



THE PINES

AT • DAVIDSON

DISCLOSURE STATEMENT

May 30, 2025

THE PINES AT DAVIDSON, INC.

400 Avinger Lane
Davidson, North Carolina 28036
(704) 896-1100

www.thepinesatdavidson.org

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 May 30, 2026;**
- **Delivery of the Disclosure Statement to a contracting party before execution of a contract 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. (North Carolina statutes do not provide for such governmental approval.)**

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ORGANIZATION INTRODUCTION AND INFORMATION

The Pines at Davidson (“The Pines”) is a licensed continuing care retirement community located in Davidson, North Carolina that opened on July 18, 1988.

The purpose of this Disclosure Statement is to make disclosures required by North Carolina law and to provide information to prospective Residents and Early Advantage Members, their families, and their advisers concerning the ownership and operation of The Pines.

In the event of any discrepancies or inconsistencies between the information provided in this Disclosure Statement and the terms set forth in the Residence and Care Agreement and Early Advantage Agreement, the terms of the Agreement(s) shall govern and take precedence.

Nonprofit Status

The Pines is owned and operated by The Pines at Davidson, Inc., a nonprofit, non-stock corporation organized for charitable purposes under the laws of the State of North Carolina on February 17, 1983, to construct and operate a continuing care retirement community. The business address of The Pines at Davidson, Inc. is 400 Avinger Lane, Davidson, North Carolina 28036. The name of the corporation was changed from Davidson Retirement Community, Inc. to The Pines at Davidson, Inc., effective June 6, 2001.

The Pines at Davidson, Inc. has received a determination that it is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. As a nonprofit, non-stock corporation, The Pines at Davidson, Inc. pays no dividends, and all of its earnings, if any, are used to further the purposes of the corporation. Gifts and bequests to The Pines at Davidson, Inc. are deductible for income, gift, and estate tax purposes, subject to applicable statutory limitations.

Ownership, Governance and Affiliations

The Pines at Davidson, Inc. manages and operates the continuing care retirement community that operates under the name “The Pines at Davidson.” The Pines may sometimes be referred to as a life plan community. The terms “continuing care retirement community” and “life plan community” are interchangeable as used by The Pines.

Under the Charter and Bylaws of The Pines at Davidson, Inc., the members of the Board of Directors of The Pines at Davidson, Inc. are elected by the Board of Directors. The Pines at Davidson, Inc. is not affiliated with any religious, charitable or other nonprofit organization. However, members and friends of Davidson College Presbyterian Church, Davidson, North Carolina provided substantial leadership and support in the establishment of The Pines.

The Pines is a member of both LeadingAge North Carolina and LeadingAge National. LeadingAge is a community of nonprofit aging services providers and other mission-driven organizations serving older adults.

The Pines is a member of Unity Senior Care Group, LLC. (Unity Senior Care). Unity Senior Care is a limited liability corporation created to help financially strong, like-minded non-profit Continuing Care Retirement Communities in North Carolina and South Carolina renew insurance policies as a bigger group, and share risk management best practices.

Licensure and Medicare/Medicaid Status

The Pines is licensed as a continuing care retirement community by the North Carolina Department of Insurance. Additionally, The Pines is licensed by the North Carolina Department of Health and Human Services, Division of Facility Services, to operate 75 health care beds (the “Nursing Facility Beds”) for Residents and Early Advantage Members who are temporarily ill or require long term care or memory care. The Pines is also licensed to operate 30 adult care beds offering assistance with activities of daily living (the “Adult Care Home Beds”).

This Disclosure Statement refers to the area of the Schramm Health Center containing the Nursing Facility Beds as the Peggy and Bill Hidell Nursing Center or the “Hidell Nursing Center” and the area of the Schramm Health Center containing the Adult Care Home Beds as the “Assisted Living Unit.”

None of the Nursing Facility Beds or Adult Care Home Beds are certified for participation in the Medicaid or Medicare program. The Pines acquired these beds under exemptions for non-Medicare and non-Medicaid use. Therefore, the Pines does not accept Medicare Part A, Part B, Medicare Advantage Plans or Medicaid in assisted living, memory care or long-term care. Residents wishing to obtain financial protection for long term care at The Pines are encouraged to consider private long term care insurance.

The Pines has elected not to participate in the Medicare program for long term care services, as the administrative costs and regulatory burdens outweigh the potential benefits to the community and its residents. It may be helpful to know that coverage under Medicare for skilled nursing care is limited and subject to strict eligibility requirements, including a qualifying three-night inpatient hospital stay and a discharge diagnosis requiring skilled care. Even when such conditions are met, Medicare coverage is capped at 100 days, with the average length of stay typically around 20 days. After 100 days, all costs become the responsibility of the individual.

While The Pines does not offer Medicare-certified beds, residents may still be eligible to receive certain Medicare-covered services from third-party providers on-site at The Pines, such as physical, occupational, and speech therapy, as well as visits from licensed physicians, podiatrists, and hospice care providers.

Credit Rating

The Pines holds a “BBB+” credit rating from Fitch Ratings. The rating reflects The Pines' consistently strong occupancy in all levels of care, sound balance sheet, and improved profitability metrics.

Mission, Values, Vision

Mission

Empowering older adults and those who care for them to live their best lives.

Values

We are passionate about...

Service: We foster a spirit of care and support.

Safety: We focus on safety and security to create a stable foundation that supports all aspects of our community.

Well-being: We nourish the physical, social, educational, and spiritual dimensions of well-being for our residents while striving to be the best place for our team members to thrive.

Stewardship: We exemplify diligence, integrity, and accountability in optimizing our resources to ensure a sustainable future.

Community: We cultivate an inclusive and collaborative environment where every resident, family member, and team member is valued and connected to one another and to the greater community.

Vision (Preferred Future State)

In 2028 The Pines at Davidson will be known for:

Timeless Identity: We are the premier choice for senior living in the Lake Norman area. We unite individuals in an inclusive and welcoming community built on a foundation of lifelong learning, individualized care solutions, and enduring connections.

Evolving Service: We commit to thoughtful, inclusive, and meaningful changes in our services, continuously adapting to the evolving needs of older adults and the community while maintaining the highest standards of care and support.

Partnering in the Davidson Community: We actively engage with the Davidson community, including our founding partners Davidson College Presbyterian Church and Davidson College, forging strong partnerships and connections that enhance the lives of our residents and contribute to the vitality of the entire community.

Empowering Our Devoted Team Members: The Pines at Davidson recognizes the central role of our devoted team members in delivering exceptional care and service. We commit to empowering our team members with a supportive work environment, tools, training, and growth opportunities, ensuring that they remain the heart and soul of The Pines.

Approved by Board of Directors 2024

FACILITY INTRODUCTION AND INFORMATION

Description of The Pines Campus

The Pines campus includes amenities and housing for people of retirement age and consists of common facilities, independent living units, and health care facilities.

The central building contains 157 residential units consisting of: 7 studio apartments; 30 deluxe studio apartments; 79 one-bedroom apartments; 28 two-bedroom apartments; 10 two-bedroom suites; and 3 two-bedroom deluxe apartments. There are 22 detached duplexes (comprising 44 detached cottage units) and 3 single-family cottages. Additionally, there are 4 detached apartment buildings each containing 12 villa apartments and 2 detached apartment buildings each containing 19 villa apartments (for a total of 86 villa apartments). Chartwell Estate (described below) and Shaw Property (described below) are each single residential units. In total, The Pines includes 292 residential units.

The following common areas and amenities are provided: dining rooms, private dining room, living room, library, beauty/barber salon, multi-purpose room, lobbies, lounges, terraces, porches, administration areas, art studio, game room, laundry facilities, resident storage areas, wellness clinic, fitness center, fenced dog park and outdoor garden. The Schramm Health Center is designed to accommodate 105 Residents, with 30 beds in the Assisted Living Unit and 75 health care beds in the Hidell Nursing Center.

The Pines operates a Warm Water Therapy Facility that includes a 24 ft. x 50 ft. warm water therapy pool, a hot water whirlpool, outdoor courtyards, locker rooms, and an exercise therapy room containing exercise therapy equipment. In order to use the Warm Water Therapy Facility an individual must sign a Pool Use Agreement and agree to abide by the pool rules which require, among other things, that individuals never use the Warm Water Therapy Facility alone (a copy of the Pool Use Agreement is attached as Appendix D). Only individuals 18 and over may use the Warm Water Therapy Facility. Residents who have completed the Pool Use Agreement are issued a key fob which unlocks the locker room door.

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The following table summarizes the type, number, and approximate size of the current residential units:

Unit Type / Description	# of Units	Approximate Heated Square Feet
<i>Independent Living Accommodations</i>		
Studio	7	418
Deluxe Studio	30	527
1 Bedroom	79	722
2 Bedroom	28	975
2 Bedroom Suite	10	1,140
2 Bedroom Deluxe	3	1,249
Cottage	4	1,200
Large Cottage	1	1,440
Large Cottage with Sunroom	39	1,565
Large Cottage with Sunroom/Study and Garage	3	1,656
2 Bedroom Villa (Plan A)	24	1,429
2 Bedroom Deluxe Villa (Plan B)	8	1,619
2 Bedroom with Den Villa (Plan C)	8	1,809
2 Bedroom with Den Deluxe Villa (Plan D)	8	1,870
1 Bedroom Deluxe Villa with Sunroom/Study (1.5 Bath) (Green)	6	1,164
2 Bedroom Villa with Porch or Balcony (2 Bath) (Blue)	2	1,515
2 Bedroom Villa with Sunroom/Study (2 Bath) (Red)	14	1,667
2 Bedroom Villa with Sunroom/Study and Balcony (2 Bath) (Yellow)	16	1,681
Chartwell Estate	1	N/A
Shaw Property	1	N/A
Total Independent Living Accommodations	292	

Location and Physical Property

The main campus of The Pines is situated on approximately 52 wooded acres (the “campus”) along Avinger Lane in Davidson, North Carolina. The central facilities include residential apartments, the Schramm Health Center and the William H. and Nancy Grey Jetton Community Center (the “Jetton Community Center”). Walkways connect the central facilities to the Living Accommodations clustered nearby.

