Other nonoperating income (expense)	-	93,291	48,741	142,032	13,682	155,714	(593,148)	-	(437,434)	(437,434)
Net assets released from restrictions	2,314	482,757	65,126	550,197	7,976	538,173	605,097	708	1,163,978	1,163,978
<b>Total nonoperating income</b>	<b>3,438,113</b>	<b>606,058</b>	<b>126,250</b>	<b>4,170,421</b>	<b>27,749</b>	<b>4,198,170</b>	<b>478,923</b>	<b>708</b>	<b>4,677,801</b>	<b>4,677,801</b>
<b>Change in net assets without donor restriction</b>	<b>\$ 3,607,402</b>	<b>\$ (424,720)</b>	<b>\$ 825,304</b>	<b>\$ 4,007,986</b>	<b>\$ 551,668</b>	<b>\$ 4,539,654</b>	<b>\$ 157,603</b>	<b>\$ 2,361,120</b>	<b>\$ 7,078,377</b>	<b>\$ 7,078,377</b>

**UNITED CHURCH HOMES AND SERVICES AND AFFILIATES**  
**Schedule of Receipts and Expenditures of Federal Awards**  
**Year Ended September 30, 2020**

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Grantor/Pass-Through Grantor/Program-Title	Catalog of Federal Domestic Assistance Number	Receipts	Expenditures
U.S. Department of Health and Human Services: Provider Relief Fund	93.498	\$ 2,533,982	\$ 1,608,068

**UNITED CHURCH HOMES AND SERVICES AND AFFILIATES**  
**Notes to the Schedule of Receipts and Expenditures of Federal Awards**  
**Year Ended September 30, 2020**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of receipts and expenditures of federal awards (the "Schedule") includes the federal award activity of United Church Homes and Services and Affiliates, under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of United Church Homes and Services and Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of United Church Homes and Services and Affiliates.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

United Church Homes and Services and Affiliates has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Church Homes and Services and Affiliates ("UCHS"), which comprise the combined statement of financial position as of September 30, 2020, 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, and have issued our report thereon dated December 18, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered UCHS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UCHS's internal control. Accordingly, we do not express an opinion on the effectiveness of the UCHS's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of UCHS's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UCHS's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UCHS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UCHS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
December 18, 2020



**Independent Auditor's Report on Compliance For  
Each Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

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

**Report on Compliance for The Major Federal Program**

We have audited United Church Homes and Services and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on United Church Homes and Services and Affiliates' major federal program for the year ended September 30, 2020. United Church Homes and Services and Affiliates' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for United Church Homes and Services and Affiliates' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Church Homes and Services and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of United Church Homes and Services and Affiliates' compliance.

***Opinion on The Major Federal Program***

In our opinion, United Church Homes and Services and Affiliates. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

## Report on Internal Control Over Compliance

Management of United Church Homes and Services and Affiliate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Church Homes and Services and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Church Homes and Services and Affiliates' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
December 18, 2020

**UNITED CHURCH HOMES AND SERVICES AND AFFILIATES**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2020**

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Items required to be reported under 2 CFR section 205.515(d):

**Section I - Summary of Auditor's Results**

Financial Statements

- |                                                             |                         |
|-------------------------------------------------------------|-------------------------|
| (i) Type of auditor's report issued:                        | Unmodified              |
| (ii) Internal control over financial reporting:             |                         |
| (a) Material weakness(es) identified?                       | _____ yes <u> X </u> no |
| (b) Significant deficiency(ies) identified?                 | _____ yes <u> X </u> no |
| (iii) Noncompliance material to financial statements noted? | _____ yes <u> X </u> no |

Federal Awards

- |                                                                                                                  |                         |
|------------------------------------------------------------------------------------------------------------------|-------------------------|
| (i) Internal control over major programs:                                                                        |                         |
| (a) Material weakness(es) identified?                                                                            | _____ yes <u> X </u> no |
| (b) Significant deficiency(ies) identified?                                                                      | _____ yes <u> X </u> no |
| (ii) Type of auditor's report issued on compliance for major programs:                                           | Unmodified              |
| (iii) Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | _____ yes <u> X </u> no |
| (iv) Identification of major programs:                                                                           |                         |

