600 Carolina Village Road, Suite Z
Hendersonville, NC 28792
828-692-6275

Disclosure Statement

August 31, 2022

In accordance with Article 64 of Chapter 58 of the NC General Statutes, this Disclosure Statement may be delivered only through January 27, 2024, if not earlier revised. Delivery of this Disclosure Statement to a contracting Party before execution of a contract for the provision of continuing care is required. This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

DISCLOSURE STATEMENT

Dated August 31, 2022

Name of Facility: **Carolina Village**

Located at: **600 Carolina Village Road, Suite Z**
Hendersonville, NC 28792
(828) 692-6275

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 January 27, 2024;**
- **Delivery of the Disclosure Statement to a contracting party before execution of a contract for continuing care is required;**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

ACKNOWLEDGMENT OF RECEIPT
of
DISCLOSURE STATEMENT

CAROLINA VILLAGE, INC.
600 Carolina Village Road, Suite Z
Hendersonville, North Carolina 28792

Carolina Village (The "Facility") has delivered a Disclosure Statement to me, a prospective resident, prior to or at the time of executing a residency agreement to provide continuing care, or prior to or at the time of the transfer of any money or other property to the Facility, whichever occurred first.

The Facility's representatives have encouraged me, as a prospective resident, to read the Disclosure Statement in its entirety before entering into any contract or written agreement or paying any fee.

I understand the Facility, like all other continuing care facilities in the state of North Carolina, is subject to an act concerning registration and disclosure by continuing care facilities (the "Act"). Registration under the Act does not constitute approval, recommendation, or endorsement of the Facility by the Department of Insurance or the state of North Carolina, nor does such registration evidence the accuracy or completeness of the information in the disclosure statement.

I understand this matter involves a financial commitment and associated risk as well as a legally binding contract. In evaluating the Disclosure Statement and the financial statements prior to any commitment, I was encouraged to consult with an attorney and/or financial advisor who can review these documents with me if any matters contained herein are not clear, including an understanding of solvency and deficit fund balance levels for this and other continuing care facilities.

____
PRINTED NAME *of* PROSPECTIVE RESIDENT 1

__________________________________ _______________________
SIGNATURE *of* PROSPECTIVE RESIDENT 1 DATE *of* SIGNATURE

____
PRINTED NAME *of* PROSPECTIVE RESIDENT 2

__________________________________ _______________________
SIGNATURE *of* PROSPECTIVE RESIDENT 2 DATE *of* SIGNATURE

__________________________________ _______________________
SIGNATURE *of* FACILITY REPRESENTATIVE DATE *of* SIGNATURE

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DISCLOSURE STATEMENT

CAROLINA VILLAGE, INC.
HENDERSONVILLE, NORTH CAROLINA 28792

The date of this Disclosure Statement is August 31, 2022. This Disclosure Statement may be delivered only through January 27, 2024, if not earlier revised. Delivery of this Disclosure Statement before the execution of a contract for the provision of continuing care is required by North Carolina law. This Disclosure Statement has not been reviewed or approved by any governmental agency or representative to ensure accuracy or completeness of the information set forth. This Disclosure Statement is to comply with North Carolina General Statute Chapter 58, Article 64.

ORGANIZATION INTRODUCTION

WHO WE ARE AND WHAT WE DO

Carolina Village, Inc., a not-for-profit corporation and continuing care facility, offers persons 62 years of age and older the lifetime use of a living unit and care in an on-site health center in accordance with the terms of a formal occupancy contract.

In conformance with North Carolina General Statute 58, Article 64, a "Disclosure Statement" shall be made available to prospective residents and existing residents. This statement is designed to explain who and what is involved in the administration and operation of Carolina Village, and to review in detail the terms, responsibilities, and privileges of both parties as set forth in the "Occupancy Agreement."

This Disclosure Statement has been prepared from information currently available and what now appears to be realistic assumptions as to the future operation of Carolina Village. Such assumptions are subject to change and can be significantly affected by changes in inflation and interest rates. (Carolina Village, Inc., expects that minor changes in the operation of the facility may be necessary.)

Carolina Village, Inc. was formed by public-minded citizens of Hendersonville, North Carolina, in 1972 to develop a life-care facility for senior citizens in the area. The facility was opened in mid-1974 and has been fully occupied from its beginning. Currently, the estimated waiting period for occupancy after initial application is two to five years; however, depending on the type of accommodations desired, immediate availability is possible. Carolina Village, Inc. is not affiliated with any religious, charitable or other non-profit organization. The corporation business address is: 600 Carolina Village Road, Suite Z, Hendersonville, North Carolina 28792. The corporation is exempt from Federal and North Carolina income taxation under Section 501(c)(3) of the Internal Revenue Code. No part of income or earnings is distributed to directors or officers.

BOARD *of* DIRECTORS

The management supervision of Carolina Village, including policy making, budgeting, and monitoring performance, is the responsibility of an eighteen-member board of directors, who serve without compensation and are drawn from a broad spectrum of experience among residents in the Hendersonville area. As of August 31, 2022, the current directors are:

President:	Trina Strokes, 75 Ridgeway Dr., Flat Rock Local Executive
Vice-President:	Mark Morse, 411 Sabine Dr., Hendersonville Local Executive
Treasurer:	Terry Andersen, 307 N Church St., Hendersonville Practicing CPA
Assistant Treasurer:	James R. Crafton, 898 Indian Hill Road, Hendersonville Semi-Retired Business Person
Secretary:	Adam Shealy, 224 6th Avenue East, Hendersonville Lawyer
Assistant Secretary:	Justin Ward, 4436 Green River Rd., Zirconia Deputy Fire Chief of Hendersonville
Director:	Renee Kumor, 13 Lakemoor Lane., Hendersonville Retired Business Person
Director:	Ruth Birge, 1A Westridge Ct., Hendersonville Retired Executive
Director:	Dick Bobb, 600 Carolina Village Rd., Hendersonville Retired Financial Executive/Resident
Director:	Bill Gold, 210 Third Avenue West, Hendersonville Local Executive, Advisory Firm
Director:	Lynn Killian, 1212 Forest Hill Dr., Hendersonville Professional Fundraiser
Director:	Dr. Wilder Glover Little, 1216 6th Ave W, Hendersonville Physician
Director:	Kimbela McMinn, 539 N. Main St., Hendersonville Local Banker
Director:	Sherri Metzger, 30 Kestrel Court, Hendersonville Retired Realtor/Resident
Director:	Lee Mulligan, 104 North Washington St., Hendersonville Local Attorney
Director:	Rick Wood, 2206 Evergreen Dr., Hendersonville Retired Educator

ADMINISTRATION

The operation of Carolina Village is the responsibility of professionals experienced in life-care management. Key management persons as of August, 2022, are:

Executive Director:	Kevin Parries, 19 years at Carolina Village, 34 years of experience in long-term care, Master's in Business Administration from Wingate University, Nursing Home Administrator, Assisted Living Certified, Certified Gerontologist and Certified Aging Service Professional
Director of Operations:	Jon Renegar, 19 years of experience in long-term care, 14 years as administrator, 11 years at Carolina Village, Certified Aging Service Professional, Master's in Business Administration, Nursing Home Administrator
Chief Financial Officer:	Amber Anderson, C.P.A., Master of Accountancy and B.S. Business Administration, Western Carolina University, 3 years at Carolina Village, 9 years as a Certified Public Accountant
Medical Center Administrator:	Alex Tucker, 13 years of experience in long-term care, 10 years at Carolina Village as administrator, Certified Aging Service Professional, Nursing Home Administrator, Assisted Living Certified
Medical Director:	Dr. Larry J. Russell M.D. CMD. 36 years of experience, Certified Medical Director for Long Term Care Facilities
Director of Nursing:	Kelli Russell, 20 years of experience as a Registered Nurse, over 13 years as a Director of Nursing, 9 years at Carolina Village as Director of Nursing
Director of Dining Services:	Maria Rich, Certified Dietary Manager, 29 years as a Certified Dietician, 9 years at Carolina Village
Director of Horticulture:	Jaclyn Ladue, 21 years of experience in Horticulture, 6 months at Carolina Village, Certified Pesticide License, Associate Degree- Horticulture
Director of Facility Services:	Jason Millard, 20 years of experience in maintenance, 8 months at Carolina Village, Certified Apartment Maintenance Technician, Certified Pool Operator, EPA Certified
Director of Environmental Services:	David Auxier, 10 years of experience as Housekeeping Supervisor, 5 years at Carolina Village
Director of Health Services:	Sylvia Reed, 30 years healthcare experience, 3 years at Carolina Village, Associates and Bachelor's degrees in Nursing

Director of Human Resources:	Stephanie Lee, 12 years at Carolina Village in HR, currently working on BSBA in Business Management
Director of Strategic Communications:	Wendy Smith, 18 years of experience in communications and marketing, 3 years at Carolina Village, B.A. in English with a concentration in Professional Writing
Director of Information Technology:	Jordan Webber, 12 years of experience in IT, 2 years at Carolina Village, Associate's degree in Electronic Engineering Technology
Director of Marketing:	Cheryl Justus, 25 years at Carolina Village, 18 years as Carolina Village Director of Marketing, Bachelor's Degree in Business Administration

All key management personnel are located at:
600 Carolina Village Rd. Suite Z, Hendersonville NC 28792

Carolina Village has provided the names and addresses of both Board of Directors and the names of the key management staff. In accordance with GS § 58-64-20 the individuals listed do not have a ten percent (10%) or greater interest in a company, or a company in that person, and do not presently intend to currently or in the future provide goods, leases, or services to the facility, or to residents of the facility, of an aggregate value of five hundred dollars ($500.00) or more within any year, including a description of the goods, leases, or services and the probable or anticipated cost thereof to the facility, provider, or residents or a statement that this cost cannot presently be estimated. As a non-stock corporation, no individual or corporation has an equity position in Carolina Village.

No member of the Board of Directors or management team has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, where the felony or civil action by final judgment involved fraud, embezzlement, fraudulent conversion, or misappropriation of property.

Further, no listed individual is subject to a currently effective injunctive or restrictive court order, or within the last five years, or had any license or permit suspended or revoked of an action with any business activity of healthcare which includes license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to the Article or similar in another state.

RESIDENT ASSOCIATION

A Resident Association takes an active role in the day-to-day activities of the Village by promoting common interests of the residents and facilitating communication between the residents and the administration through frequent Town Hall meetings and the real-time online portal, "The Carolina Village Hub."

LOCATION

We are located on approximately 96 acres at 600 Carolina Village Road, Hendersonville, North Carolina 28792. The site is bordered by Interstate Highway 26 on the east and U.S. 64 on the south. The facility's main entrance is on U.S. 64, and shopping areas, churches, hospitals, and other services are nearby. The community has a secondary gated entrance located on Clear Creek Road, which is currently operating as exit only.

FACILITIES

The Village is comprised of four three-story and two four-story fire-resistant buildings containing 254 apartments and 135 free-standing cottages. Types of living units available include: various sized one- and two-bedroom apartments and two-bedroom cottages. Common areas include a pool, Main Street, multipurpose meeting rooms, a media room, business center, clubhouse, pharmacy, market, dining room, lounges, libraries, personal laundry facilities, craft centers, and woodworking areas.

The Medical Center (Skilled Nursing Facility) has 58 private rooms and the Care Center (Assisted Living) has 60 private rooms with baths. The average population of the Village varies from 570-580 residents.

MEDICAL CENTER (SNF) AND CARE CENTER (AL)

Carolina Village provides healthcare to its residents through the on-site skilled nursing facility (SNF) and the assisted living (AL) facility. All skilled beds are Medicare certified. Residents needing the services of the skilled nursing or assisted living facility may be admitted by their physician for an unlimited period. While in the Medical Center or Care Center, the following charges are <u>extra above the normal monthly service fee:</u>

(1) two meals per day (in addition to the meal plan provided in the monthly service fee) for a total of three meals per day

(2) drugs and supplies

(3) therapy services - such as physical, occupational, speech, and/or respiratory

(4) private physician

Any services for which the Village receives payment from Medicare will not be charged to the resident. Carolina Village residents are not charged co-insurance while in the Medical Center <u>under Medicare Inpatient Part A Covered Stay.</u> Hospital and normal physician charges are the personal obligation of the resident.

Residents unable to return to their apartment or cottage will continue to pay the monthly service fee at the rate applicable for the apartment or cottage vacated and the extra charges listed above. Residents may remain in the Medical Center or Care Center for an unlimited period of time, subject to the approval of the resident's personal physician and the Village Medical Director.

CHARGES, FEES, AND CONTRACTS

APPLICATION CHARGES

Persons applying for an independent living unit at Carolina Village will pay a $1,000 application fee and have their name added to a waiting list for each type of living unit they select. This $1,000 is non-refundable but is applied to the Entrance Fee for those that move in. The payment of the application fee does not guarantee admission nor the amount of the entrance fee that may be applicable when the unit is available for contract. The admission criteria are explained on page 10.

ENTRANCE FEE

When an independent living unit selected by the applicant becomes available, it will be offered in chronological order (based on date of application) to names on the waiting list for that particular size of unit. In other words, the applicant longest on the waiting list for the type of unit available will be offered occupancy before any others. If occupancy is declined, then the applicant next longest on the waiting list will be offered occupancy. Offers will continue to be made in sequential order until occupancy is accepted. When the applicant indicates acceptance of the living unit offered, the applicant and Carolina Village will enter into a formal contract of acceptance, hereafter referred to as the "Occupancy Agreement." The payment of the entrance fee allows the privilege of occupying said living unit throughout the lifetime of the occupant unless cancelled in the manner provided within the terms and provisions of the Occupancy Agreement. The terms and provisions of the Occupancy Agreement are found in Appendix C. The following are the Entrance and Monthly Fees:

Carolina Village

COMMUNITY PRICING

Apartments

Apartment Type	Square Footage	COUPLE OCCUPANCY		SINGLE OCCUPANCY	
		Entrance Fee	Monthly Fee[1]	Entrance Fee	Monthly Fee[1]
Pisgah					
1-BEDROOM STANDARD	600	$ 238,100 [2]	$ 3,572	$ 175,100 [2]	$ 2,228
1-BEDROOM DELUXE	740	$ 258,600 [2]	$ 3,786	$ 195,600 [2]	$ 2,442
Summit					
1-BEDROOM	814	$ 287,200	$ 4,336	$ 224,200	$ 2,992
1-BEDROOM + DEN	1,050	$ 351,200	$ 5,054	$ 288,200	$ 3,710
Blue Ridge					
2-BEDROOM STANDARD	740	$ 258,600 [2]	$ 3,786	$ 195,600 [2]	$ 2,442
2-BEDROOM EXPANDED	900	$ 275,000 [2]	$ 4,095	$ 212,000 [2]	$ 2,751
2-BEDROOM CUSTOM	1,040	$ 309,100 [2]	$ 4,319	$ 246,100 [2]	$ 2,975
2-BEDROOM DELUXE	1,200	$ 341,300 [2]	$ 4,538	$ 278,300 [2]	$ 3,194
Pinnacle					
2-BEDROOM	1,160	$ 354,200	$ 5,239	$ 291,200	$ 3,895
2-BEDROOM CORNER	1,366	$ 409,500	$ 5,756	$ 346,500	$ 4,412
2-BEDROOM + DEN	1,372	$ 415,200	$ 5,734	$ 352,200	$ 4,390
2-BEDROOM CORNER + DEN	1,541	$ 456,900	$ 5,959	$ 393,900	$ 4,615
Smoky Mountain					
1-BEDROOM + DEN	1,134	$ 375,600 [2]	$ 4,888	$ 312,600 [2]	$ 3,544
2-BEDROOM	1,335	$ 428,800 [2]	$ 5,457	$ 365,800 [2]	$ 4,113
2-BEDROOM + DEN	1,609	$ 502,700 [2]	$ 6,302	$ 439,700 [2]	$ 4,958

We are available to answer your questions:

Cheryl Justus
Director of Marketing
828-233-0602
cheryl@carolinavillage.com

Nora Stepp
Marketing Specialist
828-233-0646
nstepp@carolinavillage.com

Prices effective January 1, 2022. See notes on reverse.