In addition to the main campus, The Pines also owns:

- a. Approximately 64 acres of wooded land adjoining the main campus. While current plans for this land are undetermined, development of a Master Site Plan is expected to begin in 2025.
- b. Approximately 31 acres at 200 Avinger Lane, of which 2.276 acres contains a two-story residence, garage and driveway, which is made available as a living accommodation and is known as the Chartwell Estate residence ("Chartwell Estate"). The remaining portion of the 31 acres adjoins Chartwell Estate but is not part of the residence ("Remaining Area").
- c. Approximately 2 acres located at 228 Avinger Lane and an additional 0.46 acres located at 220 Avinger Lane, which contains a two-story residence that is known as the Shaw Property residence ("Shaw Property"). The Shaw Property includes a detached wine storage facility and a driveway.

Estimated Number of On-Campus Residents and Early Advantage Members

The estimated total number of on-campus Residents who may receive services under Residence and Care Agreements at any given time is currently 485. This estimate assumes full occupancy of all Living Accommodations, 33% of which are occupied by two persons, and full occupancy of all 105 beds in the Schramm Health Center.

In December of 2024, The Pines received approval from the NC Department of Insurance to offer a Continuing Care without Lodging program, an off-campus program which The Pines calls its Early Advantage (EA) program. The Early Advantage option is available only to individuals on The Pines' Future Residency Program waiting list, and the admission process mirrors that for on-campus Residents. The Pines determines the total number of persons accepted to the Early Advantage program, guided by the numbers of residents living on campus and the projected actuarial capacity of The Pines health care facilities. The Early Advantage option is available only to individuals on The Pines' Future Residency Program waiting list, and the admission process mirrors that for on-campus Residents. More details about this program are included in this Disclosure Statement.

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LEADERSHIP

Board of Directors

The Pines' Board of Directors consists of sixteen individuals, including local citizens, business executives, church officials, and professionals with relevant expertise. Three residents of The Pines serve on the Board and have voting privileges. Directors serve staggered three-year terms or until their successors are duly elected and qualified. In addition, two individuals named below serve as Ex-officio Directors with no definite term. The names of the current members and officers of the Board of Directors of The Pines, a synopsis of their principal business and civic affiliations and the expiration of their terms (in parenthesis at the end of each synopsis) are as follows. Some directors may have relatives residing at The Pines.

Joseph L. Trask, M.D. –Chair and Director. After practicing cardiology in Myrtle Beach for 24 years, Dr. Trask moved to Davidson in 2012 and began practicing in this area. He is practicing cardiology for the Mooresville, NC office of Novant Health Heart and Vascular. Dr. Trask graduated from Davidson College (1979). He obtained his medical degree from the Medical University of South Carolina (1983). Dr. Trask completed his residency at the University of Alabama at Birmingham (1986) and his fellowship at the Medical University of South Carolina (1988). He has board certifications in internal medicine and cardiovascular disease. He is married to Sally Trask and they have two adult children, Rebecca (Davidson Class of 2008), who is a CPA in Charlotte, and Lake (Davidson Class of 2011), who has completed his Ph.D. in mathematics at N.C. State University and works with Live Oak Bank in Wilmington, NC. (2025)

Mary Weeks Fountain – Vice Chair and Director. Ms. Fountain is a Chartered Financial Analyst. She serves as Managing Director of Sterling Capital Management which she joined in 1985. Ms. Fountain is a senior private client portfolio manager. She received her B.A. in Chemistry from the University of North Carolina at Chapel Hill. Ms. Fountain is a member of First Presbyterian Church in Charlotte, NC. (2027)

Linda Need – Secretary and Director. Ms. Need serves on the Board of Directors of OneAmerica Financial and manages Linda Need Consulting, LLC providing independent consulting focused on insurance, annuity and other financial product management, marketing and distribution. Ms. Need's prior work experience includes serving with Wells Fargo (SVP, Managing Director, Life Insurance, 2011-2016); Bank of America (SVP, Merrill Lynch Transition, 2008-2011; SVP, Division Sales Executive, Premier Banking & Investments, 2006-2008; SVP, various insurance product/sales management roles, 2002-2006); Morgan Stanley (Executive Director, National Sales Manager, Insurance & Annuities, 1998-2002); Allstate (various actuarial and sales roles, 1986-1997); Willis Towers Watson (actuarial consulting, 1984-1986); and Northwestern Mutual (Actuarial Associate, 1978-1984). Ms. Need graduated from Williams College in 1978 with a BA in Mathematics and Economics

and obtained a MS in Financial Services from The American College in 2015. She was previously the Board Chair for The American College's Board of Trustees. (2026)

Amy Bezanson – Director. Mrs. Bezanson has served as Senior Director of Design with Crescent Communities since early 2016 with a focus on the design, master planning and development of mixed-use, commercial office, and multifamily developments, creating places that enhance the way people live, work, and play. Her diverse project experience spans over 20 years and includes over 4,000,000 built square feet and 8,000,000 planned square feet. Prior to joining Crescent, she was the Associate Director of Design at MSTSD in Atlanta, GA. Mrs. Bezanson earned a Bachelor of Science degree in Architecture with highest honors from the Georgia Institute of Technology, including City and Regional Planning certificates of minor study specializing in Urban Law and Land Development. In addition, she holds a Master of Architecture degree from Clemson University and was awarded the AIA Medal. Mrs. Bezanson is a registered architect (NCARB/Georgia), member of the American Institute of Architects (AIA), Fitwel Ambassador and LEED Accredited Professional in Building Design + Construction. She lives in Charlotte with her husband, daughter (16) and son (12). (2025)

Sarah Boehmler – Director. Mrs. Boehmler received a B.A. from Sweet Briar College. She is a retired Executive Vice President of the American Stock Exchange. Mrs. Boehmler was Chairman of the Corporation of The Brick Presbyterian Church in New York City and a Board member of The Brick Church Day School for four years. She served on the Board of Sweet Briar College, The Board of Trustees of Davidson College and the Board of the YWCA of New York City. Mrs. Boehmler was Co-Chair of the World Service Council of The National YWCA, a member of the Third Street Music Settlement and a Deacon of Davidson College Presbyterian Church. She currently serves on the Davidson College Board of Visitors. (2025)

Leamon Brice – Director. Mr. Brice retired as Davidson Town Manager in December 2015 after serving for 25 years. He became the town administrator for the Town of Davidson in April 1990, and town manager in 1991. After receiving an M.A. in political science from Appalachian State University in 1981, he served as assistant city manager of Plymouth, N.C. and town manager of Fairmont, N.C., his hometown. Mr. Brice has been active in the North Carolina City Managers Association and International City/County Managers Association, and many years ago, participated in the inaugural Public Executive Leadership Academy and the Municipal Administration Course, both through the School of Government at The University of North Carolina – Chapel Hill. (2027)

Katherine Bunn – Director. Mrs. Bunn is a retired financial services professional. Most recently, she retired from Bank of America, where she was a Managing Director and was employed from 1994 to 2018. At Bank of America, she served in various roles within Leveraged Finance, Global Principal Investments Risk Management, and Corporate Treasury. She graduated from Davidson College in 1988 with a B.A. in Political Science and obtained an MBA from the Kenan-Flagler Business School at UNC-Chapel Hill in 1994. (2025)

John N. Gilbert III – Director. Mr. Gilbert is President of Gilbert Engineering Company where he has been employed for the past 22 years. Mr. Gilbert received a B.A. in the History of Art from University of North Carolina at Chapel Hill. He has served on the City of Statesville Planning Board and the City of Statesville Board of Adjustments. He is a member of First Presbyterian Church in Statesville, NC where he has served as Elder and Treasurer. (2026)

John Griffith – Resident Director. John and his wife Nancy moved to The Pines from Davidson where they lived for 10 years in the 1980s and for four years before moving to The Pines in 2019. Both are graduates of Dickinson College. After completing an M.Div. from Harvard University, John served as Chaplain at the Dana Hall School. He later received a PhD from Syracuse University and served as a Dean and VP at Davidson College, President of Lyon College and President of Presbyterian College. He is an ordained PCUSA minister. John has served on numerous bank boards and volunteered with Habitat for Humanity, Chambers of Commerce, DCPC, DavidsonLearns, the Ada Jenkins Center, and numerous organizations at The Pines. He organized a consulting business that focused on executive coaching, strategic planning, and campaign decision and execution. He currently serves on the Board of the Davidson Lands Conservancy and chairs the Development Committee. (2027).