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.498	Provider Relief Fund

- |                                                                              |                         |
|------------------------------------------------------------------------------|-------------------------|
| (v) Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000              |
| (vi) Auditee qualified as low-risk auditee?                                  | _____ yes <u> X </u> no |

**Section II - Findings relating to the financial statements which are required to be reported in accordance with generally accepted government auditing standards:**

**Deficiencies**

None

**Section III - Findings and questioned costs relating to the major programs which are required to be reported as defined by the Uniform Guidance [2 CFR 200.516(a)]:**

**Findings and Questioned Costs**

None

## **Exhibit 6: Interim Financial Statements**

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For the Period Ending December 31, 2020

# 1. EveryAge Balance Sheet (Side By Side)

For the Period Ending December 31, 2020

	Home Office	Abernethy	Piedmont	Lake Prince Woods	Lake Prince @Home	EveryAge Obligated Group	EveryAge Foundation	Carolina SeniorCare	Consolidated
<b>Assets</b>									
Current Assets:									
Cash & Cash Equivalents	273,625	1,900	4,214	1,000	182	280,920	878,234	1,037,980	2,197,135
Cash & Cash Equivalents Limited as to Use	157,469	0	0	0	0	157,469	0	0	157,469
Assets Limited as to Use	441,476	0	0	0	0	441,476	0	0	441,476
Accounts Receivable	0	1,355,549	660,214	112,641	152,759	2,281,163	0	216,457	2,497,621
Less: Allow Doubtful Accounts	0	(189,587)	(6,358)	(1,805)	(6,771)	(204,521)	0	(178,548)	(383,069)
Other Accounts Receivable	112,555	59,185	148,165	39,637	0	359,543	12,877	11,162	383,581
Accrued Revenue	0	0	0	0	22,257	22,257	0	0	22,257
Inventory	0	26,253	35,314	32,638	0	94,206	0	0	94,206
Due From Related Parties, Current	304,338	0	0	0	0	304,338	0	0	304,338
Prepaid Expenses	419,509	196,628	158,724	91,528	944	867,332	3,591	58,494	929,417
<b>Total Current Assets</b>	<b>1,708,971</b>	<b>1,449,929</b>	<b>1,000,273</b>	<b>275,639</b>	<b>169,370</b>	<b>4,604,183</b>	<b>894,702</b>	<b>1,145,545</b>	<b>6,644,430</b>
Non-Current Assets:									
Board Designated	57,492,886	0	0	0	0	57,492,886	10,111,538	0	67,604,423
Investments	93,565	0	0	0	0	93,565	0	0	93,565
Operating Reserve	14,898,926	0	0	0	0	14,898,926	0	0	14,898,926
Escrow Deposits	0	0	0	37,996	0	37,996	0	0	37,996
Resident Funds	0	41,170	6,746	1,741	0	49,656	0	0	49,656
Debt Service Reserves	0	3,809,181	1,504,242	1,700,278	0	7,013,701	0	0	7,013,701
Assets Limited as to Use	72,485,376	3,850,351	1,510,987	1,740,014	0	79,586,728	10,111,538	0	89,698,266
Due From Related Parties, Less Current Portion	227,524	0	0	0	0	227,524	0	0	227,524
Other Non-Current Assets	1,060,089	0	0	0	0	1,060,089	0	0	1,060,089
Property, Plant & Equipment Gross	7,733,764	93,722,026	39,404,214	52,599,970	0	193,459,974	0	1,291,835	194,751,809
Less: Accumulated Depreciation	(2,752,262)	(40,388,697)	(29,046,987)	(38,151,506)	0	(110,339,451)	0	(907,277)	(111,246,728)