Carolina Village

Cottages

Cottage Type	Square Footage	COUPLE OCCUPANCY		SINGLE OCCUPANCY	
		Entrance Fee	Monthly Fee[1]	Entrance Fee	Monthly Fee[1]
Woods					
2-BEDROOM EXPANDED	945	$ 303,300 [3]	$ 4,160	$ 240,300 [3]	$ 2,816
2-BEDROOM CUSTOM	1,092	$ 343,500 [3]	$ 4,371	$ 280,500 [3]	$ 3,027
2-BEDROOM DELUXE	1,260	$ 377,900 [3]	$ 4,612	$ 314,900 [3]	$ 3,268
Garden					
2-BEDROOM STANDARD + DEN	1,482	$ 434,500	$ 5,057	$ 371,500	$ 3,713
2-BEDROOM EXPANDED + DEN	1,612	$ 465,300	$ 5,245	$ 402,300	$ 3,901
2-BEDROOM CUSTOM + DEN	1,742	$ 497,700	$ 5,447	$ 434,700	$ 4,103
Meadows					
2-BEDROOM STANDARD	1,322	$ 393,600	$ 4,818	$ 330,600	$ 3,474
2-BEDROOM EXPANDED	1,422	$ 419,800	$ 5,046	$ 356,800	$ 3,702
2-BEDROOM CUSTOM + DEN	1,504	$ 438,700	$ 5,142	$ 375,700	$ 3,798
2-BEDROOM DELUXE + DEN	1,604	$ 463,400	$ 5,372	$ 400,400	$ 4,028
Clear Creek					
1-BEDROOM + DEN	1,180	$ 384,000	$ 4,831	$ 321,000	$ 3,487
2-BEDROOM TERRACE	1,270	$ 407,900	$ 5,056	$ 344,900	$ 3,712
2-BEDROOM DUPLEX	1,415	$ 447,800	$ 5,431	$ 384,800	$ 4,087
2-BEDROOM + DEN	1,570	$ 490,000	$ 5,832	$ 427,000	$ 4,488

1. *Monthly fee includes basic utilities, as well as high-definition basic cable television and high-speed public Wi-Fi. Phone service not included. Monthly fee also includes: declining balance meal plan equivalent to one meal per day, property insurance (excluding personal belongings), interior and exterior home maintenance, bi-weekly housekeeping services, weekly flat laundry service, social programs, events, emergency nursing services and security available 24/7, fitness center and exercise/therapy pools, and lifetime care in our skilled nursing or assisted living facility when ordered by a physician. Fees are subject to change with Board approval and 30-day notice to residents.*
2. *Units with a premier view of Tranquil Lake will have a one-time $5,000 premium added to Entrance Fee.*
3. *Woods Cottages with winterized patios will have a one-time $5,000 premium added to Entrance Fee.*

The execution of the Occupancy Agreement by the Village will be withheld until the applicant submits a medical statement from his or her personal physician indicating that the applicant's physical and mental health meets the requirement for entry into the Village and also submits a financial statement indicating that he/she can meet the financial obligations that will be incurred during his/her period of residency. Both forms will be supplied by the Village. The applicant will be furnished a copy of the executed "Occupancy Agreement" and a current Disclosure Statement. After acceptance by the Village, the applicant will have a period of not more than 90 days to assume occupancy. A new resident may move in prior to 90 days but adequate time given to the Village to refurbish the unit. The full Entrance Fee is payable at or before assuming occupancy. No portion of the Entrance Fee may be paid until the unit is ready for occupancy.

Residents have life use of the living unit but do not have any property rights.

MONTHLY FEES

The Village offers the following services, which are included in the monthly service fee:

- Access to Assisted Living & Skilled Nursing Services without increase in monthly service fee (except meals, drugs, supplies, and therapy services ordered by resident's personal physician)
- Flexible declining-balance meal plan
- All utilities, except for phone service
- 24-hour Maintenance & Security teams
- Semi-monthly housekeeping service
- Weekly flat laundry service
- Free parking for residents and their guests
- Emergency call system
- Chaplain services
- On-site Wellness Coordinator and multiple fitness areas
- Planned activities--social, cultural, recreational, intellectual, vocational, and spiritual
- Shuttle bus with regular schedule
- On-site pharmacy (Additional cost)
- On-site clinic (Additional cost)
- Beauty/Barber Shop available (Additional cost)

POLICIES

ELIGIBILITY

The Occupancy Agreement specifies certain conditions the applicant must meet to be eligible for occupancy. These include:

a) **Age -** At the time of assuming residency, occupant(s) must be at least 62 years of age. If one member of a couple being offered occupancy is less than 62 years of age the question of admission will be approved by the Board of Directors.

b) **Health -** The applicant must furnish medical evidence from his/her physician that the applicant is in good health. Further, the applicant must agree to be examined by a physician selected by the Village to determine that the status of the applicant's health will permit him/her to live independently in the living unit upon occupancy. The applicant must be ambulatory and have mental status conducive to living in an independent living unit.

c) **Financial Responsibility -** The applicant will be required to file a financial statement of net worth and income to assure the Village that the applicant can reasonably be expected to meet financial commitments during the life of the Occupant.

d) **Insurance Coverage -** Applicants will be required to carry coverage by Medicare A & B insurance or the equivalent insurance coverage by other insurance policies. Further, it is recommended (but not required) that applicants have additional coverage to cover hospital or Carolina Village Health Centers medical expenses that are not covered by Medicare A or B. Residents under 65 years of age not covered by Medicare insurance will be required to have other insurance coverage equivalent to Medicare.

REFUNDS

The Occupancy Agreement defines circumstances under which the applicant may be eligible for all or a partial refund of the entrance fee and circumstances under which the applicant or the Village may cancel the Occupancy Agreement. These circumstances include:

<u>Before Move-In</u>

(1) Full refunds will be made if written notice is given within 30 days of the signing of the Occupancy Agreement or the delivery of a Disclosure Statement, whichever is later, that the applicant desires to rescind the contract. Refunds of any Entrance Fee paid before move-in will be made within 5 working days. No payment of Entrance Fee is permitted prior to unit being ready for occupancy.

(2) In the event the Occupant finds it necessary to cancel the Occupancy Agreement for good reason before occupancy, and after expiration of the 20-day period, the Village shall provide a full refund of the Entrance Fee less any costs of non-standard improvements requested by the Occupant.

(3) The Occupancy Agreement shall be automatically canceled due to death, illness, injury, or incapacity prior to occupancy that would preclude the Occupant from occupying an independent living unit. A full refund of Entrance Fee paid less any costs of non-standard improvements as requested by the Occupant from the Village will be made within 5 working days

After Move-In

The Occupant shall not under any circumstance terminate this agreement without serving the Village with 120 days written notice of intention to so terminate. The Occupant will be charged with the established monthly service fee until the close of the 120-day period mentioned above.

In the event Occupancy is terminated as provided in the Occupancy Agreement, the departing Occupant will be reimbursed for the amount of the Entrance Fee paid less an appropriate charge for the period of Occupancy as stated below. The refund will be made within 30 business days.

If a resident moves out with notice, the amount retained by the Village shall be 10% of the entrance fee plus one percent (1%) per month of Occupancy plus the cost of special features requested by the Occupant. In addition, any medical charges, incurred for Occupant's care during residency and any other periodic charges, including any charges occurring during the 120-day notice period, shall be considered as credit to the Village.

After occupancy there is no refund after death.

SURRENDER OF LIVING UNIT

In addition, the Occupancy Agreement specifies situations during the term of occupancy when the resident might be required to vacate his/her living unit:

(a) If occupant’s physician advises the Village that a resident in the Medical or Care Center will not be able to return to his/her living unit, the Village will be authorized to reclaim the unit from the occupant for re-assignment.

(b) If a resident’s financial position can no longer afford the living unit presently occupied, the resident may be requested to move to a smaller living unit.

CANCELLATION BY VILLAGE

The Occupancy Agreement further provides the circumstances under which the Village can cancel the Occupancy Agreement, including the health and/or behavior of the resident. Please refer to sections 8 and 12 of the Occupancy Agreement for complete details regarding these policies.

FINANCIAL INFORMATION

RESERVE FUNDING

N.C. General Statute 58-64-33 required continuing care facilities to maintain an operating reserve equal to 50% of the annual operating cost. The statute further provided that facilities with a 90% occupancy rate may establish reserves equal to 25% of the annual operation cost. The Village is and further expects to be 90% occupied and therefore our compliance is with the 25% of annual operating expense reserves.

The chart as follows shows the operating reserve requirement as of March 31, 2023, determined from the 2023 forecast for expenses and the March 31, 2022 occupancy numbers:

March 31, 2023		
Total Operating Expenses	$	31,345,000
Principle payment on LTD	$	1,640,000
Depreciation Expense	$	(4,104,000)
Amortization Expense	$	(74,000)
Extraordinary items as approved by the Commissioner	$	0
Debt service portion, if provided for by way of a separate reserve account:	$	(2,628,000)
Total Operating Cost	$	26,179,000
Occupancy Factor	X	25%
Operating Reserve Requirement	$	6,544,750
Available Funds Toward Reserves		
Total Cash & Marketable Securities	$	17,911,554

The Board of Directors has established that all funds above working cash needs, including reserve funding, are to be managed by professional investment managers. Therefore, the Board established the investment philosophy to be conservative and further allocated 70% to Edward Jones, 25% to First Citizens and 5% to Vanguard Index Mutual Fund. No employee of Carolina Village is responsible for investment decisions. Edward Jones and First Citizens has the responsibility of management and the selection process for investments. These firms select only investment grade stocks and bonds to purchase and sell within the investment portfolio.

ADJUSTMENTS IN MONTHLY SERVICE FEE

The monthly service fee may be adjusted at the discretion of the Board of Directors to meet changes in operating costs and to maintain the Village on a sound financial basis. Adjustments in the monthly fee will be announced to residents at least 30 days before becoming effective. The frequency and amount of changes in the average monthly service fees for the past five years are detailed as follows:

Effective Date	Single	Couple
January 1, 2022	$ 130	$ 171
January 1, 2021	$ 70	$ 92
January 1, 2020	$ 74	$ 104
January 1, 2019	$ 65	$ 89
January 1, 2018	$ 83	$ 107
Average Annual Increase	$ 84	$ 112

The Occupancy Agreement also provides for adjustments in fees or charges necessitated by change in the occupant's status:

(a) **Financial -** In cases where personal financial resources prove inadequate after a period of residence, the occupant may apply for special consideration to the Board of Directors. It is the stated policy of Carolina Village not to cancel an Occupancy Agreement within the resident's ability to pay some part of the fee.

(b) **Change in Marital Status (Non-Resident) -** If a resident marries a non-resident, the new spouse must meet the same age, health, and financial standards required of other applicants, and, in addition, pay an added entrance fee to cover the additional expense of providing life-care to an additional resident. If the new spouse does not meet the required age, health, and financial requirements, the Board of Directors may--in their discretion--consider alternative fees to cover the estimated additional cost.

(c) **Change in Marital Status (Among Residents) -** If two residents marry one another they may occupy the living unit of either resident. No refund or credit will be given for the vacated living unit. A calculation will be conducted based on the single entrance fee of the living unit being vacated and an additional entrance fee may be required for change of marital status of the living unit being occupied. An additional entrance fee may then be due and payable. In any event, no credit or refund will be given to either resident since both residents had been admitted previously under separate occupancy contracts. The monthly service fee for the living unit occupied will be at the current double occupancy rate.

FACILITY DEVELOPMENT/EXPANSION

Carolina Village is a not-for-profit full-service retirement facility for senior citizens with a mission to provide housing, continuing life care, up-to-date service, and a pleasant, congenial social environment to encourage personal growth and community participation without regard to race or religious persuasion.

Given the changing industry dynamics and in anticipation of the next generation of residents in our primary market over the next 20 to 30 years, Carolina Village (the Village) determined that it was prudent to plan for the future now to ensure the long-term viability of the Village. Leadership developed a plan to utilize approximately 23 acres of undeveloped land on the campus, located near the Clear Creek entrance of the Village (the Community's secondary entrance). The Board and Management believed utilizing this land to develop Independent Living Units best positioned the Village to meet the future demand for independent living units and would provide new revenue to strengthen the Village's future financial position.

After carefully examining future needs in the skilled nursing, assisted living, and independent living segments, it was determined the Village should develop the land as independent living. The Village determined that (1) the existing Healthcare facilities (SNF and AL) would meet the internal demand for the foreseeable future and (2), the Village is a Life Plan Community that relies on independent living as its main driver for allowing residents to progress through the continuum to higher levels of care; and providing new independent living units to attract additional residents to meet the current market needs, increase cash flow, and provide additional liquidity is crucial to the Village's stability and continued success.

The financial impact of the facility during the planning and construction of the project has been minimal since the new units are all additional and did not require the vacating of existing units. Even the addition of the new apartments has not required the vacating of any units in the existing building.

Carolina Village engaged the architectural firm Reece, Lower, Patrick and Scott based in Pennsylvania. They have a long history of working with the Village in the past as the firm developed and led the skilled nursing project in 1999, the Meadows Cottage expansion in 2003, and the E-Wing Apartment project and the Assisted Living project in 2008. Reece, Lower, Patrick and Scott met with focus groups to receive input from the potential market before the unit mix and amenity package was determined.

The project was completed as of March 31, 2020 and consists of 90 new independent living units:

(a) 54 Clear Creek Cottages consisting of 7 buildings with six units for 42 cottages and six duplexes for 12 cottages
(b) 36 Lakeside Apartments

(c) Additional parking, site work, sidewalks, and a new maintenance building.

As of March 31, 2022, the Village completed the construction of a permanent gatehouse at the main entrance of campus. This new structure houses security staff, who provide security and navigational support to residents, staff, and guests.

After carefully considering the needs of current and future residents, through focus groups and the expertise of consultants, it was determined that the Village should add additional dining venues. To this end, Carolina Village plans to renovate the existing dining venues and certain common areas, as well as relocate several administration offices. At the end of this project, Carolina Village will offer a greater variety of dining options, as well as larger meeting spaces. This project began in the fall of 2021 and is expected to be completed in the fall of 2023.

OTHER MATERIAL INFORMATION

The Village has not been involved in any bankruptcy filings, receivership, liquidation, neither are there any actions or perils expected nor known of by management.

Appendix A

Audited Financial Statements

For the year ended March 31, 2022

Forecasted Financial Statements

For the years ending

March 31, 2023 thru March 31, 2027

Report on Variances

Carolina Village, Inc.

Financial Statements

Years Ended March 31, 2022 and 2021

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FORVIS

Independent Auditors' Report

Board of Directors
Carolina Village, Inc.
Hendersonville, NC

Opinion
We have audited the financial statements of Carolina Village, Inc. (the "Village"), which comprise the balance sheets as of March 31, 2022 and 2021, and the related statements of operations and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as of March 31, 2022 and 2021, and the results of its operations and changes in net assets (deficit) and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

Auditors' Responsibilities for the Audits of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

FORVIS, LLP

Greenville, SC
June 28, 2022

Carolina Village, Inc.

Balance Sheets

March 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,579,340	$ 10,095,867
Investments in marketable securities	3,438,214	3,295,582
Accounts receivable, residents, net	804,000	613,691
Accounts receivable, entrance fees	497,700	588,150
Accounts receivable, other	50,172	139,801
Employee Retention Credit receivable	3,254,747	-
Supplies, inventories, and prepaid expenses	398,880	353,143
Total current assets	17,023,053	15,086,234
Assets limited as to use:		
Funds held by a trustee under bond indenture	1,850,696	1,850,474
Endowment funds	362,192	362,192
Investments restricted for statutory operating reserve	5,894,000	5,795,000
Assets held in charitable remainder trusts	285,653	291,544
Assets held for deferred compensation	1,766,168	1,591,251
Other donor restricted assets held	1,178,162	1,109,998
Total assets limited as to use	11,336,871	11,000,459
Property and equipment, net	95,809,512	94,181,877
Total assets	$ 124,169,436	$ 120,268,570

See accompanying notes.