Emmie Alexander Hancock – Resident Director. Ms. Hancock attended Agnes Scott College and graduated from Queens College (now Queens University) with a B.A. degree in English and French. Almost 20 years later she earned the M.A. degree in Speech Communication from Wake Forest University. She began her career teaching English, Advanced World Literature, Speech Communication, and Introduction to Foreign Languages in the Charlotte-Mecklenburg Schools. After a hiatus to raise a family of four children, she began a second career as a management consultant, executive coach, strategic planning facilitator, trainer of trainers, and developer and instructor of leadership programs for major corporations, local and Federal government, and non-profits. She is a Founding Partner of AlexanderHancock Associates and retired in 2023. Before moving to Davidson in 1985 she was actively engaged in civic life in Charlotte. At United Family Services (now SafeAlliance) she served several years on the Board of Directors and one year as chair. When Charlotte was struggling to implement school integration, Ms. Hancock chaired the Quality Education Committee, a group of citizens from all across the County dedicated to ensuring a quality education for all children. This group was chosen by Judge McMillan to design the integration plan that was adopted by the School Board. She and her husband moved to the Pines in 2017. (2026)

Joseph Konen, M.D., M.S.P.H. – Director. Dr. Konen taught Family Medicine, Public Health, Health Care Systems and History of Medicine for 35 years at various academic institutions including 8 years as a department chair in Family and Community Medicine. Dr. Konen served as Vice Chair of Family Medicine at Wake Forest School of Medicine/Baptist Hospital before coming to Carolinas Medical Center as Chair of Family Medicine. He then went to work with Pfizer Pharmaceuticals in NYC, initially in Pfizer's cardiovascular division and then in its international division. In 2019, Dr. Konen retired with 15 years of pharmaceutical industry leadership experience in field medical, medical affairs, pharmaceutical innovation and integrated health from both US and Global perspectives. He also taught part-time as adjunct

faculty at Davidson College for 17 years. He currently volunteers with the American Red Cross assisting with local Disaster Action Teams, Sheltering, Health Services, and youth preparedness education. Dr. Konen graduated from Hamilton College in 1975 (AB), the State University of New York Health Science Center at Syracuse in 1979 (MD), and the University of Utah in 1984 (MSPH) where he was a Robert Wood Johnson Foundation Fellow. (2026)

Scott Laws – Director. Mr. Laws is the Vice President, Total Rewards and HR Technology for the Atrium Health enterprise. In his role Scott leads the strategy and leadership team responsible for the execution of compensation and benefits to attract and retain top talent. He is a member of the Human Resources Executive Leadership Team focused on transformation, growth, and operational excellence within the healthcare industry. Scott partners with operational leaders to align with and enable strategic business priorities. He leads change through cultivating partnerships, developing leaders, and engaging teams. Mr. Laws is a Human Resources leader with over 25 years of experience in various human resources and operational roles and a history of achieving results aligned with the strategy and vision of the organization. He began his career in retail store operations where he spent 10 years in various direct operational roles. The experience he gained working in store operations prepared him to lead HR strategy and teams in a unique way through understanding the needs of the business and finding creative solutions. (2027)

Richard (Rich) Lockridge – Mr. Lockridge is a partner with the law firm McGuireWoods LLP in Charlotte, NC. He focuses his practice on commercial real estate transactions. He received his law degree from the University of Southern California Gould School of Law in 2015. He earned a bachelor's degree in political science from Davidson College in 2012, where he graduated with Honors and was a member of the Davidson football team. (2026)

Grace Mitchell – Resident Director. Dr. Mitchell came to The Pines from Cornelius, NC. Her degrees include a BS from East Carolina University, MA from UNCC, ME from Duke and a PhD from the University of Virginia. She was a college professor at Davidson, UNCC and Warren Wilson College. She also was a schoolteacher, administrator, guidance counselor and educational consultant. She has authored several books and many articles in the field of education as well as leadership and adult development. Her volunteer services have included the Animal Shelter, Soup Kitchen, Stephen Ministry and she currently serves on various boards. Her hobbies include working with continuing education programs such as Davidson Learns, local history, cooking, book clubs and coordinating programs in various settings. (2025)

Carranza Pryor – Director. Mr. Pryor's contact address is 400 Avinger Lane, Davidson, NC 28036. Mr. Pryor is Chief Counsel for Louisiana State University Health Sciences Center Shreveport, a public university focused on the health sciences and located in Shreveport, Louisiana. It is part of the LSU System and is composed of three different schools: the School of Medicine, School of Graduate Studies, and School of Allied Health Professions. Before joining LSUHSC, Mr. Pryor was the owner of the Pryor Firm, LLC, in Atlanta, Georgia, where he

practiced business litigation. He is an elder and member of the First Presbyterian Church in Atlanta. (2026)

Jon Ridgway – Director. Mr. Ridgway is a partner in the audit practice of KPMG. He has served a wide range of businesses, primarily in the industrial manufacturing and consumer markets industries, during his 26 years with KPMG. He is a CPA and holds licenses in NC, SC and NY. He earned his accounting degree from Clemson University. Jon currently serves as a board member for the Clemson University Accounting Department Advisory Board. Outside of work, Jon serves as a small group leader with the youth group at Davidson College Presbyterian Church and is a long-time baseball coach and board member with Davidson Youth Baseball Association. He enjoys hiking, boating and playing tennis with his wife, Holly, and their three boys (2027).

Rev. Dr. Peter J. M. Henry – Ex-Officio Director. Rev. Dr. Henry's contact address is 400 Avinger Lane, Davidson NC 28036. Rev. Dr. Henry has been the Pastor and Head of Staff of Davidson College Presbyterian Church (DCPC) since 2019. Prior to his position at DCPC, he was at Grosse Pointe Memorial Church in Grosse Pointe Farms, Michigan where he was head of staff since 2007. Prior to his time at Grosse Pointe Memorial, Peter served as Associate Pastor for Youth and their families at Myers Park Presbyterian Church (1996- 2000) in Charlotte and as Interim Associate Pastor at Nassau Presbyterian Church (2001- 2002) in Princeton, New Jersey. From 2002-2006, he was a doctoral candidate in homiletics at Princeton Theological Seminary. Peter holds the Master of Divinity ('96), Master of Theology - Homiletics ('01) and Doctor of Philosophy in Practical Theology Homiletics ('09) degrees from Princeton Theological Seminary. Peter received a Bachelor of Arts (English Literature) from the University of Illinois in 1992.

Dr. Doug Hicks - Ex-Officio Director. Dr. Hicks, a member of Davidson's class of 1990, returned to his alma mater in 2022 as president. He joined Davidson College from his role as Dean of Oxford College at Emory University. He received an AB degree magna cum laude with honors in economics from Davidson, a Master of Divinity summa cum laude from Duke University, and MA and PhD degrees in religion from Harvard University, where he studied with distinguished theologian Ronald Thiemann and Nobel Prize-winning economist Amartya Sen. He has written or edited nine books along with fifty articles for scholarly and public audiences. On August 1, 2022, he started as Davidson's 19th president. Dr. Hicks previously served as a member of the board of trustees of Agnes Scott College and, earlier, a trustee at Duke University.

None of the members of the Board of Directors of The Pines are employees of The Pines.

The business address for The Pines Board of Directors is 400 Avinger Lane, Davidson, NC 28036.

Management Staff

The following is a list of the officers and members of The Pines' management staff and a synopsis of their relevant background and experience:

Vernon M. Baker – President/CEO. Mr. Baker has worked in the senior living industry for more than 35 years. Before joining The Pines in March 2021, he served for nearly four years as Executive Vice President and Chief Operating Officer of Williamsburg Landing, Inc., in Williamsburg, Virginia. For almost 15 years, Mr. Baker served as Administrator, reporting directly to the Board, of Dogwood Village of Orange County, a senior living community in Orange, Virginia. While at Dogwood Village, Vernon was able to expand and renovate the health care center and build a new assisted living building. Prior to this, he served at American HealthCare, L.L.C. in Roanoke, Virginia, as Senior Vice President of Operations and Regional Director of Operations for a total of 4 years. Prior to that Vernon served as an Administrator of three single site health care centers ranging in size from 60 to 180 beds in Charlottesville and Brookneal Virginia. For nearly twenty years, he served on the Board of Directors of the Virginia Health Care Association/Virginia Center for Assisted Living, finishing up as Chairman and then Immediate Past Chairman. Mr. Baker is a graduate of Virginia Polytechnic Institute and State University, more commonly known as Virginia Tech.

David Gentry – Vice President/CFO. Mr. Gentry joined The Pines in 2022 from his previous role as CFO at Menno-Haven, Inc., a Life Plan Community in Pennsylvania. Prior to his 11 years' experience in not-for-profit senior living, Mr. Gentry worked with large for-profit corporations in a variety of leadership positions. He spent nine years with Capital One, where he led the Activity-based Costing team and directed the financial planning & analysis efforts of several Infrastructure Finance teams including HR, IT, corporate real estate, marketing, legal, etc. He also had 13 years' experience with Circuit City Stores and spent his early career in public accounting with KPMG and internal audit with International Paper. Mr. Gentry holds a Bachelor of Business Administration in Accounting from Georgia State University and an active Certified Public Accountant (CPA) license in Georgia.

Colin R. Madden – Controller. Mr. Madden is a graduate of the University of North Carolina at Charlotte, where he received a B. S. in Business Administration with a concentration in Accountancy. In December of 2024, he earned a Master of Accountancy from Western Governors University. Prior to joining The Pines in May of 2023, Mr. Madden spent 8 years gaining progressive accounting experience in Charlotte before moving to Mooresville where he worked for 7 years as Controller for Bucher Municipal North America Inc., a division of Bucher Industries AG.