Net Property, Plant & Equipment	4,981,502	53,333,329	10,357,228	14,448,465	0	83,120,523	0	384,558	83,505,081
Total Non-current Assets	78,754,492	57,183,680	11,868,215	16,188,479	0	163,994,865	10,111,538	384,558	174,490,961
<b>Total Assets</b>	<b>80,463,463</b>	<b>58,633,609</b>	<b>12,868,488</b>	<b>16,464,118</b>	<b>169,370</b>	<b>168,599,048</b>	<b>11,006,240</b>	<b>1,530,103</b>	<b>181,135,391</b>
<b>Liabilities and Net Assets</b>									
Current Liabilities:									
Current Portion of Long-term Debt	0	204,000	1,125,550	250,000	0	1,579,550	0	0	1,579,550
Current Portion of Lease Obligation	0	0	0	0	0	0	0	29,402	29,402
Accounts Payable	308,098	240,171	231,298	131,852	31,029	942,448	1,363	970,986	1,914,797
Wages/Taxes/Withholding Payable	719,519	1,108,137	958,474	471,395	48,314	3,305,840	44,115	313,365	3,663,319
Resident Funds Liability	0	41,170	6,746	1,741	0	49,656	0	0	49,656
Resident Escrows	0	8,600	(24,738)	349,210	0	333,071	0	0	333,071
Refunds Payable	0	455,355	167,286	191,162	0	813,803	0	0	813,803
Refunds Paid	0	(26,100)	(53,473)	(155,698)	0	(235,271)	0	0	(235,271)
Advance Deposits	0	104,501	334,368	380,053	0	818,922	0	0	818,922
Entrance Fees Received	0	224,400	389,571	426,233	0	1,040,203	0	0	1,040,203
Due to Affiliates	17,722,421	(19,408,213)	6,003,883	(3,084,108)	270,046	1,504,029	3,265,442	(4,766,582)	2,889
Deferred Revenue	0	416,627	292,233	0	0	708,860	0	0	708,860
Other Current Liabilities	519,017	706,599	245,978	252,870	0	1,724,463	0	1,162,376	2,886,840
<b>Total Current Liabilities</b>	<b>19,269,055</b>	<b>(15,924,753)</b>	<b>9,677,175</b>	<b>(785,291)</b>	<b>349,390</b>	<b>12,585,575</b>	<b>3,310,920</b>	<b>(2,290,453)</b>	<b>13,606,042</b>
Non-current Liabilities:									
Long Term Debt, Less Current Portion	0	60,186,106	10,384,253	16,820,365	0	87,390,724	0	0	87,390,724
Lease Obligation, Less Current Portion	0	0	0	0	0	0	0	37,147	37,147
Deferred Rev. - Resident Fee (Non Refundable)	0	9,454,837	8,894,031	13,922,779	0	32,271,647	0	0	32,271,647
Long Term Refunds Payable (Refundable)	0	4,921,093	2,907,555	3,067,068	0	10,895,715	0	0	10,895,715
<b>Total Non-current Liabilities</b>	<b>0</b>	<b>74,562,035</b>	<b>22,185,839</b>	<b>33,810,212</b>	<b>0</b>	<b>130,558,086</b>	<b>0</b>	<b>37,147</b>	<b>130,595,232</b>
<b>Total Liabilities</b>	<b>19,269,055</b>	<b>58,637,282</b>	<b>31,863,014</b>	<b>33,024,921</b>	<b>349,390</b>	<b>143,143,661</b>	<b>3,310,920</b>	<b>(2,253,306)</b>	<b>144,201,275</b>
<b>Net Assets:</b>									
With Donor Restrictions	0	1,793	0	0	0	1,793	6,694,417	0	6,696,210
Without Donor Restrictions:									
Retained Earnings-Prior Year	55,140,799	(55,138)	(19,059,902)	(16,098,341)	(145,265)	19,782,153	149,678	3,376,022	23,307,853
Retained Earnings-Current Year	6,053,609	49,672	65,376	(462,461)	(34,755)	5,671,441	851,225	407,387	6,930,053
<b>Total Net Assets</b>	<b>61,194,409</b>	<b>(3,673)</b>	<b>(18,994,526)</b>	<b>(16,560,802)</b>	<b>(180,020)</b>	<b>25,455,387</b>	<b>7,695,320</b>	<b>3,783,409</b>	<b>36,934,116</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>80,463,463</b>	<b>58,633,609</b>	<b>12,868,488</b>	<b>16,464,118</b>	<b>169,370</b>	<b>168,599,048</b>	<b>11,006,240</b>	<b>1,530,103</b>	<b>181,135,391</b>