	2022	2021
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities:		
Accounts payable–trade	**$ 711,528**	$ 794,184
Accounts payable–construction	**379,936**	177,857
Accrued payroll and related withholdings	**438,455**	374,297
Accrued vacation	**1,032,460**	1,184,437
Deposits on contracts	**430,600**	124,000
Current maturities of charitable remainder trust annuities payable	**12,830**	13,467
Refundable entrance fees	**352,278**	367,157
Current maturities of long-term debt	**1,640,000**	1,590,000
Provider Relief Funds liability	**-**	144,134
Total current liabilities	**4,998,087**	4,769,533
Long-term liabilities:		
Exclusive of current maturities:		
Long-term debt, net	**51,418,414**	51,604,740
Charitable remainder trust annuities payable	**46,187**	45,787
Deferred compensation	**1,766,168**	1,591,251
Deferred revenue from entrance fees	**62,802,477**	63,540,608
Total long-term liabilities	**116,033,246**	116,782,386
Total liabilities	**121,031,333**	121,551,919
Net assets (deficit):		
Without donor restriction	**1,312,096**	(3,047,083)
With donor restriction	**1,826,007**	1,763,734
Total net assets (deficit)	**3,138,103**	(1,283,349)
Total liabilities and net assets (deficit)	**$ 124,169,436**	$ 120,268,570

Carolina Village, Inc.
Statements of Operations and Changes in Net Assets (Deficit)
Years Ended March 31, 2022 and 2021

	2022	2021
Revenues, gains, and other support:		
Revenues:		
Apartments:		
Service fees	**$ 13,011,971**	$ 13,033,180
Entrance fee amortization	**6,329,246**	6,301,807
Entrance fee forfeitures	**1,675,260**	1,870,016
Other apartments revenue	**548,902**	202,403
Medical Center	**3,186,551**	2,529,484
Care Center	**1,553,268**	1,564,702
Dietary	**2,138,510**	2,359,511
Dietary–Care Center and Medical Center	**1,374,932**	1,250,585
Net assets released from restrictions for operations	**54,905**	254,338
Miscellaneous	**203,690**	230,149
Federal Provider Relief Fund income	**144,134**	428,865
State Provider Relief Fund income	**-**	220,200
Paycheck Protection Program loan income	**-**	2,756,000
Employee Retention Credit grant income	**3,254,747**	-
Total revenues	**33,476,116**	33,001,240
Expenses:		
General and administrative	**4,635,798**	4,237,014
Operation of plant	**4,636,235**	3,861,606
Housekeeping	**929,861**	863,431
Medical Center	**6,059,135**	5,891,266
Care Center	**2,189,232**	2,256,473
Dietary	**3,182,493**	3,115,946
Dietary–Care Center and Medical Center	**1,863,520**	1,888,923
Annuity expenditures	**14,802**	17,582
Depreciation	**3,855,297**	3,891,052
Interest	**2,044,422**	2,047,150
Total expenses	**29,410,795**	28,070,443
Operating income	**4,065,321**	4,930,797
Non-operating income (expense):		
Unrealized gain (loss) on investments	**(259,476)**	1,770,125
Investment income	**555,501**	706,344
Loss on sale of property and equipment	**(2,167)**	-
Excess of revenues over expenses	**4,359,179**	7,407,266

See accompanying notes.

	2022	2021
Net assets with donor restrictions:		
Split interest agreement	**237**	37,467
Contributions	**99,436**	121,125
Interest and dividends	**2,824**	10,596
Unrealized (loss) gain on investments	**(94,019)**	246,943
Realized gain on investments	**108,700**	160,584
Net assets released from restrictions for operations	**(54,905)**	(254,338)
Change in net assets with donor restrictions	**62,273**	322,377
Change in net assets	**4,421,452**	7,729,643
Net deficit–beginning of year	**(1,283,349)**	(9,012,992)
Net assets (deficit)–end of year	**$ 3,138,103**	$ (1,283,349)

Carolina Village, Inc.
Statements of Cash Flows
Years Ended March 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ 4,421,452**	$ 7,729,643
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**3,855,297**	3,891,052
Unrealized loss (gain) on investments	**353,495**	(2,017,068)
Realized gain on investments	**(664,201)**	(866,928)
Amortization of deferred loan costs	**79,582**	66,368
Amortization of bond discount	**7,224**	7,224
Amortization of bond premium	**(21,707)**	(15,800)
Loss on sale of property and equipment	**2,167**	-
Change in value of split interest agreements	**14,565**	(19,885)
Entrance fee amortization (1)	**(6,791,224)**	(6,680,723)
Entrance fee forfeitures	**(1,675,260)**	(1,870,016)
Entrance fees–new occupancy contracts–existing units	**8,354,650**	8,764,877
Restricted contributions	**(99,436)**	(121,125)
Changes in operating assets and liabilities:		
Accounts receivable–residents	**(190,309)**	435,685
Accounts receivable–other	**89,629**	206,421
Employee Retention Credit receivable	**(3,254,747)**	-
Supplies, inventories and prepaid expenses	**(45,737)**	(119,612)
Accounts payable–trade	**(82,656)**	122,200
Accrued payroll	**64,158**	30,817
Accrued vacation	**(151,977)**	(102,708)
Deferred compensation	**174,917**	536,913
Deposits on contracts–existing units	**306,600**	(596,770)
Provider Relief Funds liability	**(144,134)**	144,134
Net cash provided by operating activities	**4,602,348**	9,524,699
Cash flows from investing activities:		
Purchase of investments	**(3,814,015)**	(4,301,660)
Sale of investments	**3,645,899**	3,795,302
Proceeds from sale of property and equipment	**900**	-
Purchase of property and equipment	**(5,283,920)**	(2,546,599)
Net cash used by investing activities	**$ (5,451,136)**	$ (3,052,957)

	2022	2021
Cash flows from financing activities:		
Payments on long-term debt	**$ (1,590,000)**	$ (1,545,000)
Payments for financing costs	**(132,152)**	-
Proceeds from long-term debt	**1,520,727**	-
Annuity payments	**(14,802)**	(17,582)
Refunds of entrance fees	**(550,726)**	(535,495)
Proceeds from restricted contributions	**99,436**	121,125
Net cash used by financing activities	**(667,517)**	(1,976,952)
Net (decrease) increase in cash, cash equivalents, and restricted cash	**(1,516,305)**	4,494,790
Cash, cash equivalents, and restricted cash–beginning of year	**11,946,341**	7,451,551
Cash, cash equivalents, and restricted cash–end of year	**$ 10,430,036**	$ 11,946,341
Interest paid	**$ 1,957,616**	**$ 1,973,558**
Non-cash investing activities:		
Purchase of property and equipment in accounts payable at year-end	**$ 379,936**	$ 177,857

Reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the total of the same such amounts in the statements of cash flows:

	2022	2021
Cash and cash equivalents	**$ 8,579,340**	$ 10,095,867
Funds held by a trustee under bond indenture	**1,850,696**	1,850,474
Cash, cash equivalents, and restricted cash–end of year	**$ 10,430,036**	$ 11,946,341

(1) Includes entrance fee amortization related to the Medical Center and Care Center.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization

Carolina Village, Inc. (the "Village") was incorporated as a non-profit corporation on June 2, 1972 pursuant to the laws of the State of North Carolina. The objective of the Village is to provide lifetime care and shelter for retirees. The Village is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

The facility contains 249 apartment units, 135 cottage units, a 58 bed skilled nursing facility and a 60 bed assisted living center. Residents purchase the privilege of occupying a specific living unit and the accompanying medical care for their lifetime. The agreement states that it is not a lease and does not create any interest in the real estate or property.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Village classifies its net assets as net assets with or without donor restrictions:

- *Net assets without donor restrictions* – resources of the Village that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.
- *Net assets with donor restrictions* – resources that are subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those satisfied by the passage of time or actions of the Village. Other donor-imposed restrictions stipulate that donated assets be maintained in perpetuity, but may permit the Village to use or expend part or all of the income derived from the donated assets.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. Estimates also affect the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates and assumptions.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts on deposit in banks and highly liquid debt instruments with a maturity of 90 days or less when purchased, excluding amounts whose use is limited.

Assets limited as to use

Assets limited as to use represent; (1) funds required by the Village's bond documents to be held by a Trustee, (2) funds that have been restricted by donors including endowment funds, (3) investments designated by the board for the statutory operating reserve, (4) assets held in charitable remainder trusts and (5) assets held under deferred compensation agreements.

Accounts receivable

Doubtful accounts are accounted for using the allowance method. The allowance is increased or decreased, based upon management's evaluation, by provisions to bad debt expense charged against income. Uncollectible balances are written off against the allowance. Recoveries of previously written off balances are credited to income. Generally, no finance charges are assessed on trade receivables.

Accounts receivable–entrance fees

Entrance fees receivable consist of promissory notes signed by residents where a portion of the entrance fee was paid upon signing the residency agreement and the remaining balance is due within 12 months. These notes are interest free for the first 12 months and after that are charged 8 percent interest annually. The Village expects to collect the entrance fees receivable in the next 12 months.

Supplies and inventories

Supplies and inventories are recorded at the lower of cost or net realizable value as determined by the first-in, first-out method.

Fair value measurements

Fair value as defined under GAAP is an exit price, representing 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. The Village utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Property and equipment

Property and equipment are recorded at cost if purchased and fair value if donated. The Village capitalizes all assets over $500. Major renewals and improvements are recorded to the property accounts, while replacements, maintenance, and repairs, which do not improve or extend the life of the assets, are expensed as incurred. Depreciation is provided by charges to operations using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives:

Land improvements	5 – 40 years
Buildings and improvements	5 – 40 years
Cottages and improvements	5 – 40 years
Kitchen equipment	5 – 10 years
Medical and care centers equipment	5 – 10 years
Furniture and fixtures	5 – 10 years
Motor vehicles	5 – 10 years

Capitalized interest

Interest costs incurred on borrowed funds during the period of capital asset construction are capitalized as a component of the cost of acquisition and were approximately $7,000 and $- for the years ended March 31, 2022 and 2021, respectively.

Deferred revenue from entrance fees

Fees paid by a resident upon entering into a contract agreement are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. Subject to certain exceptions, entrance fees, less 10 percent of the fee, are initially refundable, but become non-refundable at the rate of 1 percent per month until becoming fully non-refundable after 90 months. Refunds are paid based on the lesser of 30 business days after termination of the contract agreement or upon receiving payment of an entrance fee from an acceptable substitute resident. Total contractual refund obligations under existing contracts (that is if all residents with a refundable balance were to have withdrawn) totaled approximately $39,800,000 and $42,600,000 at March 31, 2022 and 2021, respectively. Based on historical experience, the estimated amount of the contractual refund obligations that are expected to be refunded in the coming year is $352,278 and $367,157 at March 31, 2022 and 2021, respectively, and is classified as a current liability on the balance sheets.

Contributions and donor-imposed restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without restriction and reported in the statements of operations as net assets released from restrictions.

Resident revenue

The Village is certified under the Medicare Program and is entitled to reimbursement for services provided to residents who are qualified and approved to be covered by these plans. Daily and prospective rates based upon costs incurred are used to determine the amounts claimed by the nursing facility for services provided to qualified residents. Income recognized and recorded on this basis is subject to adjustment based upon the final determination by the Medicare Program or its designated intermediary. The adjustment is reflected in the year made.

Obligation to provide future services to residents

The Village enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Village specifying the services and facilities to be provided to a resident over his or her remaining life for a monthly fee. Under the contracts, the Village has the ability to increase fees as deemed necessary. The Village annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of the facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation was discounted at 2.1 and 1.6 percent for 2022 and 2021, respectively based on the Federal long-term rate. There was no obligation at March 31, 2022 or 2021.

Statements of operations

The statements of operations includes excess of revenues over expenses. Changes in net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets). The Village considers excess of revenues over expenses to be its performance indicator.

Income tax

The Village is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Village has determined that it does not have any material unrecognized tax benefits or obligations as of March 31, 2022.

Methods used for allocation of expenses among programs and supporting services

The Village has presented a schedule of expenses by both function and nature in Note 17. The Village allocates expenses on a functional basis among its various programs and supporting services. The schedule of expenses in Note 17 reports certain categories of expenses that are attributable to one or more program or supporting services of the retirement community. These expenses include salaries and benefits, interest, and depreciation. Salaries and benefits are allocated based on an estimate of time spent on each activity and interest and depreciation are estimated based on square footage.

Concentration of credit risk

Financial instruments that potentially subject the Village to concentration of credit risk consist principally of cash, accounts receivable and investments. The Village maintains its cash in bank accounts which, at times, may exceed federally depository insurance (“FDIC”) limits. Management believes the credit risk associated with these deposits is minimal.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to confirm to the presentation in the current year financial statements. Paycheck Protection Program loan income of $2,756,000 was reclassified from non-operating income to revenues, gains, and other support. This reclassification did not impact the change in net assets.

Subsequent events

The Village evaluated the effect subsequent events would have on the financial statements through June 28, 2022, which is the date the financial statements were issued.

2. Revenue Recognition

The Village generates revenues, primarily by providing housing and health services to its residents. The following streams of revenue are recognized as follows:

Monthly service fees:

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of independent living unit 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. Under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominate component and does not contain a lease component under ASC Topic 840. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Entrance fees:

The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the balance sheets until the performance obligations are satisfied. Management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the estimated life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

Health care services:

The Village provides assisted and nursing care to residents who are covered by government and commercial payers. The Village is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the third-party payors. Most rates are predetermined from Medicare. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

The Village disaggregates its revenue from contracts with customers by payor source, as the Village believes it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the table below:

	March 31, 2022			
	Independent Living	**Care Center**	**Medical Center**	**Total**
Private pay	**$ 15,150,481**	**$ 2,291,089**	**$ 1,426,565**	**$ 18,868,135**
Government reimbursement	**-**	**-**	**2,397,097**	**2,397,097**
Total	**$ 15,150,481**	**$ 2,291,089**	**$ 3,823,662**	**$ 21,265,232**

	March 31, 2021			
	Independent Living	**Care Center**	**Medical Center**	**Total**
Private pay	$ 15,392,691	$ 2,228,163	$ 1,414,084	$ 19,034,938
Government reimbursement	-	-	1,702,524	1,702,524
Total	$ 15,392,691	$ 2,228,163	$ 3,116,608	$ 20,737,462

3. Fair Value of Financial Assets and Liabilities

Prices for certain investments are readily available in the active markets in which those securities are traded and the resulting fair values are categorized as Level 1. Prices for other investments are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and the resulting fair values are categorized as Level 2. Prices for other investments that have unobservable inputs about which little or no market data exists are categorized as Level 3 and require an entity to develop its own assumptions.

There were no changes during the years ended March 31, 2022 and 2021 to the Village's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level within the fair value hierarchy the Village's financial assets and liabilities accounted for at fair value on a recurring basis as of March 31, 2022 and 2021. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Village's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels. Assets and liabilities at fair value as of March 31, 2022 and 2021 consist of the following:

	Assets and Liabilities at Fair Value as of March 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments and assets limited as to use:				
Mutual funds--index funds	**$ 5,654,511**	**$ -**	**$ -**	**$ 5,654,511**
Stocks (1)	**4,940,663**	**-**	**-**	**4,940,663**
Corporate bonds	**-**	**1,194,033**	**-**	**1,194,033**
Government and agency securities	**-**	**1,204,576**	**-**	**1,204,576**
Total investments and assets limited as to use	**10,595,174**	**2,398,609**	**-**	**12,993,783**
Liabilities:				
Charitable remainder trust annuities	**-**	**-**	**59,017**	**59,017**
Total liabilities	**$ -**	**$ -**	**$ 59,017**	**$ 59,017**

(1) These assets consist of the following: 63% domestic stocks and 37% international stocks.

	Assets and Liabilities at Fair Value as of March 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments and assets limited as to use:				
Mutual funds--index funds	$ 5,269,995	$ -	$ -	$ 5,269,995
Stocks (1)	4,936,865	-	-	4,936,865
Corporate bonds	-	1,212,335	-	1,212,335
Government and agency securities	-	1,140,576	-	1,140,576
Total investments and assets limited as to use	10,206,860	2,352,911	-	12,559,771
Liabilities:				
Charitable remainder trust annuities	-	-	59,254	59,254
Total liabilities	$ -	$ -	$ 59,254	$ 59,254

(1) These assets consist of the following sectors: 61% domestic stocks and 39% international stocks.

The Village has $1,781,302 and $1,736,270 of money market funds included in investments and assets limited as to use on the balance sheets as of March 31, 2022 and 2021, respectively, which is not classified as a level as prescribed within the provision.

The Village recognizes transfers between the levels as of the beginning of the reporting period. There were no gross transfers between the levels for the years ended March 31, 2022 and 2021.