Elyse Piscitelli, RN, NHA – Health Center Administrator. Mrs. Piscitelli joined The Pines at Davidson as its Director of Health Services in July 2023 and moved into the role of Health

Center Administrator in March 2024. She came to The Pines from Aldersgate, where she served as the Director of Nursing for five years, and in the joint roles of Director of Nursing and Director of Health Services/Nursing Home Administrator. Mrs. Piscitelli additionally has over 16 years of experience in various clinical leadership roles in senior living including Assistant Director of Nursing and RN MDS Coordinator. Before advancing into leadership, she began her career in direct resident care as a Personal Care Assistant, and then as an LPN while completing her RN degree. Mrs. Piscitelli is a nursing graduate of Excelsior College in New York. In 2019, she received her Infection Prevention Certification through the North Carolina Statewide Program for Infection Control and Epidemiology. In 2021, she received the Excellence in Leadership Award, as presented by LeadingAge, North Carolina. In 2022, she received her Licensed Nursing Home Administrator's license. Mrs. Piscitelli sits on the LeadingAge North Carolina Education Committee, where she has served in an advisory role since 2020.

Lesley Chambless – Director of Human Resources. Mrs. Chambless is a graduate of the University of North Carolina at Chapel Hill where she received her B.A. in Psychology. She received an advanced degree from Villanova University where she graduated with a M.S. degree in Human Resource Development. Ms. Chambless is certified as a Senior Professional in Human Resources. She has 35 years of experience in healthcare human resources where she has worked in a variety of for-profit and non-profit settings in both small and large organizational settings. Recent roles include Assistant Vice President of Human Resources at Atrium Health and Director of Human Resources for Mosaic Pediatric Therapy, a company that provides therapy services to children with autism. Ms. Chambless was hired in May 2022 and leads The Pines human resource function, focusing on a combination of recruitment, workplace culture and modern HR systems. Ms. Chambless is a former member of the Board of the Ada Jenkins Center where she served as Chair from 2020 – 2021 and Vice Chair from 2022-2023.

Chris Hinson – Director of Facilities Services. Mr. Hinson joined The Pines in 2024. He brings over 20 years of healthcare facilities management experience from Atrium Health. Most recently, he served as the Administrator of Operations at Atrium Health's Behavioral Health Division. Prior to that, he held the position of Senior Service Line Leader, overseeing a diverse range of services including maintenance, plant operations, housekeeping, security, food services, and capital projects across multiple Atrium facilities. He is passionate about creating safe, efficient, and compassionate healthcare environments, and chose The Pines because this role aligns perfectly with his values and allows him to prioritize both residents and team members. Mr. Hinson is a credentialed EMT and Firefighter with the West Stanly Fire Department, where he volunteers several shifts per month. He holds an Associate's Degree in Biomedical and Electronic Engineering, a Bachelor's degree in Business Administration, and a Master of Science in Management and Leadership from Montreat College.

Gretchen Likins – Director of Sales, Marketing and Communication. Gretchen joined The Pines in 2024. She has 13 years of experience in sales and marketing from Carol Woods Retirement Community in Chapel Hill, including 11 years in the director's role. Before her

career in the senior living industry, she served as the public relations coordinator for a history museum near Buffalo, NY. Prior to that, she worked as a newspaper editor and reporter in various locations, including New York, Texas and Arizona. She holds a degree in journalism from the University of Arizona in Tucson.

Michael Bummel – Director of Dining Services. Mr. Bummel is a seasoned hospitality executive with decades of food service and country club experience, working in places such as Savannah Yacht Club, Quail Hollow and River Hills Country Clubs, as well as Nobles, M5, Upstream and Rooster’s restaurants. His breadth of experience has ignited several areas of passion for him. Some of these include working with, appreciating and serving older populations, planning fabulous events, educating on affordable fine wines, supporting team members in their career interests and growth goals, and building a workforce of organized professionals.

Motria Procyk – Director of Development and Community Relations. Prior to moving to Davidson, Ms. Procyk was a fund raiser at the Columbia University School of Law, where she served as Director of Corporate and Foundation Relations, Associate Director of Development, and Director of a \$125 Million Capital Campaign. Earlier, she served as Assistant Director of Corporate Relations at Mount Sinai Hospital during its capital campaign. Ms. Procyk has a B.A. in English from Wesleyan University and an M.A. in Education from Teachers College, Columbia University. She has served two terms as an Elder at Davidson College Presbyterian Church.

Erica Flowers, BSN, RN – Director of Nursing. Ms. Flowers joined The Pines at Davidson in 2006 as a CNA. She then graduated with her LPN in 2006 and was promoted to a nursing position. From 2016 to 2018 she became the Nursing Office Manager. During this time, she gained management experience and was promoted to weekend charge nurse from 2018 to 2020. She continued her pursuit in nursing and graduated with honors from Queens University of Charlotte with a Bachelor of Science in Nursing. She left The Pines to gain hospital experience, working in a Neuroscience/Stroke unit. She was then certified through the National Institute of Health Stroke Scale (NIHSS). Ms. Flowers returned to The Pines in 2021 as Assistant Director of Nursing and became the Director of Nursing in 2024. She has since obtained her BLS Instructor Certification and Infection Control in long-term certification through NC Spice/ statewide program for infection control and epidemiology.

Charles Carter – Director of Information Technology. Mr. Carter joined The Pines at Davidson in 2024. He comes with over 28 years extensive experience in IT management and healthcare IT roles. He has successfully managed IT departments, overseeing hardware, software, network infrastructure, CRM, HRIS, medical record keeping and telecommunication systems across multiple locations in the Medical, Banking, and Energy sectors. His expertise includes project design, documentation, migration, implementation, and maintenance, ensuring smooth IT operations and quick resolution of issues. Mr. Carter has demonstrated his capability in handling substantial budgets and complex IT environments. His focus includes initiating vision, enabling

implementation, and developing operational efficiency. His Degree in M.I.S. from South Carolina State University, and time with Fortune 100 companies, provided the foundation for being a team player as well as a team leader. Mr. Carter's leadership in transitioning outdated systems to enterprise-level infrastructure has been instrumental in driving organizational success.

The business address for management staff is 400 Avinger Lane, Davidson, NC 28036.

Required Disclosure of Criminal Violations and Conflicts of Interest

None of the officers, directors or persons involved in managing The Pines on a day- to-day basis has been convicted of a felony or plead nolo contendere to a felony charge, nor been held liable or enjoined in a civil action by final judgment which involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department related to the business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or similar facility.

In accordance with North Carolina General Statute § 58-64-20(a)(3)(b), through this statement, it is hereby disclosed that there is no professional service firm, association, trust, partnership or corporation, in which the President/CEO, any member of the management staff, or any member of the Board of Directors of The Pines has a 10% or greater interest in and which it is presently intended shall currently or in the future provide goods, leases or services to The Pines or to residents of The Pines, of an aggregate value of \$500 or more within any year. Further, given that The Pines is a nonprofit corporation without shareholders or other owners, there is not any professional service firm, association, trust, partnership or corporation that has an ownership interest in The Pines which currently or in the future is anticipated to provide goods, leases or services to The Pines or to residents of The Pines, of an aggregate value of \$500 or more within any year.

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ADMISSIONS POLICY AND OTHER TERMS OF RESIDENCY

Resident Options: On-Campus Residents and Early Advantage Program Members

The Pines offers two pathways for individuals to become Residents or Members of The Pines:

1. On-Campus Living: If an apartment, cottage, or villa is available, a member of the Future Residency Program waiting list may reserve the accommodation, complete the admission process, and take residency of the accommodation. On-campus residents enjoy retirement living with access to campus amenities, services, and health care.

2. Early Advantage (EA) Program: When a slot in the EA Program is available, a member of the Future Residency Program waiting list may reserve it, proceed through the admission process, and become an off-campus Resident ("Early Advantage Member"). EA Members have access to campus amenities, services, and health care while living in their own homes.

Members of the Future Residency Program waiting list must be on a Ready List for specific accommodation types and/or the Early Advantage Program in order to receive offers.

Once an accommodation or EA slot is reserved, the admission process is the same and includes financial and health assessments.

Upon becoming a Resident or Member of The Pines, whether through on-campus living or the Early Advantage Program, individuals gain access to all common areas of campus and health care facilities. Included in this document under Services and Amenities are tables that offer a side-by-side comparison to highlight both the similarities and distinctions of access to amenities and services between the On-Campus Residents who sign a Residence and Care Agreement and Early Advantage Members who sign an Early Advantage Agreement.

Health and Financial Criteria for Admission

The Pines does not unlawfully discriminate based on based on race, color, gender, disability, national origin, religion, or sexual orientation.

Admission is limited to individuals 65 or older, although a co-applicant may be as young as 62 if the other applicant is at least 65.

The admission process includes one or more interviews conducted by The Pines or its representative. Within 30 days of signing the Residence and Care Agreement or within reserving a slot in the Early Advantage Program, prospective Residents must submit:

- Application for Admission
- Personal Health History
- Confidential Financial Statement with supporting documentation
- Medical Certificate based on a physical examination by a physician selected by the applicant.

The Medical certificate must show that the applicant is in good health, self-sufficient in residential living activities, and does not present a significant risk of intensive or imminent care needs. The Pines may require additional medical exams by the Medical Director or a physician selected by The Pines.

Applicants must demonstrate sufficient assets and income to meet the obligations of the Agreement and general living expenses. The Pines may request updated financial information at any time.