## 2. EveryAge Profit and Loss (YTD)

For the Period Ending December 31, 2020

	Home Office	Abernethy	Piedmont	Lake Prince Woods	Lake Prince @ Home	EveryAge Obligated Group	EveryAge Foundation	Carolina SeniorCare	Consolidated
<b>OPERATING REVENUES:</b>									
Total Health Care Revenue	0	4,280,898	2,444,713	562,114	0	7,287,724	0	0	7,287,724
Total Home Care Revenue	0	267,573	448,837	0	90,340	806,749	0	0	806,749
Total Home Health Revenue	0	0	0	0	207,676	207,676	0	0	207,676
Total Outside Services Revenue	0	(0)	0	0	0	(0)	0	0	(0)
Total Capitation Revenue	0	0	0	0	0	0	0	4,070,409	4,070,409
Total Pavilion/Assisted Living Revenue	0	231,391	121,167	509,529	0	862,087	0	0	862,087
Total ILU Service Revenue	0	1,148,683	1,157,867	1,029,341	0	3,335,891	0	0	3,335,891
Net Service Revenue	0	5,928,546	4,172,584	2,100,984	298,015	12,500,128	0	4,070,409	16,570,537
Amortization of Advance Fees	0	364,607	369,201	423,240	0	1,157,048	0	0	1,157,048
Other Operating Revenue	1,356,994	118,630	107,297	299,509	0	1,882,431	0	47,528	1,929,959
Total Center Operating Revenue	1,356,994	6,411,782	4,649,082	2,823,733	298,015	15,539,607	0	4,117,937	19,657,543
<b>OPERATING EXPENSES:</b>									
Health Care Expense	0	1,607,646	1,169,619	468,848	0	3,246,114	0	7	3,246,121
Primary Care	0	0	0	0	0	0	0	119,527	119,527
Restorative Therapy	0	0	0	0	0	0	0	68,612	68,612
Outpatient Services	0	0	0	0	0	0	0	291,751	291,751
Inpatient Services	0	0	0	0	0	0	0	1,042,271	1,042,271
Center Support	0	0	0	0	0	0	0	39,065	39,065
Recreational Therapy	0	0	0	0	0	0	0	28,868	28,868
Pharmacy	0	0	0	0	0	0	0	624,628	624,628
Nutrition	0	0	0	0	0	0	0	48,144	48,144
Medical Records	0	16,148	8,708	9,463	0	34,319	0	0	34,319
Personnel	595,007	897,531	984,317	543,929	42,775	3,063,558	66,277	249,055	3,378,890
Laundry	0	32,171	27,692	11,450	0	71,313	0	0	71,313
Social Services	0	27,183	28,366	13,704	0	69,253	0	30,609	99,862
Activities	0	45,636	24,295	27,376	0	97,307	0	0	97,307
Spiritual Life	0	14,664	14,341	15,354	0	44,359	0	9,423	53,782
Housekeeping	0	164,408	93,051	49,710	0	307,169	0	28,944	336,113
Plant Maintenance	0	448,549	326,839	391,420	0	1,166,808	0	40,355	1,207,163
Staff Development	0	19,074	2,521	23,882	0	45,477	0	0	45,477
Independent Living Expense	0	38,706	15,741	346	0	54,793	0	0	54,793
Pavilion/Assisted Living Expense	0	102,612	49,356	229,027	0	380,994	0	0	380,994
Outside Services Expense	0	0	0	0	0	0	0	0	0
Clinic	0	17,278	5,005	0	0	22,283	0	187,347	209,631