The determination of fair value above incorporates various factors. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the Village's non-performance risk on its liabilities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Village 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 illustrates the activity of Level 3 assets measured at fair value on a recurring basis from March 31, 2020 to March 31, 2022:

	Charitable Remainder Trust Annuity
Balance, March 31, 2020	$ 96,721
Withdrawals	(102,180)
Unrealized gain	64,713
Balance, March 31, 2021	59,254
Unrealized loss	(237)
Balance, March 31, 2022	$ 59,017

4. Funds Held by a Trustee

Funds held by a Trustee are comprised of unspent monies received from bond issuances. The fixed rate bond issuance debt service reserve fund is required to be set aside until the last year of the 30-year term for the retirement of that issuance.

Funds held by Trustee consist of the following at March 31:

	2022	**2021**
Total assets limited as to use	**$ 1,850,696**	$ 1,850,474

5. Property and Equipment

Property and equipment consist of the following at March 31:

	2022	2021
Land and improvements	**$ 5,541,003**	$ 5,480,227
Buildings and improvements	**96,063,308**	94,110,470
Cottages and improvements	**41,072,039**	39,852,933
Kitchen equipment	**2,196,611**	2,111,444
Medical and care centers equipment	**2,004,014**	1,979,729
Furniture and fixtures	**3,580,761**	3,490,654
Motor vehicles	**646,075**	628,739
Total property and equipment	**151,103,811**	147,654,196
Less: accumulated depreciation	**(57,924,989)**	(54,070,626)
	93,178,822	93,583,570
Construction in progress	**2,630,690**	598,307
Total	**$ 95,809,512**	$ 94,181,877

The Village entered into a contract for approximately $8,130,000 for dining room additions and renovations. As of March 31, 2022, the balance to finish the project, including retainage, was approximately $6,667,000. The addition is planned to be completed in June 2023.

6. Long-term Debt

The Village is obligated under the following bonds payable and long-term notes, all collateralized by a deed of trust, at March 31:

	2022	2021
Series 2017 A bonds: Direct purchase bank loan with principal payments beginning fiscal year 2018 through 2038 with a fixed interest rate at 3.057%, payable on the first of every month with principal payments ranging from $100,000 to $220,000.	**$ 33,465,000**	$ 35,055,000
Series 2017 B bonds: Bonds with interest stated below and payable each April 1 and October 1. Principal payments beginning fiscal year 2038 through 2048 ranging from $800,000 to $2,360,000.		
4.250% Serial Bonds	**7,200,000**	7,200,000
5.000% Serial Bonds	**11,745,000**	11,745,000
Series 2021 A Note: Construction draw-down loan with interest payable the 24th of each month. Principal payments of $47,129 beginning fiscal year 2024 through 2037. Interest rate at 3.620% for the first 24 payments then 3.500% for the remaining payments.	**1,471,542**	-

Series 2021 B Note: Construction draw-down loan with interest payable the 24th of each month. Principal payments of $41,419 beginning fiscal year 2024 through 2034. Fixed interest rate at 3.800%.	**49,185**	-
	53,930,727	54,000,000
Less: current maturities	**(1,640,000)**	(1,590,000)
Less: original issue discount	**(115,111)**	(122,335)
Less: net unamortized debt issuance costs	**(1,200,372)**	(1,147,802)
Plus: net unamortized bond premium	**443,170**	464,877
	$ 51,418,414	$ 51,604,740

In December 2017, the Village issued North Carolina Medical Care Commission (the "Commission") First Mortgage Refunding and Revenue Bonds, Series 2017, in the amount of $83,830,000. The proceeds of the bonds and trusteed funds on hand were used to refund the outstanding long-term debt related to the First Citizens Bank construction loan, Series 2008A bonds, and the Series 2013A bonds, pay the termination payment for the interest rate swap, and provide initial funds for the construction of the expansion project. The Series 2017 bonds are collateralized through mortgaged property.

The Village opened a $2,500,000 line of credit with First Citizens Bank & Trust Company on July 29, 2019. This line of credit bears a variable interest rate based on the Prime Rate (4.00% at March 31, 2022) and is due November 1, 2022. There was no outstanding balance at March 31, 2022.

In June 2021, the Village issued two draw-down construction notes with First Citizens Bank & Trust Company. Note 2021 A was issued in the amount of $5,881,470 and Note 2021 B was issued in the amount of $4,118,530. These notes will be used to provide initial funds for the construction of the dining room renovation project.

The trust indentures and loan agreements underlying the Series 2017 bonds, 2021 notes, and line of credit contain certain financial covenants and restrictions.

The aggregate annual principal maturities of long-term debt at March 31 are as follows:

2023	$ 1,640,000
2024	1,842,073
2025	1,897,073
2026	1,952,073
2027	2,012,073
Thereafter	44,587,435
	$ 53,930,727

7. Other Funds

Several other funds have been established. These funds have been combined on the balance sheets with activity reflected in net assets.

Charitable Remainder Annuity Trust Fund

The Village acts as trustee under several charitable remainder annuity trusts. These trusts are given to the Village with the condition that a specified payment is made to the contributor over his or her life or until the trust agreement expires, whichever comes first. A liability is established based on the present value of the payments to be made. The anticipated remainder interest is recorded as a contribution. All variances in income earned and changes to life expectancy are recorded as changes in value of split interest agreements annually.

Endowment Fund

The Carolina Village Endowment Fund was established to receive gifts, devises, bequests, and other conveyances and to use them for property maintenance or improvements, for specific program needs of the Village, and to provide economic assistance to residents or to persons desiring to be residents.

Quality Assurance Fund

The Carolina Village Quality Assurance Fund was established as part of the endowment fund. The earnings will be used (in $5,000 minimum amounts) to fund projects, which improve or maintain the residents' quality of life.

Operating Reserve Fund

The Carolina Village Operating Reserve Fund will be used to comply with the operating reserve requirements of N.C. General Statute Chapter 58, Article 64. The fund is included in investments restricted for statutory operating reserve on the balance sheets.

8. Net Assets With Donor Restrictions

As disclosed in Note 1, contributions are accounted for based on donor-imposed restrictions. The following is a summary of net assets with donor restrictions at March 31:

	2022	2021
Charitable remainder trust annuities	**$ 226,634**	$ 232,287
Endowment fund earnings	**595,415**	562,274
Endowment funds	**362,192**	362,192
Quality assurance fund	**69,780**	76,930
Other restrictions	**571,986**	530,051
Total	**$ 1,826,007**	$ 1,763,734

9. Endowment Funds

The endowment funds include donor-restricted funds and the earnings, including net appreciation, on these funds that are to be spent on those purposes. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of the Village has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the "Act") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Village has classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulated is added to the fund. Amounts are appropriated for expenditure by the Village in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with the Act, the Village considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. The investment policies of the Village

Return objectives and risk parameters

The Village has adopted investment and spending policies for endowment assets that are intended to provide an ongoing stream of funding for financial assistance that is supported by the endowment. Endowment assets include assets of donor-restricted funds that the organization must hold in perpetuity as well as earnings that have not yet been appropriated. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. The Village expects its endowment funds, over time, to achieve a rate of return, after fees, which exceeds the inflation rate as measured by the Consumer Price Index ("CPI"), by two percentage points per year and is consistent with the level of risk assumed by the Village portfolio. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Village relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Village targets a diversified asset allocation that includes fixed income instruments and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to the spending policy

The Village's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. During the years ended March 31, 2022 and 2021, the Village expended earnings on the endowment of $39,000 and $30,0000, respectively.

Changes in endowment net assets for the year ended March 31, 2022 are as follows:

	Earnings	Endowment	Total
Endowment net assets March 31, 2021	**$ 562,274**	**$ 362,192**	**$ 924,466**
Contributions	**58,256**	**-**	**58,256**
Investment earnings	**366**	**-**	**366**
Net appreciation	**13,519**	**-**	**13,519**
Appropriation of endowment assets for expenditure	**(39,000)**	**-**	**(39,000)**
Endowment net assets March 31, 2022	**$ 595,415**	**$ 362,192**	**$ 957,607**

Changes in endowment net assets for the year ended March 31, 2021 are as follows:

	Earnings	Endowment	Total
Endowment net assets March 31, 2020	$ 280,624	$ 362,192	$ 642,816
Contributions	96,255	-	96,255
Investment earnings	806	-	806
Net appreciation	214,589	-	214,589
Appropriation of endowment assets for expenditure	(30,000)	-	(30,000)
Endowment net assets March 31, 2021	$ 562,274	$ 362,192	$ 924,466

10. Statutory Operating Reserve Requirement

North Carolina General Statute Chapter 58, Article 64 sets forth minimum operating reserve requirements. Under this legislation, the Village is required to maintain an operating reserve at least equal to 25 percent of the upcoming year's total operating costs as defined by the statute. The Village's reserves exceed the amount required by the state. The reserve is shown as investments restricted for statutory operating reserve on the balance sheets.

11. Employee Benefit Plans

The Village sponsors a retirement plan, which is available to substantially all employees. The plan is a tax shelter annuity 403(b) plan, which the employees can contribute compensation, as defined in the plan document. The Village then matches employee contributions, up to a maximum rate set by the Board of Directors. The matching rate was up to 4 percent of gross employee earnings. The total matching portion expensed was $230,270 and $221,779 for the years ended March 31, 2022 and 2021, respectively.

The Village also has a qualified Welfare Benefit Plan providing comprehensive health care coverage. The Plan includes coverage provided by the Plan underwriter as well as self-funded coverage provided by the Village. The Village's self-funded liability is limited to $90,000 per person per year. The liability for estimated unpaid claims was approximately $173,000 and $130,000 at March 31, 2022 and 2021, respectively, and is included in accounts payable—trade on the balance sheets.

12. Deferred Compensation

The Village has a deferred compensation agreement with certain key employees. The agreement is to make contributions to their account at the discretion of the Board of Directors with an intention to provide annual funding equal to at least 10 percent of the employee's annual compensation. The employee will be entitled to the funds upon the attainment of a minimum age of 62 and retirement, death, or disability. Deferred compensation expense was $68,105 and $60,007 for the years ended March 31, 2022 and 2021, respectively. The long-term deferred compensation liability at March 31, 2022 and 2020 was $1,766,168 and $1,591,251, respectively with current maturities of approximately $156,000 at March 31, 2022 and 2021 which is included in accounts payable—trade on the balance sheets.

13. Contingencies

The Village has in place occurrence basis insurance coverage for possible litigation in the ordinary course of business related to general and professional liability claims including medical malpractice. Management believes that claims, if asserted, would be settled within the limits of coverage. The Village believes that they are in compliance with all applicable laws and regulations and are not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

14. COVID-19 Pandemic

Provider Relief Funding

On March 27, 2020, the federal Coronavirus Aid, Relief and Economic Security ("CARES") Act was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families and businesses affected by COVID-19. Various state governments are also taking action to provide economic relief and emergency assistance. These relief funds are considered non-exchange transactions subject to terms and conditions specified by the resource provider distributed by the Health Resources Service Administration section of the U.S. Department of Health and Human Services ("HHS"). These conditions create a restriction that such funds must be used to prevent, prepare or respond to COVID-19, creating purpose restrictions in addition to conditions. Such funds are subject to recoupment to the extent the conditions for entitlement are not met.

The Village received CARES Act Provider Relief Funds ("PRF") of approximately $573,000 during the year ended March 31, 2021. The Village recognized $144,000 and $429,000 during the years ended March 31, 2022 and 2021, respectively, as Federal Provider Relief Fund income in the statements of operations and changes in net assets (deficit) to the extent the eligibility requirements with the terms and conditions for entitlement to such funding for healthcare related expenses or lost revenues to prevent, prepare for or respond to COVID-19, have been met. Additionally, throughout fiscal year 2021, the Village received a total of $220,200 in funds from the North Carolina Department of Health and Human Services ("NCDHHS") for reimbursements of mandatory COVID-19 testing of state residents residing in medical centers. This is included in the statements of operations and changes in net assets (deficit) as State Provider Relief Fund income.

Employee Retention Credit

In response to the economic impact of the COVID-19 pandemic, Congress introduced the Employee Retention Credit ("ERC"). The ERC is a refundable payroll tax credit available to taxpayers who experienced either a full or partial suspension of business operations due to government orders or had a significant drop in gross receipts during 2020 and 2021. In calendar year 2021, the credit is available for 70 percent of qualified wages with a maximum potential credit per qualified employee of $21,000.

The Village qualifies for the ERC based on a partial shutdown and has elected to account for the ERC as a government grant by analogy to ASC 958-605. Under ASC 958-605, the ERC may be recognized once the conditions attached to the grant have been substantially met. From January 1, 2021 through June 30, 2021, the Village incurred qualifying wages and has recognized $3,254,747 associated with the ERC as grant income on the statements of operations and changes in net assets (deficit) and a corresponding receivable on the balance sheet for the year ended March 31, 2022.

Payroll Protection Program

The CARES Act also provides for the establishment of the Payroll Protection Program ("PPP"), a new loan program under the Small Business Administration's 7(a) program providing loans to qualifying businesses. Loans originated under this program may be forgiven, in whole or in part, if certain criteria are met.

The Village received a PPP loan of approximately $2,800,000 and believes that it was eligible under the PPP to receive the funds and expected to meet the requirements under the program to have the loan forgiven. Therefore, management has concluded that the receipt of these funds represents a government grant.

The Village elected to account for the receipt of these funds as a government grant. These funds were recognized as a refundable advance when received and classified in accordance with the scheduled maturity outlined in the PPP loan agreement assuming a ten-month deferral of payments from the end of the Village's covered period. Grant income under this method of accounting may only be recognized when the conditions attached to the grant have been substantially met.

The Village has fully utilized the proceeds of the loan for qualifying expenses under the PPP and the covered period was closed as of the balance sheet date. A forgiveness calculation has been prepared and was submitted to the Village's lender indicating that the full amount of the loan qualifies for forgiveness. The Village believes it has substantially met the conditions attached to the grant as of the balance sheet date. Grant income has been recognized on the statements of operations and changes in net deficit as Paycheck Protection Program income. The loan was forgiven in full on May 25, 2021.

15. Liquidity and Availability

As part of its liquidity management, the Village has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

The following schedule reflects the Village's financial assets to meet cash needs for general expenses within one year. The financial assets were derived from the total assets on the balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months.

The Village also has the ability to draw on a $2,500,000 line of credit (as discussed in Note 6). The Village seeks to maintain sufficient liquid assets to cover three months' operating and capital expenses.

	2022	2021
Cash and cash equivalents	**$ 8,579,340**	$ 10,095,867
Investments	**3,438,214**	3,295,582
Accounts receivable, residents, net	**804,000**	613,691
Accounts receivable, entrance fees	**497,700**	588,150
Accounts receivable, other	**50,172**	139,801
	$ 13,369,426	$ 14,733,091

16. Schedule of Expenses by Nature and Function

The following is a schedule of expenses by both nature and function for the years ended March 31, 2022 and 2021:

	2022			
	Program Services	**Administrative and General**	**Marketing and Fundraising**	**Total**
Salaries and benefits	**$ 12,800,468**	**$ 2,195,560**	**$ -**	**$ 14,996,028**
Advertising	**-**	**-**	**152,280**	**152,280**
Supplies and other expenses	**7,181,981**	**1,180,787**	**-**	**8,362,768**
Depreciation	**3,508,320**	**346,977**	**-**	**3,855,297**
Interest	**1,860,424**	**183,998**	**-**	**2,044,422**
Total expenses	**$ 25,351,193**	**$ 3,907,322**	**$ 152,280**	**$ 29,410,795**

	2021			
	Program Services	**Administrative and General**	**Marketing and Fundraising**	**Total**
Salaries and benefits	$ 12,272,452	$ 2,078,545	$ -	$ 14,350,997
Advertising	-	-	144,656	144,656
Supplies and other expenses	6,716,720	919,868	-	7,636,588
Depreciation	3,540,857	350,195	-	3,891,052
Interest	1,862,907	184,243	-	2,047,150
Total expenses	$ 24,392,936	$ 3,532,851	$ 144,656	$ 28,070,443

CAROLINA VILLAGE, INC.

Compilation of a Financial Forecast

For Each of the Five Years
Ending March 31, 2027

(with Independent Accountants'
Compilation Report thereon)

CAROLINA VILLAGE, INC.