Direct Admission to Schramm Health Center

Direct admission is allowed for 40 of the 75 health care beds. The remaining 35 require at least 30 days of prior independent or assisted living residency.

Guidelines Regarding Priority for Available Living Accommodations.

The right to reserve Independent Living Accommodations becoming available for occupancy at The Pines will be offered on an alternating basis to on-campus Residents of The Pines who wish to transfer to another Independent Living Accommodation on one hand, and those individuals who have executed a Future Residency Agreement and/or Early Advantage Program Agreement with The Pines (in either case, the “Future Residency Group”) on the other hand. In addition, whenever an accommodation is offered to the Future Residency Group, offers will alternate between those who have executed an Early Advantage Program Agreement and those who have executed a Future Residency Agreement. Early Advantage Members also retain their original position on the Future Residency wait list, enabling Early Advantage Program Members to use whichever priority is more advantageous.

Notwithstanding the plan to alternate the right to reserve Independent Living Accommodations that become available for occupancy between on-campus Residents who wish to transfer to another Independent Living Accommodation and those in the Future Residency Group seeking to move to The Pines, on-campus Residents will have priority over all Future Residency Group members in transferring to another Independent Living Accommodation that becomes available in the following circumstances:

1. Transfers to a smaller or same-sized Independent Living Accommodation; or
2. When two Independent Living Accommodations (one of which is vacant) are combined, the Resident occupying one of the Independent Living Accommodations will have priority in reserving the newly combined Accommodation.

Notwithstanding the above, on-campus Residents and Early Advantage Program Members will have priority for transfers due to necessity, as determined by the Medical Director and the CEO/President of the Corporation, or financial necessity, as determined by The Pines.

Furthermore, notwithstanding the above, we reserve the right to fill, in our sole discretion and without regard to the waiting list, up to five (5) vacancies in Independent Living Accommodations each year. The Independent Living Accommodations granted under this paragraph shall not be of the same unit type. It is expected that filling vacant Independent Living Accommodations pursuant to this paragraph will be rare.

The Corporation reserves the right to revise these guidelines and associated fees at any time. in its sole discretion.

Transfers Due to Changes in Care Needs

The Pines has authority to determine whether a Resident or Early Advantage Member should be transferred from the Resident's Living Accommodation or from their off-campus home to the Schramm Health Center, or from one level of care to another within the Schramm Health Center. This determination is made based on the professional judgment of both the Medical Director and the President/CEO of The Pines, following consultation—when practical—with the Resident or Early Advantage Member, the Resident or Early Advantage Member's family representative or health care power of attorney, and the Resident or Early Advantage Member's attending physician. If it is determined that the Resident or Early Advantage Member requires care that exceeds the capabilities of The Pines, the Resident or Early advantage Member may be transferred to a hospital or other facility equipped to provide the necessary care. Such external care will be at the Resident or member's expense.

If the transfer is determined to be permanent, the Resident must relinquish their on-campus Living Accommodation or their accommodation within the Schramm Health Center. If the Resident later becomes able to return to accommodations comparable to those previously occupied, they will be given priority access to such accommodations as they become available.

In the event of a permanent transfer to the Schramm Health Center, any Resident or Early Advantage Member Entrance Fees will not be subject to refund at the time of the transfer. Entrance Fees are subject to refund when a resident leaves the community and according to the refundability explained in the current Agreement that the Resident or Member is under.

Changes in Occupancy Involving Two Residents

If two Residents share an on-campus Living Accommodation and one of them permanently transfers to the Schramm Health Center, one of them dies, or the Residence and Care Agreement is terminated with respect to one of them, the remaining or surviving Resident has the option to remain in the same Living Accommodation or move to a smaller Living Accommodation in which latter event the Resident may be entitled to receive a partial refund of the Entrance Fee as set forth in the Residence and Care Agreement. Following any such change, the remaining Resident will be responsible for the Monthly Charge applicable to a single Resident in the occupied Living Accommodation.

Marriage/Addition of a Second Occupant While a Resident

If a Resident, while occupying a Living Accommodation, marries or chooses to cohabitate with another person who is already a Resident occupying a separate Living Accommodation, both Residents may, with the prior written consent of The Pines, share either of their Living Accommodation. The unoccupied Living Accommodation would be surrendered and no refund will be payable with respect to the Living Accommodation surrendered except as described below under “Termination and Refund Policies.” The couple would then pay the Monthly Fee for double occupancy associated with the Living Accommodation they choose to occupy. If the couple elects to retain their two separate residences, then they will continue to pay the single monthly accommodation fees for their residences.

If a Resident marries or elects to share their Living Accommodation with a person who is not currently a Resident of The Pines, that person may become a Resident of The Pines if they meet all of the then-current requirements for admission, pay an Application Fee, enters into a current version of the Residence and Care Agreement, and pay an Entrance Fee equal to an amount determined by The Pines (not to exceed one-half of the then current Entrance Fee associated with the applicable Living Accommodation). In such cases, the Resident and newly admitted individual will be responsible for the Monthly Fee for double occupancy for the shared Living Accommodation. If the non-Resident second person does not meet admission requirements, the Resident may terminate the Residence and Care Agreement in accordance with the procedures outlined below under “Termination and Refund Policies—Voluntary Termination.”

Combination of Living Accommodations

From time to time, The Pines may determine that it is desirable to combine a one-bedroom, studio, or deluxe studio Living Accommodation with an adjoining unit to create a single, larger combined Living Accommodation. This decision may be based on various operational, design, or occupancy considerations.

If The Pines makes such a determination and the Resident occupies one of the units designated for combination, the Resident will be required to vacate their current Living Accommodation within a reasonable time following written notice from The Pines.

Upon receiving such notice, the Resident will have the option to:

1. Transfer into the newly combined Living Accommodation once it is ready for occupancy, or
2. Transfer to a Living Accommodation of the same type as the one previously occupied, when one becomes available.

If the Resident elects to move into the combined Living Accommodation, they will be required to pay any additional Entrance Fee at the time of occupancy, and thereafter will pay the Monthly Fee established for the combined unit.

If the Resident chooses instead to transfer to a comparable unit of the same type as previously occupied, The Pines will, if needed, repaint the unit at its own expense prior to the Resident's occupancy.

Transfer to Another Living Accommodation

The Resident may transfer from a Living Accommodation occupied by the Resident to a different Living Accommodation at The Pines which becomes available upon payment of such applicable fees, at the time of transfer, consent by the Corporation, and in compliance with such guidelines regarding transfers as may be adopted by the Corporation, which fees and guidelines may be changed from time to time by the Corporation. The right to reserve Independent Living Accommodations becoming available for occupancy at The Pines, including without limitation, priority among current Residents and Future Residents, including Early Advantage Program Members, will be subject to and in accordance with the Corporation's then current guidelines and fees, which may be subject to change from time to time in the Corporation's sole discretion.

Renovations or Reconstruction of Living Accommodations

The Pines is dedicated to maintaining the Living Accommodations and all other facilities of The Pines in a good state of repair. It recognizes the possibility that at some time in the future it may be necessary to make major renovations to, or reconstruction of one or more of, the residential Living Accommodations or Schramm Health Care Center Accommodations at The Pines requiring that a Resident vacate a unit affected by the construction work. In such event, The Pines would continue to provide to the Resident affected the same services customarily provided to Residents and would bear the costs incurred by the Resident in any such move. The Pines would under such circumstances provide to the Resident other accommodations which would be comparable to the extent practicable to the Resident's Living Accommodation being renovated or reconstructed although an accommodation may be larger or smaller or of a different type.

Financial Assistance

In connection with its charitable mission, it is the desire of the Board of Directors of the Corporation to not terminate a Residence and Care Agreement solely because of a Resident's financial inability to continue to pay the Monthly Fee or other charges by reason of circumstances beyond the Resident's control. Any disposition of Resident's assets in any way other than for care at The Pines or related living/medical expenses to the extent that Resident cannot adequately provide for Resident's expenses or care will nullify this desire on the part of the Corporation and entitle the Corporation to terminate Resident's right to reside in The Pines.

The Corporation will make reasonable efforts to acquire the funds necessary to meet The Pines' fees for care. However, the resources of the Corporation to provide care for Residents are not unlimited, and the Corporation reserves the right to terminate the residency of any person, including Resident, who cannot pay the full cost of The Pines' Monthly Charges, daily fees and other charges and expenses in connection with such person's stay at The Pines.

In the event that we continue to provide the services to you under the terms of this Agreement despite your financial inability to continue to pay the Monthly Charges, daily fees and other charges and expenses payable under the terms of this Agreement, the Corporation shall be entitled to require you to move to a smaller or less costly Living Accommodation.

Any determination by the Corporation with regard to the granting or continuation of financial assistance shall be within the sole discretion of the Corporation. The Corporation has established a Resident Support Fund which will be used to assist Residents who would otherwise not be able to live at The Pines.

EA Members who have an active Early Advantage Agreement do not have access to apply for the Resident Support Fund. If the Early Advantage Member subsequently signs a Residence and Care Agreement and thus terminates the Early Advantage Agreement, the Resident will have access to apply for the Resident Support Fund.

Residents' Animals

The Board of Directors of The Pines has adopted policies governing Residents' keeping animals at The Pines, which are subject to change by action of the Board of Directors of The Pines. A Resident who qualifies to keep an animal as a service animal, a support animal, or a pet pursuant to one of these policies shall review and sign the applicable addendum to the Residence and Care Agreement, a copy of which is attached as Appendix C.