Home Care Expense	0	182,682	348,330	0	83,758	614,770	0	192,462	807,232
Home Health Expense	0	0	0	0	204,302	204,302	0	0	204,302
Hospice Expenses	0	0	0	0	6,056	6,056	0	0	6,056
Resident Services	0	12,609	28,556	20,372	0	61,537	0	0	61,537
Transportation	0	22,771	5,892	5,190	0	33,854	0	146,688	180,541
Administrative	751,688	183,233	131,640	138,667	(6,728)	1,198,500	50,918	160,227	1,409,645
Health Plan Operations	0	0	0	0	0	0	0	77,280	77,280
Marketing	0	68,552	58,522	80,778	0	207,853	0	24,417	232,269
Dietary	0	510,241	365,857	236,531	0	1,112,629	0	0	1,112,629
Wellness Center	0	33,761	0	0	0	33,761	0	0	33,761
Beauty Shop Expense	0	0	3,267	5,772	0	9,039	0	0	9,039
Day Care Expense	62,917	0	0	0	0	62,917	0	0	62,917
Total Resident Services Expenses	1,409,612	4,445,457	3,691,915	2,271,818	330,162	12,148,964	117,194	3,409,680	15,675,839
Management Fees	0	369,153	297,004	209,219	0	875,377	0	163,260	1,038,637
Building Lease	0	0	0	0	0	0	0	82,050	82,050
Depreciation	69,173	787,804	367,469	427,690	0	1,652,136	0	34,772	1,686,907
Amortization	0	13,379	10,262	29,286	0	52,927	0	0	52,927
Real Estate	2,414	0	0	108,234	0	110,648	0	0	110,648
Interest Expense	0	591,831	124,544	161,473	0	877,849	0	649	878,498
Insurance	15,360	100,138	67,959	45,189	491	229,138	0	23,166	252,304
Bad Debt Expense	0	21,728	(917)	3,275	2,100	26,186	0	(14,999)	11,186
Total Retirement Center Expenses	1,496,559	6,329,490	4,558,236	3,256,185	332,753	15,973,224	117,194	3,698,578	19,788,996
Retirement Center Profit (Loss)	(139,565)	82,292	90,846	(432,453)	(34,738)	(433,618)	(117,194)	419,359	(131,453)
Other Operating Expenses	14,965	36,969	34,933	31,240	17	118,123	159	11,972	130,254
Profit (Loss) from Operations	(154,530)	45,323	55,913	(463,692)	(34,755)	(551,741)	(117,353)	407,387	(261,707)
Contributions - Revenue	0	3,968	0	0	0	3,968	32,011	0	35,980
Contributions - Expense	(49,195)	0	0	0	0	(49,195)	0	0	(49,195)
Realized Gain/(Loss) on Investments	2,731,241	73	37	37	0	2,731,387	116,189	0	2,847,576
Gift and Thrift Shop	0	308	0	0	0	308	0	0	308
Other Non-operating Revenue/(Expense)	0	0	9,426	1,195	0	10,621	0	0	10,621
Unrealized Gain (Loss) on Investments	3,526,093	0	0	0	0	3,526,093	820,379	0	4,346,472
Total Non-Operating Revenues/(Expenses)	6,208,139	4,349	9,463	1,231	0	6,223,182	968,579	0	7,191,761
Net Profit (Loss)	6,053,609	49,672	65,376	(462,461)	(34,755)	5,671,441	851,225	407,387	6,930,053