Compilation of a Financial Forecast

Five Years Ending March 31, 2027

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FORVIS
191 Peachtree Street NE, Suite 2700 / Atlanta, GA 30303
P 404.575.8900 / F 404.575.8870
forvis.com

Independent Accountants' Compilation Report

Board of Directors
Carolina Village, Inc.
Hendersonville, North Carolina

Management of Carolina Village, Inc. (the "Corporation") ("Management") is responsible for the accompanying financial forecast of the Corporation, which comprises the forecasted balance sheets as of and for each of the five years ending March 31, 2027 and the related forecasted statements of operations and changes in net assets, and cash flows for each of the years then ending, and the related summaries of significant forecast assumptions and rationale in accordance with guidelines for the presentation of a financial 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 ("SSARS") 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, or provide any form of assurance on this financial forecast.

The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying forecast and this report were prepared for inclusion with the disclosure statement filing requirements of North Carolina General Statutes, Chapter 58, Article 64 and should not be used for any other purpose.

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

FORVIS, LLP

Atlanta, Georgia
August 26, 2022

DHG is registered in the U.S. Patent and Trademark Office to Dixon Hughes Goodman LLP.
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CAROLINA VILLAGE, INC.

Forecasted Statements of Operations and Changes in Net Assets
For the Years Ending March 31,
(In Thousands)

	2023	2024	2025	2026	2027
Revenues, gains and other support:					
Apartments:					
Entrance fee amortization	$ 6,324	$ 6,433	$ 6,678	$ 7,232	$ 7,789
Entrance fee forfeitures	1,848	1,903	1,960	2,019	2,080
Service fees	13,475	14,030	14,627	15,056	15,483
Medical center revenue	3,911	4,374	4,473	4,562	4,669
Care center revenue	1,481	1,579	1,628	1,708	1,759
Dietary revenue	4,010	4,306	4,478	4,627	4,777
Other revenue	99	104	108	112	115
Employee Retention Credit grant income	1,750	-	-	-	-
Contributions	144	144	144	144	144
Interest income	12	388	389	383	382
Total revenues, gains and other support	33,054	33,261	34,485	35,843	37,198
Expenses:					
General and administrative	3,677	3,789	3,905	4,022	4,142
Independent living services	1,111	1,144	1,178	1,214	1,250
Operation of plant	4,977	5,139	5,306	5,465	5,629
Housekeeping	971	1,001	1,031	1,062	1,093
Medical center	6,588	6,785	6,989	7,199	7,415
Care center	2,360	2,430	2,503	2,578	2,656
Dietary	5,508	5,950	6,131	6,315	6,504
Depreciation	4,104	4,364	4,535	4,613	4,688
Interest expense:					
Series 2017A Bonds	1,082	979	859	724	676
Series 2017B Bonds	893	893	893	893	893
Construction Loans	-	188	329	302	274
Amortization	74	74	74	74	74
Total expenses	31,345	32,736	33,733	34,461	35,294
Operating income	1,709	525	752	1,382	1,904
Annuity expenditures	(17)	(17)	(17)	(17)	(17)
Excess of revenues over expenses	1,692	508	735	1,365	1,887
Net assets without donor restrictions:					
Excess of revenues over expenses	1,692	508	735	1,365	1,887
Net assets with donor restrictions:					
Change in net assets with donor restrictions	-	-	-	-	-
Change in net assets	1,692	508	735	1,365	1,887
Net assets, beginning of year	3,138	4,830	5,338	6,073	7,438
Net assets, end of year	$ 4,830	$ 5,338	$ 6,073	$ 7,438	$ 9,325

See accompanying Summary of Significant Forecast Assumptions and Rationale and Independent Accountants' Compilation Report

CAROLINA VILLAGE, INC.

Forecasted Statements of Cash Flows
For the Years Ending March 31,
(In Thousands)

	2023	2024	2025	2026	2027
Cash flows from operating activities:					
Change in net assets	1,692	508	735	1,365	1,887
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	4,104	4,364	4,535	4,613	4,688
Amortization of deferred financing costs	100	100	100	100	100
Amortization of original issue discount	7	7	7	7	7
Amortization of original issue premium	(33)	(33)	(33)	(33)	(33)
Entrance fee amortization	(6,324)	(6,433)	(6,678)	(7,232)	(7,789)
Entrance fee forfeitures	(1,848)	(1,903)	(1,960)	(2,019)	(2,080)
Entrance fees - resident turnover	8,112	8,069	8,143	9,210	9,081
Net change in current assets and liabilities	1,381	1,754	(9)	13	16
Net cash provided by operating activities	7,191	6,433	4,840	6,024	5,877
Cash flows from investing activities:					
Increase in assets limited as to use	(1,428)	(451)	(265)	(150)	(212)
Project costs	(4,910)	(3,569)	-	-	-
Capitalized interest	(142)	(134)	-	-	-
Routine capital additions	(2,688)	(2,769)	(2,852)	(2,938)	(3,026)
Net cash used by investing activities	(9,168)	(6,923)	(3,117)	(3,088)	(3,238)
Cash flows from financing activities:					
Proceeds from Construction Loans	4,910	3,569	-	-	-
Principal payments on Series 2017A Bonds	(1,640)	(1,690)	(1,745)	(1,800)	(1,860)
Principal payments on Construction Loans	-	(548)	(731)	(758)	(787)
Refunds of entrance fees	(581)	(426)	(387)	(380)	(378)
Net cash provided by (used by) financing activities	2,689	905	(2,863)	(2,938)	(3,025)
Change in cash, investments and restricted cash	712	415	(1,140)	(2)	(386)
Cash, investments and restricted cash, beginning of year	13,867	14,579	14,994	13,854	13,852
Cash, investments and restricted cash, end of year	$ 14,579	$ 14,994	$ 13,854	$ 13,852	$ 13,466
Reconciliation of cash, investments and restricted cash:					
Cash and investments	12,728	13,143	12,003	12,001	11,615
Debt Service Reserve Fund - Series 2017B Bonds	1,851	1,851	1,851	1,851	1,851
Cash, investments, and restricted cash	14,579	14,994	13,854	13,852	13,466

See accompanying Summary of Significant Forecast Assumptions and Rationale and Independent Accountants' Compilation Report

CAROLINA VILLAGE, INC.

Forecasted Balance Sheets
At March 31,
(In Thousands)

	2023	2024	2025	2026	2027
Assets					
Current assets:					
Cash and investments	12,728	13,143	12,003	12,001	11,615
Assets limited as to use-current portion	777	802	801	757	757
Accounts receivable, residents, net	1,104	1,172	1,217	1,253	1,288
Accounts receivable-other	181	192	199	205	211
Accounts receivable-entrance fees	498	498	498	498	498
Employee Retention Credit receivable	1,750	-	-	-	-
Supplies, inventories, and prepaid expenses	282	294	303	312	322
Total current assets	17,320	16,101	15,021	15,026	14,691
Assets limited as to use:					
Designated for Statutory Operating Reserve Fund	6,545	6,971	7,237	7,431	7,643
Debt Service Reserve Fund	1,851	1,851	1,851	1,851	1,851
Endowment funds	362	362	362	362	362
Charitable remainder trusts	286	286	286	286	286
Deferred compensation in marketable securities	1,766	1,766	1,766	1,766	1,766
Other donor-restricted assets	1,178	1,178	1,178	1,178	1,178
Total assets limited as to use	11,988	12,414	12,680	12,874	13,086
Property and equipment	161,475	167,947	170,799	173,737	176,763
Less: accumulated depreciation	(62,029)	(66,393)	(70,928)	(75,541)	(80,229)
Property and equipment, net	99,446	101,554	99,871	98,196	96,534
Total assets	$ 128,754	$ 130,069	$ 127,572	$ 126,096	$ 124,311

See accompanying Summary of Significant Forecast Assumptions and Rationale and Independent Accountants' Compilation Report

CAROLINA VILLAGE, INC.

Forecasted Balance Sheets (continued)
At March 31,
(In Thousands)

	2023	2024	2025	2026	2027
Liabilities and net assets					
Current liabilities:					
Accounts payable	$ 657	$ 684	$ 705	$ 726	$ 748
Accrued interest-Series 2017A Bonds	84	80	64	60	56
Accrued interest-Series 2017B Bonds	452	452	452	452	452
Accrued interest-Construction Loans	20	29	26	24	22
Accrued payroll and benefits	1,539	1,602	1,652	1,701	1,752
Deposits on contracts	431	431	431	431	431
Current maturities of charitable remainder trust annuities payable	13	13	13	13	13
Refundable entrance fees	426	387	380	378	378
Current maturities of Series 2017A Bonds	1,690	1,745	1,800	1,860	1,920
Current maturities of Construction Loans	548	731	758	787	816
Total current liabilities	5,860	6,154	6,281	6,432	6,588
Long-term liabilities:					
Long-term debt-Series 2017A Bonds	30,135	28,390	26,590	24,730	22,810
Long-term debt-Series 2017B Bonds	18,945	18,945	18,945	18,945	18,945
Original issue discount, net	(109)	(102)	(95)	(88)	(81)
Original issue premium, net	429	396	363	330	297
Construction Loans	5,883	8,721	7,963	7,176	6,360
Deferred financing costs, net	(1,118)	(1,018)	(919)	(819)	(719)
Total long-term debt	54,165	55,332	52,847	50,274	47,612
Deferred compensation	1,766	1,766	1,766	1,766	1,766
Charitable remainder trust annuities payable	46	46	46	46	46
Deferred revenue from entrance fees	62,087	61,433	60,559	60,140	58,974
Total long-term liabilities	118,064	118,577	115,218	112,226	108,398
Total liabilities	123,924	124,731	121,499	118,658	114,986
Net assets:					
Without donor restriction	3,004	3,512	4,247	5,612	7,499
With donor restriction	1,826	1,826	1,826	1,826	1,826
Total net assets	4,830	5,338	6,073	7,438	9,325
Total liabilities and net assets	$ 128,754	$ 130,069	$ 127,572	$ 126,096	$ 124,311

See accompanying Summary of Significant Forecast Assumptions and Rationale and Independent Accountants' Compilation Report

Basis of Presentation

The accompanying financial forecast presents, to the best of the knowledge and belief of management of Carolina Village, Inc. (the "Corporation") ("Management') the expected financial position, results of operations and changes in net assets, and cash flows of the Corporation as of and for each of the five years ending March 31, 2027. Accordingly, the accompanying forecast reflects Management's judgment as of August 26, 2022, the date of this forecast, of the expected conditions and its expected course of action during the forecast period. However, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Management's purpose in releasing this financial forecast is for inclusion in the Corporation's annual Disclosure Statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements. The Corporation recognizes that there will usually be differences between prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The prospective financial statements included in the forecast have been prepared in accordance with the accounting principles generally accepted in the United States of America. Significant accounting policies are described in the appropriate assumptions and notes to the prospective financial statements. The assumptions described are not all-inclusive.

Description of the Community

The Corporation is a North Carolina non-profit corporation formed in 1972 for the purpose of owning and operating a continuing care retirement community ("CCRC") known as Carolina Village (the "Community") in Hendersonville, North Carolina. The Community opened in 1974 and is licensed as a CCRC by the North Carolina Department of Insurance.

The Community is located on an approximately 96-acre campus and consists of 385 independent living apartment and cottage units (the "Independent Living Units"), a 60-unit assisted living facility (the "Assisted Living Units"), and 58 Medicare certified skilled nursing beds (the "Skilled Nursing Beds"), along with supportive common areas. The unit configuration, monthly fees ("Monthly Service Fees") and entrance fees ("Entrance Fees") for the Independent Living Units are summarized in the following table.

Table 1
Independent Living Units Configuration

Type of Unit	Units	Square Footage	Entrance Fees (1)(2)	Monthly Service Fees (1)
Studios				
Smoky Mountain – Studio (3)	1	300	$ -	$1,709
Smoky Mountain – Efficiency (3)	13	440	-	1,912
Total/weighted averages	14	430	$ -	$1,898
One Bedroom Apartments				
Pisgah – One Bedroom Standard	40	600	$ 175,100	$2,228
Pisgah – One Bedroom Deluxe	23	740	195,600	2,442
Summit – One Bedroom	12	814	224,200	2,992
Summit – One Bedroom with Den	12	1,050	288,200	3,710
Smoky Mountain – One Bedroom with Den	24	1,134	312,600	3,544
Total/weighted averages	111	816	$ 226,613	$2,800
Two Bedroom Apartments				
Blue Ridge – Two Bedroom Standard	30	740	$195,600	$2,442
Blue Ridge – Two Bedroom Expanded	19	900	212,000	2,751
Blue Ridge – Two Bedroom Custom	23	1,040	246,100	2,975
Blue Ridge – Two Bedroom Deluxe	2	1,200	278,300	3,194
Pinnacle – Two Bedroom	27	1,160	291,200	3,895
Pinnacle – Two Bedroom with Den	3	1,372	352,200	4,390
Pinnacle – Two Bedroom Corner	3	1,366	346,500	4,412
Pinnacle – Two Bedroom Corner with Den	6	1,541	393,900	4,615
Smoky Mountain – Two Bedroom	8	1,335	365,800	4,113
Smoky Mountain – Two Bedroom with Den	4	1,609	439,700	4,958
Total/weighted averages	125	1,052	$ 264,960	$3,299
Cottages				
Woods	27	945-1,260	$240,300-314,900	$2,816-3,268
Garden	27	1,482-1,742	371,500-434,700	3,713-4,103
Meadows	27	1,322-1,604	330,600-400,400	3,474-4,028
Clear Creek	54	1,180-1,570	321,000-427,000	3,487-4,488
Total/weighted averages	135	1,373	$355,909	$3,706
Total ILUs /weighted averages	**385**	**1,074**	**$276,160**	**$3,247**
Second person fees			$63,000	$1,344

Source: Management

(1) Fees effective January 1, 2022 through the calendar year ending December 31, 2022.

(2) The Corporation offers a zero percent refundable Entrance Fee plan. The Entrance Fee plan amortizes ten percent upon move-in, plus one percent per month for 90 months, after which time the Entrance Fee is fully amortized.

(3) The studio and efficiencies are no longer being marketed and are to be combined into two-bedroom units as current residents move out.

See Independent Accountants' Compilation Report

The unit configuration and daily fees ("Daily Service Fees") for the Assisted Living Units (the "Care Center") and the Skilled Nursing Beds (the "Medical Center") (collectively, the "Healthcare Center") are summarized in the following table.

Table 2
Healthcare Center Configuration

Unit Type	Number of Units	Square Footage	Daily Service Fees [1]
Assisted Living Units	60	320	$ 163
Skilled Nursing Beds	58	255	279
Total / weighted averages	**118**	**288**	**$ 220**

Source: Management
(1) Daily Service Fees are effective January 1, 2022 through the calendar year ending December 31, 2022.

The Project

An expansion and renovation to the Community's dining venues, certain common areas, and office space began in November 2021 (the "Project"). Total Project costs are assumed to approximate $10,000,000 based on a construction contract with the Corporation's construction contractor, Frank L. Blum Construction Company. The Project is anticipated to be completed in November 2023.

Description of the Occupancy Agreement

Reservation Process

Prospective residents of the Community complete the following process to reserve an Independent Living Unit.

Prospective residents pay $1,000 to be added to the waitlist. In order to reserve an Independent Living Unit, a prospective resident must execute an occupancy agreement (the "Occupancy Agreement"), provide recent medical history, provide a self-disclosure of his or her finances, and place a deposit equal to $10,000 (the "Deposit") on the selected Independent Living Unit. The balance of the Entrance Fee is due on or before the occupancy date (the "Occupancy Date") of the Independent Living Unit.

Under the terms of the Occupancy Agreement, the Corporation generally accepts as a resident ("Resident") persons at least 62 years of age at the time of occupancy (only one member of a couple must meet this requirement) who are able to care for themselves with limited or no assistance and are able to demonstrate the necessary financial resources to meet the Corporation's minimum fee requirements. As defined in the Occupancy Agreement, a Resident is required to pay an initial Entrance Fee and also ongoing Monthly Service Fees. Payment of these amounts entitles the Resident to occupy and use the residence, common areas, amenities, programs, and services of the Corporation during the term of the Occupancy Agreement.