Service Animal Policy

A Resident qualifies to keep an animal as a service animal if he or she has a disability as defined by the Americans with Disabilities Act and an animal such as a dog has been individually trained to do work or perform tasks for the benefit of the Resident. Service animals are permitted to accompany Residents with disabilities in all areas of the campus of The Pines where Residents are allowed to go, including a Resident's personal living unit, entryways, hallways, sitting areas, meeting rooms, lounges, dining rooms, the lobby, and the mail room. It is not necessary that the animal be certified or licensed as a service animal. No request to bring a service animal to The Pines is required, no registration of the service animal is required, and no documentation supporting the need for a service animal is required.

Support Animal Policy

A Resident qualifies to keep an animal as a support animal if he or she has a disability as defined by the Fair Housing Act and the animal works, provides assistance, or performs tasks for the benefit of the Resident, or provides emotional support that alleviates one or more identified symptoms or effects of the Resident's disability, in order for the Resident to have an equal opportunity to use and enjoy The Pines' housing facilities. Qualified support animals will be permitted access only to the Resident's personal living unit (including, if applicable, his or her living unit in nursing or assisted living, provided that the support animal is under the Resident's control and the Resident is able to care for the support animal); the hallways, elevators, stairwells and entryways necessary for the animal's entrance and exit to the Resident's Living Accommodation; and certain designated outdoor areas appropriate for the animal's natural relief. Support animals will not be permitted to access any other areas, including the dining rooms, recreation rooms, sitting areas, meeting rooms, lounges, the lobby, or the mail room. Residents must request the use of support animals through the Director of Sales, Marketing & Communications or the Director of Resident Services and must present documentation from a reliable party who is in a position to know about the individual's disability demonstrating that

the Resident has a disability; that the support animal is necessary for the Resident to have an equal opportunity to use and enjoy, or to participate in, housing at The Pines; and that there is a relationship or nexus between the Resident's disability and the assistance the animal provides.

Pet Policy

Only Residents of the cottage units and the villa units may keep pets at The Pines. Pets will be permitted access only to the Resident's personal cottage unit or villa units; the hallways, elevators, stairwells and entryways necessary for the animal's entrance and exit to the Resident's Living Accommodation; and certain designated outdoor areas appropriate for the animal's natural relief. Residents must apply to the Director of Sales, Marketing & Communications or Director of Resident Services at The Pines for permission to keep a pet in a cottage unit or villa unit. The Pines may, in its sole discretion, approve or disapprove the Resident's request to keep a pet.

Animals belonging to Early Advantage Members

Early Advantage Members with animals may bring pets to campus but must follow the guidelines for animals depending on if their animal is a pet, service animal, or support animal.

No Smoking Policy

The Board of Directors of The Pines has adopted an Amended and Restated No Smoking Policy declaring that no smoking will be allowed on the premises of The Pines, including all indoor and outdoor areas, except as permitted in the policy. The policy applies to all Residents who begin living at The Pines after July 1, 2012 and all Early Advantage Members, unless (a) they entered into a Residence and Care Agreement with The Pines prior to July 1, 2012 or (b) they entered into a Future Residency Agreement after July 1, 2012 and began living at The Pines no later than December 31, 2012. The policy also applies to all guests of Residents and Early Advantage Members and other visitors to The Pines.

Residents who (a) have been living at The Pines since no later than July 1, 2012, (b) entered into a Residence and Care Agreement with The Pines prior to July 1, 2012 or (c) entered into a Future Residency Agreement after July 1, 2012 and began living at The Pines no later than December 31, 2012, may continue to smoke in outdoor areas on the premises of The Pines, but they may not smoke in any indoor areas on the premises of The Pines.

Residents who entered into a Residence and Care Agreement with The Pines prior to October 25, 2007, may continue to smoke within their living units and in outdoor areas on the premises of The Pines.

The Pines does not warrant or promise that the premises and common areas will be free from secondhand smoke. The Pines' ability to create a smoke-free environment is

dependent in significant part on voluntary compliance by the Residents, Early Advantage Members and their guests. The No Smoking Policy is subject to revision by action of the Board of Directors of The Pines.

Liability and Property Insurance Requirements

The Pines requires that all Residents entering The Pines maintain property insurance on the Resident's personal property located within the Resident's Living Accommodation or elsewhere within the premises of The Pines. For jewelry and items of personal property that are rare or have historic or artistic value, the Resident's property insurance policy should include specific coverage for such items based on appraisals furnished to the property insurance carrier.

Residents are also required to maintain personal liability insurance with a liability limit of at least \$100,000 per occurrence.

Residents are also required to maintain automobile liability insurance on any vehicle owned by the Resident and to register such vehicle with The Pines' administrative office.

Property insurance covering personal property, personal liability insurance and automobile liability insurance should be obtained from insurance carriers of the Resident's choice.

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TERMINATION AND REFUND POLICIES

Termination Prior to Occupancy

A Resident may terminate a Residence and Care Agreement for any reason and at any time prior to the financial responsibility date by giving written notice to The Pines. If terminated before the financial responsibility date, the Resident will receive a refund of the Entrance Fee, less a non-refundable 5% fee. If the Resident terminates the Residence and Care Agreement due to death of the Resident's spouse or cohabitant, The Pines will refund the full Entrance Fee without deduction of the 5% fee.

The Residence and Care Agreement will terminate automatically prior to the date that a Resident takes occupancy if (a) the Resident dies before occupying a living unit in The Pines (or, if there are two Residents, both Residents die before occupying a living unit in The Pines); or (b) if The Pines determines that the Resident does not meet the physical, mental or financial requirements for admission or (c) on account of physical injury, physical, mental or financial incapacity or physical or mental illness, the Resident is precluded from occupying a living unit at The Pines under the terms of the Residence and Care Agreement. In such cases, the full Entrance Fee is refunded.

Any such refunds will be paid by The Pines within 60 days following termination of the Residence and Care Agreement.

Trial Period for Residents signing a Residence and Care Agreement

The first 60 days of occupancy are considered a trial period. During this period, the Resident may terminate the Residence and Care Agreement for any reason. Upon written notice of such termination by the Resident or in the event of the Resident's death during such 60-day period, The Pines will refund to the Resident the Entrance Fee less a non-refundable fee equal to 5% of the total amount of the Entrance Fee paid by the Resident.

During the 60-day trial period, The Pines may terminate the Residence and Care Agreement if The Pines determines that the Resident's physical or mental condition or emotional adjustment will not permit adaptation to the living environment at The Pines. Upon such termination by The Pines, The Pines will refund to the Resident the full Entrance Fee. Any such refund will be paid by The Pines within 60 days after the Living Accommodation has been vacated by the Resident.

Voluntary Termination of Residence and Care Agreement

After the 60-day trial period, the Resident may terminate the Residence and Care Agreement by giving 30 days written notice of such termination. If such termination occurs within 12 months after the date of occupancy by the Resident, the Resident will receive a refund in the amount equal to the full Entrance Fee paid to The Pines less 5% thereof for each full calendar month or portion thereof which has elapsed from the date of occupancy to the effective date

of termination and less a non-refundable fee equal to 5% of the full Entrance Fee. However, a Resident who has elected the 50% Refund Entrance Fee Option will be entitled to a refund of no less than 50% of the Entrance Fee paid by such Resident, and a Resident who has elected the 90% Refund Entrance Fee Option will be entitled to a refund of no less than 90% of the Entrance Fee paid by such Resident. Unless a Resident has elected the 50% Refund Entrance Fee Option or the 90% Refund Entrance Fee Option, no refund of the Entrance Fee will be paid to the Resident after the first 12 months of occupancy. Any such refund due the Resident under the circumstances described in this paragraph will be made at such time as such Resident's Living Accommodation has been reserved by a prospective Resident and the prospective Resident has paid to The Pines the full Entrance Fee for such Living Accommodation.

Termination of the Residence and Care Agreement Upon Death

If the Resident dies following expiration of the first 60 days of the Resident's occupancy at The Pines and such deceased Resident is not survived by a spouse or second resident residing at the Pines who has co-signed the Residence and Care Agreement, the Residence and Care Agreement shall terminate and, subject to the Resident's continuing obligations described therein, the portion, if any, of the Entrance Fee paid by the Resident to be refunded shall be determined in the same manner described in the preceding paragraph. If the Resident dies following expiration of the first 60 days of the Resident's occupancy and such Resident is survived by a spouse or second resident residing at The Pines who has co-signed the Residence and Care Agreement, then the Residence and Care Agreement shall not terminate and no refund will be payable thereunder. In the event a refund becomes due, the date of the Resident's death shall determine the termination date. Any refund due the Resident's estate will be made at such time as such Resident's Living Accommodation shall have been reserved by a prospective Resident and such prospective Resident shall have paid to The Pines such prospective Resident's full Entrance Fee for such Living Accommodation; provided, however, that the Resident's estate shall continue to be obligated to pay the applicable Monthly Charge for such Resident's Living Accommodation until such Resident's Living Accommodation is vacated and left in good condition except for normal wear and tear.