### 3. EveryAge Cash Flow Statement

For the Period Ending December 31, 2020

	Home Office	Abernethy Laurels	Piedmont Crossing	Lake Prince Woods	Lake Prince At Home	EveryAge Obligated Group	EveryAge Foundation	Carolina SeniorCare	Consolidated
<b>Operating Activities:</b>									
Change in Net Assets Without Donor Restrictions	6,053,609	49,672	65,376	(462,461)	(34,755)	5,671,441	851,225	407,387	6,930,053
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>									
Net realized and unrealized gain on investments	(6,257,334)	(73)	(37)	(37)	0	(6,257,481)	(936,568)	0	(7,194,049)
Change in allowance for doubtful accounts	0	11,226	(9,852)	(19,815)	3,971	(14,470)	0	(14,999)	(29,469)
Depreciation	69,173	787,804	367,469	427,690	0	1,652,136	0	34,772	1,686,908
Amortization of deferred costs	0	13,379	10,262	24,564	0	48,205	0	0	48,205
Amortization of advance fees	0	(364,607)	(369,201)	(423,240)	0	(1,157,048)	0	0	(1,157,048)
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)	(43,531)	0	(71,696)	0	0	(71,696)
Entrance fees received	0	224,400	389,571	426,233	0	1,040,204	0	0	1,040,204
Entrance fees refunded	0	(26,100)	(53,473)	(155,698)	0	(235,271)	0	0	(235,271)
Change in value of fund balances	0	(3,968)	0	0	0	(3,968)	110,700	0	106,732
<b>(Increase) decrease in:</b>									
Accounts receivable(net)	0	(186,665)	(60,112)	(5,704)	120	(252,361)	0	(23,390)	(275,751)
Other receivables	(90,469)	1,068	7,560	1,954	0	(79,887)	1,929	112,672	34,714
Pre-paid	(126,476)	6,331	(12,670)	29,593	68	(103,154)	(3,591)	36,104	(70,641)
<b>Increase (decrease) in:</b>									
Accounts payable	(34,845)	(156,348)	(155,080)	(302,219)	1,093	(647,399)	(9,265)	112,975	(543,689)
Accrued expenses and other payables	87,444	210,745	153,007	138,558	14,208	603,962	7,549	50,516	662,027
Other Current Liabilities	(15,301)	511,050	(14,363)	74,159	0	555,545	0	(182,083)	373,462
Resident escrows	0	(1,500)	(24,738)	85,005	0	58,767	0	0	58,767
Intercompany	(131,102)	(152,970)	51,920	614,855	15,477	398,180	52,029	(447,320)	2,889
Net Cash provided by operating activities	(445,301)	908,847	332,071	414,629	182	1,210,428	74,008	86,634	1,371,070
<b>Cash flows from investing activities:</b>									
Change of assets limited as to use	73,585	(869,649)	0	(259,766)	0	(1,055,830)	(2,055)	0	(1,057,885)
Advances from related parties, net	(110,700)	0	0	0	0	(110,700)	0	0	(110,700)
Purchases of property and equipment	(451,816)	(39,198)	(71,839)	(154,833)	0	(717,686)	0	(75,711)	(793,397)
Net cash used by investing activities	(488,931)	(908,847)	(71,839)	(414,599)	0	(1,884,216)	(2,055)	(75,711)	(1,961,982)
<b>Cash flows from financing activities</b>									
Deposits on advanced fees	0	0	(2,520)	(30)	0	(2,550)	0	0	(2,550)
Principal payments of long-term debt/leases	0	0	(255,000)	0	0	(255,000)	0	(11,583)	(266,583)
Net cash used by financing activities	0	0	(257,520)	(30)	0	(257,550)	0	(11,583)	(269,133)
Net increase(decrease) in cash & cash equivalents	(934,232)	0	2,712	0	182	(931,338)	71,953	(660)	(860,045)

4. **EveryAge Profit and Loss Statement (Fiscal Year 2021 Budget)**  
(w/o Lake Prince Woods, Carolina SeniorCare and EveryAge Foundation)