The Community offers the following services, which are included in the Monthly Service Fee:

- Access to assisted living and skilled nursing services without an increase in the Monthly Service Fee (except meals, drugs, supplies, and therapy services ordered by resident's personal physician);
- Flexible declining-balance meal plan;
- All utilities, except for phone service;
- 24-hour maintenance and security teams;
- Semi-monthly housekeeping service;
- Weekly flat laundry service;
- Free parking for residents and their guests;
- Emergency call system;
- Chaplain services;
- On-site wellness coordinator and multiple fitness areas;
- Planned activities--social, cultural, recreational, intellectual, vocational, and spiritual; and
- Shuttle bus with regular schedule.

In addition to the items included in the Monthly Service Fee, certain services are available to Residents for an additional charge. These services include, but are not limited to:

- Barber and beauty services;
- Personal care and assistance services;
- Personal laundry or dry cleaning;
- Private transportation;
- Guest meals and personalized catering events;
- Additional meals while utilizing the Healthcare Center;
- On-site pharmacy services;
- On-site specialty services including psychological service; and
- Other additional maintenance and housekeeping services performed beyond the normal scope of services offered by the Corporation.

Entrance Fee Plan

The Corporation offers one Entrance Fee plan for occupancy of an Independent Living Unit. The Resident agrees to pay an Entrance Fee as a condition of becoming a Resident under a zero percent refundable Entrance Fee plan. The plan amortizes ten percent (10%) at move in, plus one percent (1%) per month for a period of 90 months, after which time the Entrance Fee is no longer refundable. In the event the Resident moves out in less than 90 months, the unamortized portion of the Entrance Fee is refunded.

Health Care Benefit

If a Resident is unable to live independently within the range of the services provided in the Independent Living Units, as determined by the staff in appropriate consultation with the medical director of the Community and in conjunction with the Resident’s physician and family, the Resident shall be transferred to the Healthcare Center, on either a temporary or permanent basis.

Under the Occupancy Agreement, the Corporation shall provide services above those covered by Medicare or other third-party insurance to the Resident in the Healthcare Center at the Resident’s current Monthly Service Fee. The Resident shall pay for additional meals not covered in the Monthly Service Fee at the then current rate for additional meals and any extra charges for additional services as described in the Occupancy Agreement.

Terminations and Refunds

The Resident may terminate the Occupancy Agreement within thirty (30) days of execution of the Occupancy Agreement or the receipt of a Disclosure Statement that meets the requirements of N.C.G.S. § 58-64-20 (the "30-Day Rescission Period"). The Resident shall not be required to move into an Independent Living Unit before the expiration of this 30-Day Rescission Period. In the event of rescission, the Resident shall receive a refund of all monies transferred less (i) periodic charges specified in the Occupancy Agreement and applicable only to the period an Independent Living Unit was actually occupied by the Resident; and (ii) any non-standard costs specifically incurred by the Corporation at the Resident's request and described in the Occupancy Agreement, or any amendment signed by the Resident.

The Resident may also voluntarily terminate the Occupancy Agreement after the 30-Day Rescission Period, and prior to the date of occupancy, provided that the Resident gives written notice of such termination. Any such refund paid shall equal the deposit plus accrued interest, less any non-standard costs specifically incurred by the Resident's request. Any such refunds as described above would be paid by the Corporation within thirty (30) business days following the receipt of written notification of such termination.

Following expiration of the 30-Day Rescission Period and after the Resident's occupancy of the Independent Living Unit, the Occupancy Agreement may be terminated at any time by the Resident by providing at least one hundred twenty (120) days' written notice. The amount of refund due would be the Entrance Fee paid, less 10 percent (10%) of the Entrance Fee, less one percent (1%) per month of occupancy, less the cost of special features requested by the Resident and any medical charges incurred for the Resident's care and any other periodic charges, including those incurred during the 120-day notice period. If a Resident, on account of illness, injury, incapacity, or other good reason acceptable to the Board would be precluded from occupying and Independent Living Unit, the amount retained by the Corporation would be the cost of any non-standard improvements requested by the Resident. After occupancy there is no refund at death.

Services Provided for Care Center Units

Care Center residents receive three meals per day, activity programs and housekeeping in private accommodations. Services designed to assist with the activities of daily living are delivered in accordance with applicable North Carolina statutes. Services include dressing, eating, bathing, toileting, and ambulating.

The resident is required to pay any additional charges for services and meals that are not covered in the applicable Monthly Service Fee.

Services Provided for Medical Center Units

Medical Center residents receive comprehensive 24-hour nursing services in private accommodations, special activity programs, social service programs, housekeeping and three meals per day.

The resident is required to pay any additional charges for services and meals that are not covered in the applicable Monthly Service Fee.

Summary of Significant Accounting Policies

(a) Basis of Accounting - The Corporation maintains its accounting and financial records according to the accrual basis of accounting.

(b) Use of Estimates - The preparation of prospective financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the prospective financial statements and accompanying notes. Actual results could differ from those estimates.

(c) Cash and Investments - Cash and investments includes cash on hand, amounts on deposit in banks and highly liquid debt instruments with a maturity of 90 days or less when purchased, excluding amounts whose use is limited. Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of cash, accounts receivable and investments. The Corporation maintains its cash in bank accounts which, at times, may exceed federally depository insurance ("FDIC") limits. Management believes the credit risk associated with these deposits is minimal.

(d) Restricted Cash - Restricted cash includes the Debt Service Reserve Fund held by the trustee under the bond indenture.

(e) Assets Limited as to Use - Assets limited as to use represent funds required by the Corporation's bond documents or other regulatory requirements to be held by a trustee (the "Trustee") and include a statutory operating fund, various bond interest accounts, and a debt service reserve account. Management assumes no material changes in fair values that would result in material net realized or unrealized gains or losses during the forecast period. North Carolina General Statute Section 58-64-33 requires CCRCs to maintain an operating reserve equal to 50 percent of the total budgeted operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if occupancy of the Independent Living Units and Assisted Living Units exceeds 90 percent.

(f) Accounts Receivable - The Corporation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they shall be charged to operations when that determination is made. Generally, no finance charges are assessed on trade receivables.

(g) Accounts Receivable Entrance Fees - Entrance Fees receivable consist of promissory notes signed by Residents where a portion of the Entrance Fee was paid upon signing the Occupancy Agreement and the remaining balance is due within 12 months. These notes are interest free for the first 12 months and after that are charged 8 percent interest annually.

(h) Supplies and Inventories - Supplies and inventories are valued at cost determined by the first-in, first-out method.

(i) Property and Equipment - Property and equipment are stated at cost less accumulated depreciation. Donated property is recorded at its estimated fair value at the time of receipt. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	5 to 40 years
Buildings	20 to 40 years
Furniture and equipment	5 to 10 years

(j) Deferred Financing Costs - Costs associated with the issuance of debt is capitalized and amortized over the expected life of the debt instrument using the effective interest method. The debt issuance costs are netted against the related debt on the forecasted balance sheet and the amortization is included in interest expense on the forecasted statement of operations.

(k) Deferred Compensation - The Corporation has a deferred compensation agreement with certain key employees. The agreement is to make contributions to their account at the discretion of the Corporation's board of directors (the "Board") with an intention to provide annual funding equal to at least 10 percent of the employee's annual compensation. The employee shall be entitled to the funds upon the attainment of a minimum age of 62 and retirement, death, or disability.

(l) Deferred Revenue from Entrance Fees - Entrance Fees paid by a Resident upon entering into an Occupancy Agreement are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the Resident, adjusted on an annual basis. The estimated amount of the contractual refund obligations that are expected to be refunded in a subsequent year are classified as a current liability on the forecasted balance sheet. In the event of death of the Resident after occupying the Independent Living Unit, no refund is due to the Resident and the unamortized refundable portion is amortized into income as entrance fee forfeitures.

(m) Deposits on Contracts - Potential Residents pay a $1,000 fee to be added to the waitlist. Once an Independent Living Unit becomes available, potential Residents sign an Occupancy Agreement and pay a $10,000 Deposit on the Independent Living Unit selected. The balance of the Entrance Fee is due on or before the Occupancy Date of the Independent Living Unit.

(n) Net Assets - The Corporation reports its net assets using the following two classes: net assets without donor restrictions and net assets with donor restrictions depending on the presence and type of donor-imposed restrictions limiting the Corporation's ability to use or dispose of specific contributed assets or the economic benefits embodied in those assets. Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Net assets with donor restrictions are those net assets whose use by the Corporation has been limited by donors (a) to later periods of time or after specified dates, or (b) to specified purposes.

(o) Contributions and Donor-Imposed Restrictions - All contributions are considered available for unrestricted use unless specifically restricted by the donor. The Corporation reports gifts of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restriction and reported in the statements of operations as net assets released from restrictions.

(p) Income Taxes - The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. For purposes of the forecast, the Corporation has assumed no material unrecognized tax benefits or obligations during the forecast period.

(q) Obligation to Provide Future Services to Residents - The Corporation enters into continuing care contracts with various Residents. A continuing care contract is an agreement between a Resident and the Corporation specifying the services and facilities to be provided to a Resident over his or her remaining life for a monthly fee. Under the Occupancy Agreements, the Corporation has the ability to increase fees as deemed necessary. The Corporation calculates annually the present value of the net cost of future services and the 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 the use of the 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. No liability was recorded at March 31, 2022, because the present value of the estimated net costs of future services and use of facilities is less than deferred revenue from entrance fees. For purposes of the forecast, Management has assumed no future service obligation liability.

Summary of Revenue and Entrance Fee Assumptions

Independent Living Revenue

Service fee revenue for Residents living in the Independent Living Units is based upon the assumed occupancy and the Monthly Service Fee of the respective units. The Independent Living Unit Monthly Service Fees are assumed to increase 3.0 percent beginning January 1, 2023 and annually thereafter.

Management assumes the Independent Living Units shall average approximately 93 percent occupancy in fiscal year 2023, 94 percent occupancy in fiscal year 2024, and 95 percent in fiscal year 2025 and throughout the remainder of the forecast period. The following table summarizes the assumed utilization of the Independent Living Units during the forecast period:

Table 3
Utilization of Independent Living Units

Years Ending March 31,	Average Number of Units Occupied	Average Number of Units Available (1)	Average Occupancy
Historical			
2020	354.8	368.4	96.3%
2021	378.1	397.3	95.2%
2022	363.8	386.9	94.0%
2023 (2)	355.8	383.8	92.7%
Forecasted			
2023	357.0	385.0	92.7%
2024	362.1	385.8	93.9%
2025	367.8	387.1	95.0%
2026	368.9	388.3	95.0%
2027	369.6	389.0	95.0%

Source: Management

(1) Management plans to continue to combine Independent Living Units including approximately 20 units that are currently offline. Management estimates the Independent Living Units available shall increase to 389 by fiscal year 2027, due to unit reconfiguration and combining.

(2) Average occupancy through July 31, 2022.

The double occupancy percentage for the Independent Living Units is assumed to approximate 33 percent throughout the forecast period as provided by Management and Management's actuary.

Care Center Revenue

Service fee revenue for Residents living in the Assisted Living Units is based upon the assumed occupancy and the Monthly Service Fee of the respective units. The Assisted Living Unit Daily Service Fees are assumed to increase 3.0 percent beginning January 1, 2023 and annually thereafter.

Management assumes the Assisted Living Units shall average 82 percent occupancy in fiscal year 2023, and 85 percent in fiscal year 2024 and throughout the remainder of the forecast period. The assumed occupancy levels for the Assisted Living Units are presented in the following table:

Table 4
Utilization of the Assisted Living Units

Years Ended March 31,	Average Units Occupied – Permanent	Average Units Occupied – Temporary	Average Units Occupied – Private Pay	Average Units Occupied - Total	Total Units Available	Average Occupancy
Historical:						
2020	34.8	6.0	8.3	49.1	60.0	81.8%
2021	33.0	7.3	6.5	46.8	60.0	78.0%
2022	39.8	7.3	2.6	49.7	60.0	82.8%
2023 (1)	49.9	3.6	1.0	54.5	60.0	90.8%
Forecasted:						
2023	38.5	7.7	3.1	49.3	60.0	82.2%
2024	40.4	7.5	3.1	51.0	60.0	85.0%
2025	39.9	7.7	3.4	51.0	60.0	85.0%
2026	38.4	7.9	4.7	51.0	60.0	85.0%
2027	37.9	8.0	5.0	51.0	60.0	85.0%

Source: Management
(1) Average occupancy through July 31, 2022.

Medical Center Revenue

Service fee revenue for Residents living in Skilled Nursing is based upon the assumed occupancy and the service fees of the respective beds. The Skilled Nursing Beds fees are assumed to increase 3.0 percent and 2.0 for private pay and Medicare, respectively beginning January 1, 2023 and annually thereafter.

Management has assumed the Skilled Nursing Beds shall average 79 percent occupancy in fiscal year 2023, and 85 percent in fiscal year 2024 and throughout the remainder of the forecast period. The assumed occupancy levels for the Skilled Nursing Beds are presented in the following table:

Table 5
Average Utilization of the Skilled Nursing Beds

Years Ended March 31,	Permanent Lifecare Transfers	Temporary Lifecare Transfers	Private Pay	Medicare	Total	Total Beds Available	Average Occupancy
Historical:							
2020	16.9	13.9	3.9	12.8	47.5	58.0	81.9%
2021	20.2	12.7	3.9	4.5	41.3	58.0	71.3%
2022	22.0	11.3	1.6	8.0	42.9	58.0	74.1%
2023 (1)	22.3	12.9	0.8	12.0	48.0	58.0	82.8%
Forecasted:							
2023	22.0	11.0	1.5	11.4	46.1	58.0	79.5%
2024	23.5	11.0	3.4	11.4	49.3	58.0	85.0%
2025	23.6	11.0	3.3	11.4	49.3	58.0	85.0%
2026	23.6	11.0	3.3	11.4	49.3	58.0	85.0%
2027	23.6	11.0	3.3	11.4	49.3	58.0	85.0%

Source: Management
(1) Average occupancy through July 31, 2022.

Investment Income

Interest earnings are assumed to approximate 1.5 percent annually throughout the forecast period on the Corporation's cash and investments, assets limited as to use-current portion, Designated for Statutory Operating Reserve Fund, Debt Service Reserve Fund, endowment funds, charitable remainder trusts, deferred compensation in marketable securities, and other donor-restricted assets.

Other Revenue

Management assumes meal revenue and other miscellaneous revenue to increase approximately 3.0 percent annually throughout the forecast period.

Entrance Fees

The assumed number of Independent Living Units becoming available due to Resident turnover, the double occupancy rate, the number of annual Resident Entrance Fee funds, and the movement of Residents into the Assisted Living Units or Skilled Nursing Beds due to death, withdrawal or transfer are provided by the Management and the actuary.

Independent Living Units Entrance Fees from attrition are assumed to increase 3.0 percent annually throughout the forecast period. The following table presents the assumed attrition Entrance Fees received and Entrance Fees refunded.

Table 6
Entrance Fees Receipts and Entrance Fees Refunds
(In Thousands)

	2023	2024	2025	2026	2027
Number of Entrance Fees Received	26.0	25.0	23.0	26.0	24.0
Entrance Fees Received	$ 8,112	$ 8,069	$ 8,143	$ 9,210	$ 9,081
Entrance Fees Refunded	(581)	(426)	(387)	(380)	(378)
Entrance Fees Received, Net of Refunds	**$ 7,531**	**$ 7,643**	**$ 7,756**	**$ 8,830**	**$ 8,703**

Source: Management

Employee Retention Credit

In response to the economic impact of the COVID-19 pandemic, Congress introduced the Employee Retention Credit (“ERC”). The ERC is a refundable payroll tax credit available to taxpayers who experienced either a full or partial suspension of business operations due to government orders or had a significant drop in gross receipts during 2020 and 2021. In calendar year 2021, the credit is available for 70 percent of qualified wages with a maximum potential credit per qualified employee of $21,000.

The Corporation qualified for the ERC based on a partial shutdown and has elected to account for the ERC as a government grant by analogy to ASC 958-605. Under ASC 958-605, the ERC may be recognized once the conditions attached to the grant have been substantially met. In fiscal year 2022, the Corporation recognized approximately $3,255,000 associated with the ERC as grant income and recorded a corresponding ERC receivable. The ERC receivable is assumed to be received in fiscal year 2023. An ERC of approximately $1,750,000 is forecasted to be recorded as revenue during fiscal year 2023 and received during fiscal year 2024.