Termination of the Residence & Care Agreement by The Pines

The Pines may terminate the Residence and Care Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History or Confidential Financial Statement; if the Resident fails to make payment to The Pines of any fees or charges due The Pines within 60 days of the date when due; if the Resident's conduct is abusive toward members of The Pines' staff or is disruptive or is detrimental to the health, safety or welfare of the Resident or other Residents or to other Residents' peaceful enjoyment of The Pines; or if the Resident does not abide by The Pines' policies, rules or regulations or breaches any of the terms and conditions of the Residence and Care Agreement. In the event of termination for any of such

cause, the portion, if any, of the Entrance Fee paid by the Resident to be refunded shall be determined in the same manner as in the case of voluntary termination by the Resident after the 60-day trial period as described above and such refund will be made at such time as such Resident's Living Accommodation shall have been reserved by a prospective Resident and such prospective Resident shall have paid to The Pines such prospective Resident's full Entrance Fee for such Living Accommodation.

Termination if Resident was previously an Early Advantage Member

In any of the termination scenarios described above, if the Resident was previously a Member of the Early Advantage Program, the Resident will not receive any refund of any portion of the Early Advantage Program Membership Fee paid to the Corporation, even if such Membership Fee is credited towards the Entrance Fee under this Agreement.

Termination of the Early Advantage Agreement

The Pines may terminate the Early Advantage Agreement at any time if there has been a material misrepresentation or omission made by the Member in the Members's Application for Admission, Personal Health History, or Confidential Financial Statement; if the Resident fails to make payment to The Pines of any fees or charges due The Pines within 60 days of the date when due; if the Member's conduct is abusive toward members of The Pines' staff or is disruptive or is detrimental to the health, safety or welfare of the Member or other Members or Residents or to other members or Residents' peaceful enjoyment of The Pines; or if the Member does not abide by The Pines' policies, rules or regulations or breaches any of the terms and conditions of the Early Advantage Agreement.

In the event of termination for any of such cause, The Early Advantage Entry Fee refund, if applicable, shall be equal to the Membership Entry Fee less a non-refundable fee of five percent (5%) of the Membership Entry Fee; the remaining balance is subject to amortization of five percent (5%) for each month of membership, as defined herein, for up to twelve (12) months. In calculating amortization for purposes of this section, a period of more than fifteen (15) days will be considered as a full month; fifteen (15) days or less will be disregarded for purposes of this calculation. Subtracted from any refund owed to you, if any, will be any unpaid fees or charges incurred by you. You will not be entitled to receive any interest on any monies paid to The Pines. Any refund due shall be refunded within 120 days of the date of termination of the Early Advantage Agreement. No refund of the Membership Entry Fee shall be paid after twelve (12) months of membership.

The Early Advantage Agreement also will terminate if the Early Advantage Member permanently moves to The Schramm Health Center or executes a Residence and Care Agreement. In either situation, there will be no refund of the Early Advantage Entry Fee.

Rescission

A Resident may rescind the Residence and Care Agreement by giving written notice of such rescission to The Pines within 30 days following the later of the execution of the Residence and Care Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1 et seq. of the North Carolina General Statutes. In the event of such rescission, the Resident will receive a full refund of the Entrance Fee paid by the Resident less any Monthly Charge or portion thereof applicable to any period a Living Accommodation was occupied by the Resident or since the financial responsibility date. The Resident shall not be required to move into The Pines before the expiration of such 30-day period.

A Member may rescind the Early Advantage Agreement by giving written notice of such rescission to Corporation within thirty (30) days following the later of the execution of the Early Advantage Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1, et seq. of the North Carolina General Statutes. In the event of such rescission, the Member shall receive a refund in an amount equal to the Membership Fee less a non-refundable fee of five percent 5% of the Membership Fee less any accrued expenses.

Any such refunds will be paid by The Pines within 60 days following receipt of the written notice of rescission.

Transfer to Schramm Health Center and Surrender of Living Accommodation

If a Resident temporarily occupies an accommodation in the Schramm Health Center for more than 14 days in any calendar year then, upon the expiration of such 14 days, the Resident shall thereafter pay the amount of the published per diem rate for the Schramm Health Center accommodation occupied by the Resident, plus charges for other services not included in such per diem rate.

If the Resident continues to temporarily occupy an accommodation in the Schramm Health Center for more than 30 days within any 90-day period following the use of the last of such 14 days, the Resident has the option of surrendering the Living Accommodation (if formerly occupied by the Resident as single occupant) or continuing to pay the Monthly Charge associated with such Living Accommodation in addition to the per diem charge for the Schramm Health Center accommodation occupied by the Resident.

If a determination is made by the Corporation that the transfer is permanent in nature, the Resident agrees to surrender the Living Accommodation occupied by the Resident prior to such transfer.

You are responsible for the costs of transfer and moving as well as the Monthly Charges or daily fee through the last day of occupancy for the Living Accommodation being vacated.

For the purposes of this Section V. C., occupancy is defined as the later of the last day that a Resident either resides in the Living Accommodation or the last day that the Resident's furnishings or belongings occupy the Living Accommodation or a storage area at The Pines.

If the Corporation subsequently determines that the Resident can resume occupancy in accommodations comparable to those occupied by the Resident prior to such transfer, the Resident shall have priority to such accommodations as soon as they become available, and you will be responsible for applicable fees, charges and expenses as determined by the Corporation.

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AMENITIES AND SERVICES

General

The amenities and services provided by The Pines, along with the respective rights and duties of both parties, are stated in the Residence and Care Agreement and Early Advantage Agreement entered into by The Pines with each Resident. The current versions of the Agreements are attached hereto as Appendix A & D, respectively. Past Agreements may differ, and future Agreements may also vary.

Tables below compare access to amenities and services between On-Campus Residents who sign a Residence and Care Agreement and Early Advantage Members who sign an Early Advantage Agreement. Note: Some amenities and services may change as The Pines evolves.

Amenities and Services Available

Amenities	Early Advantage	On-Campus
Access to lobbies, living room, lounges, library, multi-purpose room, terraces, art studio, business center, meeting rooms, game room, woodshop, and One-Stop Shop.	Included	Included
Access to dining venues including The Marketplace, The Pub, The Davis Café, The Heritage Dining Room, The Terrace, and the Chart Room.	Included	Included
Access to fitness amenities including the fitness center, multipurpose room, locker room, 24 ft. x 50 ft. warm water therapy pool, and hot water whirlpool. (A key fob is required for access. A Pool Use Agreement is required to be signed for pool and whirlpool use. See Appendix C)	Included	Included
Access to outdoor amenities including courtyards, gazebos, sitting areas, walking paths, fenced dog park, community gardens, and The Terrace.	Included	Included

Participation in social, educational, recreational, spiritual, and cultural activities offered by The Pines on campus.	Included	Included
Use of Resident storage areas	N/A	Included
Use of Common Laundry facilities	N/A	Included
Use of Guest Room	Not available unless staying in The Schramm Health Center.	Available for a fee
Use of Mail Room	N/A	Included
Use of Parking	Included when visiting campus	Included. Some enclosed spaces incur a fee.

General Services	Early Advantage	On-Campus
Support services on campus including social worker, chaplain, activities coordinator, and resident support coordinator	Included	Included
Use of Pine Central web portal	Included	Included
IT support	Available for a fee, on campus, for phones, smart watches, tablets and laptops	Available for a fee
Notary services	Included	Included
The Pines Beauty/Barber Salon's services	Available for a fee paid to provider	Available for a fee paid to provider

Dietician services regarding meals served on campus	Included	Included
Resident Choice Meal Plan (alcohol not included)	N/A	Included
Al la carte meals and additional meals, including takeout, at the Resident rate	Resident rate	Resident rate
Guest meals, including take out, and the guest meal rate	Guest meal rate	Guest meal rate
Special dining events such as holiday brunches and birthday dinner	Resident rate	Resident rate
Meal Delivery	N/A	6 deliveries at no charge, then fees apply
Catering on campus	Resident rate	Resident Rate
Transportation services for group trips and events	Fees may apply	Fees may apply
Routine transportation services, such as to grocery stores and church	N/A	Included
Private transportation services	N/A	Fees apply

Health Services	Early Advantage	On-Campus
Per diem charge in The Schramm Health Center	Resident rate per diem charge	Resident rate per diem charge
14 days a year of no per diem charge for temporary stays in The Schramm Health Center (Monthly Fees continue to be charged)	Included	Included
Services from The Pines Wellness Clinic	Billed to insurance and/or Resident.	Billed to insurance and/or Resident

Ancillary charges in health care for items such as medical supplies, incontinence supplies, personal need supplies, and non-prescription medications	Additional fee	Additional fee
On-campus vaccine clinics	Billed to insurance and/or Resident	Billed to insurance and/or Resident
Other provider services such as dermatology, audiology, podiatry, therapies, and wound care.	Billed to insurance and/or Resident	Billed to insurance and/or Resident
Home care and home health care services	N/A	N/A
Coordination and scheduling of home care and home health care	N/A. The Pines can make provider recommendations.	N/A. The Pines can make provider recommendations.
Medical transportation services and medical accompaniment	Available for a fee when staying in The Schramm Health Center	Available for a fee
Support services on campus including social worker, chaplain, activities coordinator, and resident support coordinator	Included	Included
Dietician services regarding meals served on campus	Included	Included

Included with on-campus living accommodation	Early Advantage	On-Campus
Monthly Fee for Independent Living Accommodation	N/A	Included

Maintenance of Independent Living Accommodation	N/A	Included
Maintenance of major household appliances (except personal washers/dryers)	N/A	Included
Special request for landscaping around residence	N/A	Available for a fee
Weekly housekeeping	N/A	Included
Utilities and services including electricity, natural gas, water/sewer, basic television service, internet, telephone, trash removal (The Pines reserves the right to end or alter telephone, TV, and internet services as technologies evolve.)	N/A	Included except for cable installation and upgrades, and international calls
Linen service	N/A	Included
24-hour security coverage	N/A	Included
24-hour monitoring of emergency call bells installed in residences and response of The Pines security and nursing staff	N/A	Included
Property Insurance coverage	N/A	Included (Must carry personal property and liability insurance)

Privileges at River Run Country Club

The Pines has obtained certain limited membership privileges at River Run Country Club (the “Club”) to allow on-campus Residents of The Pines to utilize the facilities of the Club. The Club has extended such privileges to Residents in a spirit of community outreach. The Club is located approximately two miles from The Pines and includes a championship 18-hole golf course, driving range, clubhouse with locker rooms, pro-shop, dining facilities, bar and ballroom, outdoor swimming pool, pickleball courts, and tennis courts. Residents may use facilities of the Club without paying an individual membership fee or monthly dues. Residents must pay for any food or beverages purchased at the Club’s dining facilities and for any user fees such as green fees and cart fees (such user fees are at a discounted rate equal to 50% of the applicable fee that a Club member pays for a Club member’s guest).