	Home Office	Abernethy Laurels	Piedmont Crossing	Elimination of Management Fees	Combined
<b>OPERATING REVENUES</b>					
Total Health Care Revenue		16,132,545	10,499,714		26,632,259
Total Home Care Revenue		558,079	2,064,274		2,622,353
Total Outside Services Revenue		132,800	17,000		149,800
Total Pavilion/Assisted Living Revenues		954,474	827,056		1,781,530
Total ILU Service Revenue		5,207,778	4,597,071		9,804,849
<b>Net Service Revenue</b>	<b>0</b>	<b>22,985,676</b>	<b>18,005,115</b>		<b>40,990,791</b>
Resident Agreement Revenue		1,711,048	1,690,424		3,401,472
Other Operating Revenue	5,395,667	242,334	78,463	(2,682,783)	3,033,681
<b>Total Center Operating Revenue</b>	<b>5,395,667</b>	<b>24,939,058</b>	<b>19,774,002</b>		<b>47,425,944</b>
<b>OPERATING EXPENSES:</b>					
Health Care Expenses		6,918,794	5,091,143		12,009,937
Medical Records		65,027	39,937		104,964
Personnel	1,560,863	3,758,132	3,227,338		8,546,333
Laundry Expenses		158,156	101,853		260,009
Social Services Expenses		89,571	116,495		206,066
Activities Expenses		183,095	101,641		284,736
Spiritual Life Expenses		65,714	62,967		128,681
Housekeeping Expenses		689,287	361,838		1,051,125
Plant Maintenance Expenses		1,759,074	1,389,426		3,148,500
Staff Development Expenses		100,219	42,400		142,619
Independent Living Expenses		221,476	62,737		284,213
Pavilion/Assisted Living Expenses		556,384	281,972		838,356
Outside Services Expenses		109,077	14,297		123,374
Clinic Expenses		67,724	20,000		87,724
Home Care Expenses		491,757	1,574,720		2,066,477
Resident Services		44,445	153,099		197,544
Transportation Expenses		93,275	31,249		124,524
Administration Expenses	3,593,260	690,683	577,726		4,861,669
Marketing Expenses		430,122	393,909		824,031
Dietary Expenses		2,464,004	1,611,748		4,075,752
Wellness Center		143,420			143,420
Beauty Shop Expenses			58,000		58,000
Day Care Expenses	332,147				332,147
<b>Total Resident Services Expenses</b>	<b>5,486,270</b>	<b>19,099,436</b>	<b>15,314,495</b>		<b>39,900,201</b>
Management Fees		1,496,343	1,186,440	(2,682,783)	0
Depreciation Expense	227,550	3,184,805	1,536,572		4,948,927
Amortization Expense	0	53,515	41,046		94,561
Real Estate Taxes	10,500	0	0		10,500
Interest Expense	0	2,328,334	490,092		2,818,426
Insurance	57,129	359,682	247,392		664,203
Bad Debts		200,000	36,000		236,000
<b>Total Retirement Center Expenses</b>	<b>5,781,449</b>	<b>26,722,115</b>	<b>18,852,037</b>		<b>48,672,818</b>
<b>Retirement Center Profit(Loss)</b>	<b>(385,782)</b>	<b>(1,783,057)</b>	<b>921,965</b>		<b>(1,246,874)</b>
Other Operating Expenses	42,762	230,993	178,100		451,855
<b>Profit(Loss) from Operations</b>	<b>(428,544)</b>	<b>(2,014,050)</b>	<b>743,865</b>		<b>(1,698,729)</b>
Contributions - Revenue		50,000	0		50,000
Contributions - Expense	(244,436)				(244,436)
Realized Gain(Loss) on Investments	2,552,964	25,294	10,000		2,588,258
Gift Shop					0
Other Non-Operating Revenue/(Expense)		2,150	40,000		42,150
Unrealized Gain(Loss) on Investments			0		0
<b>Total Non-Operating Revenue (Expense)</b>	<b>2,308,528</b>	<b>77,444</b>	<b>50,000</b>		<b>2,435,972</b>
<b>Net Profit(Loss)</b>	<b>1,879,984</b>	<b>(1,936,606)</b>	<b>793,865</b>		<b>737,243</b>