Summary of Operating Expense Assumptions

Management assumes departmental, residential, assisted living, and long-term care expenses to increase approximately 3.0 percent annually throughout the forecast period. The table below illustrates the assumed staffing during the forecast period.

Table 7
Schedule of Assumed Staffing Levels (FTEs)

Department	2023	2027
General and administrative	17.3	17.3
Independent living services	17.4	17.4
Operation of plant	25.5	25.5
Housekeeping	17.4	17.4
Medical center	65.9	65.9
Care center	33.1	33.1
Dietary	74.3	78.8
Total FTE's	**250.9**	**255.4**

Source: Management

Other non-salary operating expenses are assumed to include ongoing marketing costs, utilities, supplies, property taxes, maintenance, security, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 3.0 percent annually throughout the forecast period.

Assets Limited as to Use

Assets limited as to use represents funds required by the Corporation's bond documents to be held by a Trustee, statutory required funds, and Board designated funds. Amounts required to meet current liabilities of the Corporation have been classified as current assets in the balance sheet.

(1) Designated for Statutory Operating Reserve Fund, required by the North Carolina General Statute Section 58-64-33 maintain an operating reserve equal to 50 percent of the total budgeted operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if the Community's occupancy exceeds 90 percent. The Statutory Operating Reserve Fund requirement as of March 31, 2022 was $5,894,000.

(2) The Debt Service Reserve Fund for the Series 2017B Bonds (defined hereafter) was funded at the closing of the Series 2017B Bonds.

(3) Endowment funds include investments that carry a donor-imposed restriction that permits the Corporation to use or expend the donated investments as specified and is satisfied by the passage of time or the actions of the Corporation.

(4) Charitable remainder trusts are those which the Corporation acts as trustee under several charitable remainder annuity trusts. These trusts are given to the Corporation with the condition that a specified payment is made to the contributor over his or her life or until the trust agreement expires. A liability is established based on the present value of the payments to be made. The anticipated remainder interest is recorded as a contribution.

(5) Deferred compensation in marketable securities includes contributions under a deferred compensation agreement between the Corporation and key employees. The Corporation is to make contributions at the discretion of the Board with an intention to provide annual funding equal to at least 10 percent of the employees' annual compensation.

(6) Other donor-restricted assets include other funds and accounts that have been received by donors. These funds and accounts are donor-restricted as specified by the donor and is satisfied by the passage of time or the actions of the Corporation.

Property and Equipment and Depreciation Expense

The Corporation is to incur routine capital additions during the forecast period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 30 and 15 years, respectively. The Corporation's property and equipment costs, net of accumulated depreciation, during the forecast period are summarized in the table below.

Table 8
Schedule of Property and Equipment
(In Thousands)

Years Ended March 31,	2023	2024	2025	2026	2027
Property and equipment, gross					
Beginning balance	$ 153,735	$ 161,475	$ 167,947	$ 170,799	$ 173,737
Project costs (1)	4,910	3,569	–	–	–
Capitalized interest	142	134	–	–	–
Routine capital additions	2,688	2,769	2,852	2,938	3,026
Property and equipment, gross	161,475	167,947	170,799	173,737	176,763
Accumulated depreciation	(62,029)	(66,393)	(70,928)	(75,541)	(80,229)
Property and equipment, net	$ 99,446	$ 101,554	$ 99,871	$ 98,196	$ 96,534

Source: Management
(1) Construction of the Project began in November 2021 and is assumed to be completed by November 2023.

Long-Term Debt and Interest Expense

Series 2017A Bonds

As of March 31, 2022, $33,465,000 of long-term debt was related to a direct purchase bank loan (the "Series 2017A Bonds'). The Series 2017A Bonds were issued in December 2017 at a par amount of approximately $39,885,000 with an average interest rate of 3.057 percent per annum. Interest on the Series 2017A Bonds is to be paid monthly. Principal on the Series 2017A Bonds is to be paid monthly, with a final maturity on April 1, 2038.

Series 2017B Bonds

As of March 31, 2022 $18,945,000 of long-term debt was related to North Carolina Medical Care Commission First Mortgage Refunding and Revenue Bonds, Series 2017 (the "Series 2017B Bonds"). The Series 2017B Bonds include serial bonds issued at both a discount and a premium, with interest rates ranging from 4.25 to 5.00 percent per annum. Interest on the Series 2017B Bonds is to be paid semi-annually on April 1 and October 1 of each year. Principal on the Series 2017B Bonds is to be paid annually commencing on April 1, 2037, with a final maturity on April 1, 2047.

Construction Loans

In June 2021, the Corporation entered into two draw-down construction loans (the "Construction Loans") with First Citizens Bank & Trust Company, which equates to a total borrowing of $10,00,000, with interest rates ranging from 3.50 to 3.80 percent per annum. Interest on the Construction Loans is to be paid monthly beginning July 2021. Principal on the Construction Loans is to be paid monthly beginning July 2023.

The following table presents the forecasted debt service for the Series 2017A Bonds, the Series 2017B Bonds, and the Construction Loans.

Table 9
Annual Debt Service
(In Thousands)

	Series 2017A Bonds		Series 2017B Bonds		Construction Loans		
Years Ending March 31,	Principal Payment	Interest Payment	Principal Payment	Interest Payment	Principal Payment	Interest Payment	Total Debt Service
2023	$ 1,640	$ 1,031	$ -	$ 893	$ -	$ 127	$ 3,691
2024	1,690	979	-	893	548	313	4,423
2025	1,745	859	-	893	731	331	4,559
2026	1,800	724	-	893	758	304	4,479
2027	1,860	676	-	893	787	276	4,492
Thereafter	24,730	3,804	18,945	14,634	7,176	1,108	70,397
Total	**$ 33,465**	**$ 8,073**	**$ 18,945**	**$ 19,099**	**$ 10,000**	**$ 2,459**	**$ 92,041**

Source: Management

See Independent Accountants' Compilation Report

Current Assets and Current Liabilities

Operating revenue, as used below, includes long-term care revenue, residential revenue, assisted living revenue and residential food service revenue. Operating expenses exclude amortization, depreciation, and interest expense. Management has assumed working capital components based on the Corporation's historical trends and are outlined in the following table:

Table 10
Working Capital – Days on Hand

Accounts receivable, residents, net	18 days of operating revenues
Accounts receivables-other	3 days of operating revenues
Supplies, inventories, and prepaid expenses	4 days of operating expenses
Accounts payable	10 days of operating expenses
Accrued payroll and benefits	22 days of operating expenses

Source: Management

COVID-19 Pandemic

Management continues to evaluate the impact of the COVID-19 pandemic on the health care industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, and the results of its operations, the specific impact is not readily determinable as of the date of this forecast. Management's forecast does not include any adjustments that might result from the outcome of this uncertainty.

CAROLINA VILLAGE, INC.

Report on material variances between prior year's forecast and actual audited results
For the year ended March 31, 2022

The threshold of $931,000 is calculated as .75% of total assets.

	Statements of Operations	FORECASTED	AUDITED	Variance greater than $931,000 and 5%	
	Revenues:				
	Resident Service Fees	$ 13,317,000	$ 13,011,971		
	Entrance Fee amortization and forfeitures	7,500,000	8,004,506		
	Medical Center	2,410,000	3,186,551		
	Care Center	1,425,000	1,553,268		
	Dietary	3,929,000	3,513,442		
	Investment Income	402,000	293,858		
	Miscellaneous Income	195,000	869,770		
1)	Grants-CARES Act	1,777,000	3,398,881	1,621,881	91.3%
	Total Revenues	30,955,000	33,832,247		
	Expenses:				
	General and Administration	4,171,000	4,635,798		
	Operation of Plant	4,048,000	4,636,235		
	Housekeeping	893,000	929,861		
	Medical Center	5,915,000	6,059,135		
	Care Center	2,293,000	2,189,232		
	Dietary	5,188,000	5,046,013		
	Annuity Expenditures	14,000	14,802		
	Depreciation	4,080,000	3,855,297		
	Amortization	67,000	-		
	Interest Expense	2,050,000	2,044,422		
	Total Expenses	28,719,000	29,410,795		
	Change in Net Assets	2,236,000	4,421,452		
	Net Deficits - Beginning Of Year	(1,283,000)	(1,283,349)		
	Net Assets - End Of Year	$ 953,000	$ 3,138,103		

CAROLINA VILLAGE, INC.

Report on material variances between prior year's forecast and actual audited results
For the year ended March 31, 2022

	Cash Flow Statements		**FORECASTED**	**AUDITED**	**Variance greater than $931,000 and 5%**	
	Cash flows from operating activities					
	Change in Net Assets		$ 2,236,000	$ 4,421,452		
	Adjustment to reconcile change in net assets to net cash provided by operating activities:					
	Depreciation		4,080,000	3,855,297		
	Amortization of Deferred Marketing & Financing Costs		67,000	65,099		
2)	Entrance Fee amortization and forfeitures		(7,500,000)	(8,466,484)	(966,484)	12.9%
	Entrance Fees received - net of refunds		8,101,000	8,354,650		
	Realized gains on investments	*	-	(664,201)		
	Unrealized gains on investments		-	353,495		
3)	Change in current & other assets and liabilities		(721,000)	(3,316,960)	(2,595,960)	360.0%
	Net Cash provided by operating activities		6,263,000	4,602,348		
	Cash flows used by Investing activities:					
	Change in assets limited to use		(822,000)	(168,116)		
4)	Project Costs		(3,294,000)		3,294,000	-100.0%
	Capitalized Interest		(49,000)			
4)	Purchases of property and equipment		(2,266,000)	(5,283,020)	(3,017,020)	133.1%
	Net cash (used) by investing activities		(6,431,000)	(5,451,136)		
	Cash flows provided (used) by financing activities:					
	Annuity Payments and Restricted Contributions		-	84,634		
5)	Proceeds from Construction Loans		3,413,000	1,520,727	(1,892,273)	-55.4%
	Cost of debt issuance		(119,000)	(132,152)		
	Refunds of Entrance Fees		(630,000)	(550,726)		
	Principal payments on long-term debt		(1,590,000)	(1,590,000)		
	Net Cash Flows (used) by Financing Activities		1,074,000	(667,517)		
	Change in cash and cash equivalents		906,000	(1,516,305)		
	Cash and cash equivalents, beginning of year		15,241,000	11,946,341		
	Cash and cash equivalents end of year		$ 16,147,000	$ 10,430,036		

CAROLINA VILLAGE, INC.

Report on material variances between prior year's forecast and actual audited results
For the year ended March 31, 2022

	Balance Sheets	**FORECASTED**	**AUDITED**	**Variance greater than $931,000 and 5%**	
	Assets				
	Current Assets:				
6)	Cash and Investments	$ 15,020,000	$ 12,017,554	(3,002,446)	-20.0%
	Accounts receivable	1,928,000	1,351,872		
6)	Employee Retention Credit receivable		3,254,747	3,254,747	100.0%
	Inventories And Prepaid Expenses	228,000	398,880		
	Total Current Assets	17,176,000	17,023,053		
	Non-Current Assets:				
	Designated for Operating Reserve	5,894,000	5,894,000		
	Funds held by a trustee under Bond Indenture	1,850,000	1,850,696		
	Total Assets Limited to Use	7,744,000	7,744,696		
	Property and Equipment:				
	Total Property and Equipment, net	95,711,000	95,809,512		
	Assets limited as to use:				
	Long-Term Restricted Investments	3,355,000	3,592,175		
	Total Other Assets	3,355,000	3,592,175		
	Total Assets	$ 123,986,000	$ 124,169,436		
	Liabilities and Net Assets				
	Current Liabilities:				
	Accounts Payable	$ 3,009,000	$ 2,927,487		
	Deposits on Contracts	124,000	430,600		
	Current Maturities-Long Term Debt	1,640,000	1,640,000		
	Total Current Liabilities	4,773,000	4,998,087		
	Long term Liabilities:				
	Exclusive Of Current Maturities				
	Long-Term Debt	53,325,000	51,418,414		
	Other Long-term Liabilities	1,637,000	1,812,355		
	Total Long-Term Liabilities	54,962,000	53,230,769		
	Deferred revenue:				
	Deferred revenue from entrance fees	63,298,000	62,802,477		
	Total Liabilities	123,033,000	121,031,333		
	Net Assets (Deficit):				
7)	Without Donor Restrictions	(810,000)	1,312,096	2,122,096	-262.0%
	With Donor Restrictions	1,763,000	1,826,007		
	Total Net Assets	953,000	3,138,103		
	Total Liabilities and Net Assets	$ 123,986,000	$ 124,169,436		

CAROLINA VILLAGE, INC.

Report on material variances between prior year's forecast and actual audited results
For the year ended March 31, 2022

1) Audited grant income is higher than forecasted. This is based on Carolina Village qualifying for the employee retention credit for the first two quarters of 2021. This resulted in the grant income being recorded for these two quarters in fiscal year 2022.

2) Audited entrance fee amortization and forfeitures were higher than forecasted. This type of amortization income is estimated based on the resident's estimated life expectancy. Actual results were slightly higher than forecasted.

3) Audited change in current assets and liabilities is higher than forecasted. This is a result of the employee retention credit receivable recorded in fiscal year 2022.

4) The forecast has separated project costs related to the dining expansion from purchases of plant, property, and equipment. The audit includes both on one line item, the net effect of fixed assets (including project costs) is similar to forecasted amounts.

5) Audited proceeds form construction loans is lower than forecasted. This is because the dining expansion project is ongoing and there was not as many construction loan draw downs as originally expected at fiscal year end 2022.

6) Audited cash and investments is lower than forecasted. The employee retention credit caused a significant increase in current receivables and the forecast projected higher cash flow from construction loans proceeds.

7) Audited net assets without donor restrictions increased more than forecasted. This is the result of a positive statement of operations, specifically the grant income from the employee retention credit.

Appendix B

Interim Financial Statements

For the four months ended

July 31, 2022

CAROLINA VILLAGE, INC.
BALANCE SHEETS
July 31, 2022

ASSETS	July 31 2022	March 31 2022
CURRENT ASSETS:		
Cash and Cash Investments	$ 5,408,955	$ 8,579,340
Investments in Marketable Securities	12,788,854	10,354,738
Accounts Receivable	4,378,482	4,108,919
Entrance Fees Receivable	217,350	497,700
Inventories and Prepaid Expenses	445,660	398,880
Total Current Assets	23,239,301	23,939,577
PROPERTY, PLANT AND EQUIPMENT:		
Land and Improvements	5,628,728	5,541,003
Building and Cottages	138,045,652	137,135,347
Construction in Progress	4,510,477	2,630,690
Equipment	8,523,844	8,427,461
Total Property, Plant & Equipment	156,708,701	153,734,501
Less: Accumulated Depreciation	59,292,989	57,924,989
Total Property, Plant & Equipment --net	97,415,712	95,809,512
OTHER ASSETS:		
Debt Service Reserve Fund	1,853,088	1,850,696
Long - Term Investments	2,189,604	2,283,998
Assets held in Charitable Trusts	248,252	285,653
Total Other Assets	4,290,944	4,420,347
TOTAL ASSETS	$ 124,945,957	$ 124,169,436
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	$ 1,307,426	$ 933,187
Accrued Payroll and Payroll Taxes	3,139,526	3,395,364
Current Maturities of Long Term Debt	1,690,000	1,640,000
Total Current Liabilities	6,136,952	5,968,551
LONG TERM LIABILITIES:		
Long-Term Debt	52,230,668	51,418,414
Annuity and Trust Payables	59,017	59,017
Total Long Term Liabilities	52,289,685	51,477,431
DEFERRED INCOME:		
Deferred Entrance Fee Income	63,320,199	63,154,755
Occupancy Contracts - Deposits	162,000	430,600
Total Deferred Income	63,482,199	63,585,355
Total Liabilities	121,908,836	121,031,337
NET ASSETS:		
Without Donor Restrictions	1,374,333	1,388,282
With Donor Restrictions	1,662,788	1,749,817
Total Net Assets	3,037,121	3,138,099
TOTAL LIABILITIES AND NET ASSETS	$ 124,945,957	$ 124,169,436

CAROLINA VILLAGE, INC.
Statement of Operations and Changes in Net Assets

	April 2022 thru July 2022	12 months ended March 2022
Revenues		
Apartments:		
Service Fees	$ 4,424,400	$ 13,011,971
Entrance Fee Amortization	2,073,674	6,329,246
Entrance Fee Forfeitures	672,421	1,675,260
Other Apartment revenue	49,517	103,561
Medical Center	1,179,162	3,000,684
Care Center	580,116	1,502,071
Dietary - Main Complex	698,889	2,138,510
Dietary - Nursing	584,626	1,595,571
Contributions	110,677	4,034,200
Miscellaneous	58,536	89,469
Total Revenues	10,432,018	33,480,543
Expenses		
General and Administrative	1,446,265	4,619,578
Operation of Plant	1,523,488	4,636,234
Housekeeping	321,807	929,862
Medical Center	2,003,829	6,059,135
Care Center	791,006	2,189,234
Dietary - Main Complex	1,167,309	3,182,495
Dietary - Medical	650,100	1,863,520
Depreciation	1,368,000	3,855,297
Interest Expense	664,699	2,044,418
Total Expenses	9,936,503	29,379,773
Operating Gain (Loss)	495,515	4,100,770
Non-Operating Revenues (Expenses)		
Unrealized/Realized Gain (Loss) on Investments	(641,368)	(453,478)
Investment Income	44,875	774,156
Net Non-Operating Revenues (Expenses)	(596,493)	320,678
Change in Net Assets	(100,978)	4,421,448
Net Assets - Beginning of Period	3,138,099	(1,283,349)
Net Assets - End of Period	$ 3,037,121	$ 3,138,099

CAROLINA VILLAGE, INC.
STATEMENT OF CASH FLOWS

	April 2022 thru July 2022	12 months ended March 2022
Cash Flows from Operating Activities:		
Change in Net Assets	$ (100,978)	$ 4,421,448
Entrance Fee Amortization	(2,073,674)	(6,329,246)
Entrance Fee Forfeitures	(672,421)	(1,675,260)
Depreciation	1,368,000	3,855,297
Amortization of Bond Costs	22,511	65,099
Deferred Income LCP	(160,560)	(461,978)
Entrance Fees (New Contracts) - Net of Refunds	3,352,449	7,803,924
Net Trust Forfeitures & Actuarial Adjustments	-	(237)
Loss on Disposal of Asset	-	2,167
Changes in Operating Assets and Liabilities:		
Receivables	(269,563)	(3,355,427)
Inventories & Prepaid Expenses	(46,780)	(45,737)
Deferred Revenue-Stimulus	-	(144,134)
Accounts Payable	118,401	206,525
Deposits on Occupancy Contracts	(268,600)	306,600
Net Cash Flows Provided (Used) by Operating Activities	1,268,785	4,649,041
Cash Flows from Investing Activities:		
Change in Assets held in Charitable Remainder Trusts	37,401	5,891
Change in Investments	94,394	(174,903)
Capital Additions	(2,974,200)	(5,485,100)
Net Cash Used by Investing Activities	(2,842,405)	(5,654,112)
Cash Flows from Financing Activities:		
Principal Payments - Long-Term debt	(540,000)	(1,590,000)
Proceeds from Construction Loan	1,379,743	1,401,765
Payments for Debt Issuance Costs	-	(13,189)
Funds held by Trustee - Net of Transfers	(2,392)	(222)
Net Cash Provided (Used) by Financing Activities	837,351	(201,646)
Net Increase (Decrease) in Cash and Cash Investments	(736,269)	(1,206,717)
Cash and Cash Investments - Beginning of Period	18,934,078	20,140,795
Cash and Cash Investments - End of Period	$ 18,197,809	$ 18,934,078

Appendix C

Occupancy Agreement

600 Carolina Village Road
Hendersonville, NC 28792
(828) 692-6275

STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

OCCUPANCY AGREEMENT

This agreement made and entered into this ______ day of _________________, _________, by and between Carolina Village, Inc., hereinafter referred to as the Village, and ____, hereafter referred to as Occupant.

WITNESSETH:

(1) THE OCCUPANT, having made application for residence number ____________, a _______________________________, at Carolina Village, and the Village, having accepted Occupant's application, agree that the Occupant shall comply with policies and operating procedures now existing or as hereinafter amended by the Village. It is further agreed that such residence shall be subject to the following terms and conditions. A copy of Applicant's financial disclosure is attached hereto and by this reference made a part of hereof.

(2) THE OCCUPANT agrees to pay the Village an Entrance Fee in the amount of $______________________ for the particular living unit selected by the Occupant as follows:

The occupant shall have a period of not to exceed 90 days to assume occupancy. Extension of the occupancy period can be granted only in writing by the Village. The full Entrance Fee is payable at or before assuming occupancy.

(3) THE PRIVILEGE of occupying said living unit shall continue throughout the lifetime of the Occupant unless cancelled in the manner hereinafter provided. It being understood, however, and agreed that this Agreement is neither a lease nor shall it inure to the use or benefit of the heirs, assignees, or representatives of the Occupant.

(4) A MONTHLY service fee shall be paid by the Occupant upon receipt of a statement from the Village for the month to follow, in such amounts as determined by the Board of Directors of the Village for which the Village proposes to provide the following services and facilities:

- Access to Assisted Living & Skilled Nursing Services without increase in monthly service fee (except meals, drugs, supplies, and therapy services ordered by resident's personal physician)
- Flexible declining-balance meal plan
- All utilities, except for phone service
- 24-hour Maintenance & Security teams
- Semi-monthly housekeeping service
- Weekly flat laundry service
- Free parking for residents and their guests
- Emergency call system
- Chaplain services
- On-site Wellness Coordinator and multiple fitness areas
- Planned activities--social, cultural, recreational, intellectual, vocational, spiritual
- Shuttle bus with regular schedule
- On-site pharmacy (Additional cost)
- On-site clinic (Additional cost)
- Beauty/Barber Shop available (Additional cost)

(4a) The monthly service fee at the time of occupancy shall be $_________ for one person and $________ for two persons. The Village will provide thirty days' notice before rate changes.

(4b) The Village reserves the right to change or adjust the monthly service fee according to the living costs incurred and other economic necessities as they arise.

(4c) Upon timely payment of the aforesaid monthly service fee, Occupant shall be entitled to utilize all of the physical facilities that are generally made available to other residents of the Village whether such facilities exist on the date of this Agreement or not.

(5) IT IS UNDERSTOOD that The Village, a North Carolina Not-For-Profit Corporation, has no stockholders and does not propose to operate at a profit. The Board of Directors and Officers of the Village are non-salaried personnel and offer their services gratuitously for the express purpose of permitting the Village to operate at the lowest possible cost with resulting savings in the payment of the monthly service fee. Carolina Village is not affiliated with any religious or charitable organization that could be considered responsible for the financial or contractual obligations of the Village.

Carolina Village Mission Statement:

Carolina Village is a not-for-profit full-service retirement community for senior citizens with a mission to provide housing, continuing life care, up-to-date services and a pleasant, congenial social environment to encourage personal growth and community participation without regard to race or religious persuasion.

(6) THE VILLAGE will designate a member in good standing of the Henderson County Medical Society as Medical Director who will treat Occupants on an emergency basis only and will be available for consultation with the Village staff. The Occupant, at his/her own expense, will

engage the services of a personal physician and will update the Village on any changes in the status of his/her health or a change in personal physician.

(7) FURNISHINGS WITHIN the individual living units will be provided by the Occupant. Occupant further agrees to keep unit in a neat and orderly fashion to avoid fire and health hazards.

(8) IN THE EVENT the personal physician and/or the Medical Director determines in his/her sole judgment that the Occupant is infected with a dangerous or contagious disease, or that the Occupant has become mentally or emotionally disturbed to the degree that his/her presence in the Village shall be deemed detrimental to the health or peace of other residents, or is adjudged incapacitated or incompetent by virtue of any disease or condition for which the Village is not permitted to provide care, the Village shall have authority to immediately transfer the Occupant to an appropriate hospital or other care facility that can, in the sole opinion of the Village, meet the Occupant's needs. In the event the Village cannot meet the Occupant needs pursuant to this paragraph, reimbursement to the Occupant will be made as determined in Section 9c.

If Occupant has been transferred to another facility as provided in this paragraph and Occupant's personal physician certifies in writing that Occupant is no longer infectious or contagious or has recovered from such mental or emotional disturbance to the degree that his/her presence in the Village no longer poses any risk of detriment to the health or peace of other residents and that the Village can provide the appropriate level of care, Occupant will be allowed to return to his/her most recent place of residency at the Village.

Changes in the location of an occupant's living unit or in services provided may be required if, in the judgment of the Medical Director, the health or safety or general interest or welfare of the Village or its residents would be best served by such change in location or services or if the level of services necessary to care for the Occupant can be better provided in a different living unit or area within the Village or cannot be provided by the Village.

The Village is not capable of providing care to severely cognitively impaired occupants and has no locked unit. The Village will not provide any one-on-one care or sitters. In addition, the Village does not have the facilities to offer all medical treatment and care, such as dialysis, care for ventilator-dependent patients or care for patients with a tracheotomy. If, in the sole judgment of the Medical Director, the Occupant is cognitively impaired to the degree that or in need of treatment such that (i) the Occupant cannot be kept safe at any of the facilities within the Village; (ii) the Occupant presents a risk to other occupants at or employees of the Village; OR (iii) the appropriate care needed for the Occupant is not available at the Village, the Village can require the Occupant to move from the Village into another more appropriate care/living environment. In the case of an Occupant being moved from the Village as provided in this paragraph, no refund will be paid.

(9) THE OCCUPANT shall have the right to terminate this Agreement after assuming residency in the Village for reasons under the following terms and conditions:

(9a) The Occupant shall not under any circumstance terminate this agreement after Occupancy without serving the Village with 120 days written notice of intention to so terminate. The

Occupant will be charged with the established monthly service fee until the expiration of the 120-day period mentioned above.

(9b) In the event Occupancy is terminated by an Occupant who is competent to make a valid decision as provided in this paragraph, the departing Occupant will be reimbursed for the amount of the Entrance Fee paid less an appropriate charge for the period of Occupancy as stated in 9c. The refund will be made within 30 business days from the date when the 120-day notice period expires.

(9c) If a resident moves out with notice as provided in this paragraph, the amount retained by the Village shall be 10% of the entrance fee plus one percent (1%) per month of Occupancy plus the cost of special features requested by the Occupant. In addition, any medical charges, incurred for Occupant's care during residency and any other periodic charges, including any charges occurring during the 120-day notice period, shall be considered as credit to the Village and shall reduce the amount refunded to Occupant. No refund will be made to or on behalf of an Occupant who is not personally competent to make the decision as to their plan of care or place of residence.

(9d) After Occupancy there is no refund in the event of the death of Occupant.

(9e) In the event the Occupant finds it necessary to cancel the agreement for good reason before Occupancy, and after expiration of the 30-day period provided in paragraph 18 herein below, the Village shall be allowed to retain all costs of non-standard improvements requested by the resident.

(9f) Nothing in this paragraph 9 shall be construed to limit or modify Occupant's right to rescind this contract as provided in paragraph 18 herein below.

(10) THE VILLAGE shall not be responsible for the loss or damage suffered by the Village as a result of negligence or actions of the Occupant. The Occupant agrees to indemnify and hold harmless the Village for any injury to the person or property of others resulting from the negligence or intentional act of the Occupant.

(11) WITHIN SIXTY days following the assuming of Occupancy in the Village, provisions for final testamentary disposition of all furniture, possessions and property located on the property of the Village should be made by Occupant. In the event such disposition is not made or in the event removal is not accomplished within 30 days after termination of occupancy by reason of death or otherwise, the Village shall have the right to remove and store the said furniture, possessions and property at the expense of the Occupant or the Occupant's estate.

(12) THE VILLAGE may terminate the Occupant's residency upon a showing of good cause that the Occupant is not complying with the operating procedures and/or is creating a disturbance within the Village detrimental to the health or peaceful lodging of others. In the event the Occupant's residency is terminated as provided in this paragraph 12, reimbursement shall be made as described in Section 9 (except for the 120-day notice which shall not be required).

(13) OCCUPANT AGREES to make payment herein provided for at the time and in the manner specified by the Village. Upon failure to do so, the Board of Directors shall have the right to terminate and cancel this Agreement if any such payment shall be in default for more than ninety (90) days, without any obligation to make any refunds of monies. It is the declared policy of the Village that an Occupant's residence shall not be terminated solely by reason of the financial inability of the Occupant to pay monthly fees. The Occupant may apply for and establish facts to justify special financial consideration and dispensation provided such application can be granted (within the sole discretion of the Board of Directors of the Village) without impairing the ability of the Village to operate on a sound financial basis. The Village does not require residents to apply for public assistance programs such as Medicaid. The Occupant may be requested to move to a smaller size living unit upon receiving special financial consideration.

(14) VILLAGE AND OCCUPANT recognize that a situation may arise where it may become necessary for Occupant to be admitted to the Medical or Care Center for an extended period of time, and the parties hereto further recognize that it is not economically possible for Village to provide unlimited Medical or Care Center care while at the same time allowing Occupant to retain his/her living unit indefinitely. Accordingly, the parties hereto agree that at such time as Village shall be advised by the Occupant's physician that in his/her medical opinion, Occupant will not be able to return permanently to his/her living unit to live, then and in that event, Village shall make such information, together with all other facts and circumstances, known to its Board of Directors which shall be authorized to reacquire possession of said unit from Occupant for reassigning, and upon such approval being obtained, Village shall be authorized to forfeit Occupant's interest in said unit and to reassign the same; provided, that in the event Occupant's condition becomes such that Occupant's physician certifies that Occupant may return to a living unit, Village will provide Occupant a living unit substantially equivalent to the one formerly possessed by Occupant within such period of time as Village may reasonably have such unit available. However, no provision of this paragraph shall be construed to deprive a Co-Occupant of his/her use of the living unit unless said Co-Occupant also becomes admitted to the Medical or Care Center according to the terms of this paragraph.

(15) THE OCCUPANT agrees that his/her rights under this agreement shall at all times be subordinate and junior to the lien of all mortgages executed by the Village covering the real estate known as Carolina Village.

(16) THE INVALIDITY of a restriction, condition, or other provisions of this agreement, or any part of the same, shall not impair or affect in any way the validity, enforceability, or effect of the rest of this agreement.

(17) NO AMENDMENT between the parties hereto is valid unless contained in writing executed by the Village and Occupant.

(18) THE CONTRACT may be rescinded within 30 days following the later of the execution of the contract or the receipt of a Disclosure Statement and the Occupant is not required to move in during the rescission period. The refund of all money or property transferred shall be made to the Occupant, or the Occupant’s legal representative less periodic charges applicable to period a

unit was occupied, nonstandard costs set out in contract incurred at the request of the Occupant, nonrefundable fees set out in this Agreement, and a reasonable service charge, not to exceed the greater of $1,000 or 2% of the entrance fee.

(19) THE CONTRACT shall be automatically canceled due to death, illness, injury, or incapacity prior to occupancy that would preclude the Occupant from occupying a living unit. The resident or the resident's legal representative shall receive a refund of all money or property transferred to the provider, less (i) those nonstandard costs specifically incurred by the provider or facility at the request of the resident and described in the contract or any contract amendment signed by the resident; (ii) nonrefundable fees, if set out in the contract; and (iii) a reasonable service charge, if set out in the contract, not to exceed the greater of one thousand dollars ($1,000) or two percent (2%) of the entrance fee

(20) THE EXECUTION of this contract vests the privilege in the applicant to change his/her mind within the first 30 days of execution of this contract or receipt of a Disclosure Statement as provided in paragraph 18 herein above and receive a full refund from the Village.

The execution of this contract is also contingent upon the receipt by the Village of (1) financial statement from the applicant that he/she has financial resources sufficient to meet his/her obligations during the years of residency in the Village and (2) the receipt of a certificate of health signed by his/her physician indicating that the applicant meets the physical and mental requirements of the Village that the applicant must be ambulatory and have mental status permitting living in an independent living unit.

(21) THE EXECUTION of this contract is Occupant's warranty and representation that all of the information contained in the Occupant's Medical Report, application and the confidential data and other information provided by Occupant therewith are true, complete and accurate.

IN WITNESS WHEREOF, the Parties have hereto affixed their signatures, the day and year first mentioned above.

____________________________________ ____________________________________

ATTEST OCCUPANT

____________________________________ ____________________________________

ATTEST OCCUPANT

CAROLINA VILLAGE, INC.

BY:___________________________________

PRESIDENT OF BOARD OF DIRECTORS