Total Resident use of the Club's 18-hole golf course is limited to an aggregate of 30 rounds of golf per week. These limited membership privileges at the Club are extended only to current Residents; Members of the Future Residency Program, Early Advantage Members, and those who have reserved an accommodation but have yet to move in are not extended these membership privileges. The Pines' current membership agreement with the Club terminates on December 31, 2030.

Health Care Services

Under the Residence and Care Agreement, The Pines provides accommodations, equipment, and staffing for Assisted Living, Memory Care and Long-Term Care in the Schramm Health Center upon a space-available basis. Private or semi-private accommodations are provided in the Assisted Living Unit and in the Hidell Nursing Center. A 24-hour nursing staff is maintained in the Schramm Health Center. A Medical Director, who is a licensed physician, coordinates the provision of health care services. Charges for health care services are described below under "Fees—Charges for Occupancy in the Schramm Health Center." Charges for health care services not covered by the Monthly Charge or the per diem (daily) rate in the Schramm Health Center to be paid for by the Resident or Early Advantage Member include, but are not limited to, the following: charges by Resident or Early Advantage Member's personal physician for medical services; charges for pharmacy products; surgical, dental and optical services; laboratory tests; physical therapy; occupational therapy; rehabilitative treatments; wheelchairs and other medical equipment and supplies; and therapeutic activities.

Medical Emergencies in Independent Living

Independent living ("IL") Residents residing on The Pines' main campus in the main apartment building, cottages and villas may request help in the event of a medical emergency using one or more of the following methods:

1. Call 911 – Residents may call the Mecklenburg County Emergency Medical Service ("EMS") for assistance by dialing 911 on a landline or personal cell phone. If using a landline phone in a Living Accommodation, a Resident may dial 911 without first dialing "9" to get an outside line. If using a landline phone outside of a Living Accommodation a Resident may need to dial a "9" before dialing 911, although phones in common areas such as the Warm Water Therapy Facility generally do not require this. After calling EMS, Residents are asked to notify The Pines' nursing station by dialing 1463 (on The Pines' telephone system) or 704-896-1463 (on a personal cell phone or other landline) so that The Pines' staff may help in directing first responders and EMS personnel to the Resident's location. Residents may also use one or more additional emergency alert systems available at The Pines after calling EMS.
2. Portable System – Residents may activate a portable emergency alert system that operates using small, portable "button" type devices, such as pendants, bracelets and wall buttons mounted in the bedrooms and bathrooms of each IL residence. The system is

designed to provide coverage inside all of The Pines' buildings and in the majority of the outdoor areas on The Pines' main campus. The wall-mounted buttons provide more accurate locating information than the pendants and bracelets, and Residents are encouraged to activate a wall-mounted button instead of a pendant or bracelet if circumstances allow. To activate the portable "button," a Resident must press and hold down the button until the device vibrates. When the button is activated, a small red light will begin to flash rapidly before it changes to one flash every 3 or 4 seconds. To activate the wall-mounted buttons that are mounted in the bedrooms and bathrooms, a Resident must press and hold down the button until the light above the button flashes.

3. Pull-Cord System – Residents may activate a pull cord emergency alert system by pulling wall-mounted pull cords that are available in each IL bedroom and bathroom. Pull cords are also available in certain other locations, including some public restrooms, the dining room, the Jetton Community Center and the Warm Water Therapy Facility. The pull cord system operates using the fire and smoke alarm system and, in the event of a power outage, will be powered by The Pines' emergency generator.

4. Telephone – Residents may call The Pines' nursing staff directly by dialing 1463 (on The Pines' telephone system) or 704-896-1463 (on a personal cell phone or on a landline in any Living Accommodation; outside the Living Accommodation it may be necessary to dial a "9" first to get an outside line to call this number).

When an IL Resident activates the portable system or pull cord system, the respective emergency alert system will determine the location of the device that was activated. If the alert indicates that the location of the Resident is within his or her IL living accommodation, The Pines' nursing personnel will first call the Resident's IL residence to speak with the Resident and confirm the emergency. If the Resident does not answer the phone or if the phone service is out of order, The Pines' nursing personnel will go to the Resident's unit and investigate. If the alert indicates that the location of the Resident is outside his or her IL living accommodation, The Pines' nursing personnel will go to the location identified by the portable system or the pull cord system and investigate.

The Pines strives to respond to medical emergencies inside Residents' IL living accommodations within 15 minutes, but nursing response times will vary depending upon various factors including the urgency of the call and the number of calls being handled at that time. When responding to medical emergencies outside a Resident's IL living accommodation the response time may exceed 15 minutes due to a variety of factors, including weather conditions, time of day or conditions that may obscure visibility, as well as the urgency of the call and the number of calls being handled at that time. While The Pines' emergency alert systems are reliable most of time, system failures may occur due to device or sensor failure, an unexpected gap in coverage, telephone or power outage or other reasons. Therefore, Residents should take other appropriate precautions such as carrying their personal cell phone or participating in a "buddy system." In addition to The Pines' periodic testing program, Residents may, with prior notice to Facility Services, activate any

of the Portable or Pull Cord System devices in their IL living accommodations to confirm such devices are functioning properly. If The Pines' nursing personnel do not respond promptly after a Resident activates either the pull cord system or portable system, the Resident should request help using an alternative method.

The procedures outlined above will vary for residents residing at Chartwell Estate and Shaw Property (which typically will be one or two people).

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FEES

Deposit and Entrance Fees for On-Campus Residency

Upon deciding to apply to become a resident at The Pines, a prospective Resident will execute a Residence and Care Agreement to reserve the Living Accommodation selected. At the time such Agreement is signed, the Resident will pay a deposit equal to 10% of the Standard Entrance Fee for the kind of Living Accommodation selected, together with \$300 as a non-refundable application fee. The balance of the Entrance Fee is due 10 days prior to the projected date of occupancy.

For EA Members moving to an Independent Living Accommodation on campus at The Pines, there is no additional application fee and no Future Residency Deposit Credit, as these were previously calculated as part of the Early Advantage Program application process. The 10% deposit is calculated based on the current entrance fee for the accommodation, minus the Early Advantage entrance fee previously paid.

Entrance Fees for On-Campus Residency

The Entrance Fee is a payment that assures a Resident a place in The Pines for a term of years or for life, provided that the Resident otherwise complies with all terms and conditions of the Residence and Care Agreement.

Under the Residence and Care Agreement, a prospective Resident chooses one of three options as to the Entrance Fee to be paid with respect to the Living Accommodation selected: the Standard Entrance Fee Option, the 50% Refund Entrance Fee Option or the 90% Refund Entrance Fee Option.

If previously an EA Member, the 50% and 90% Refund Options will be calculated based on the current entrance fee of the accommodation, less the Early Advantage entrance fee previously paid. The Early Acceptance Entrance Fee credit will be applied to the balance due and payable 10 days prior to the projected date of occupancy.

Current Entrance Fees under the Standard Entrance Fee Option for the various types of Living Accommodations are as follows:

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Living Accommodation ^(**)	Effective through June 30, 2025	Effective July 1, 2025 and After
<i>Main Apartments</i>		
Studio	\$55,000	\$61,600
Deluxe Studio	73,000	81,760
1 Bedroom	169,500	191,535
2 Bedroom	280,000	330,400
2 Bedroom Suite ^(A)	304,500	359,310
2 Bedroom Deluxe ^(B)	315,000	371,700
<i>Cottages</i>		
Cottage	356,000	427,200
Large Cottage	402,000	482,400
Large Cottage with Sunroom	433,000	519,600
Large Cottage with Sunroom/Study and Garage	617,400	679,140
<i>Villas at Laurel Ridge & Hickory Crest</i>		
2 Bedroom Villa (Plan A)	488,000	610,000
2 Bedroom Deluxe Villa (Plan B)	528,000	660,000
2 Bedroom with Den Villa (Plan C)	586,000	732,500
2 Bedroom with Den Deluxe Villa (Plan D)	598,000	747,500
<i>Villas at Poplar Hill^(E)</i>		
1 Bedroom Deluxe Villa with Sunroom/Study (1.5 Bath) (Green)	389,000	466,800
2 Bedroom Villa with Porch or Balcony (2 Bath) (Blue)	489,000	586,800
2 Bedroom Villa with Sunroom/Study (2 Bath) (Red)	551,000	661,200
2 Bedroom Villa with Sunroom/Study and Balcony (2 Bath) (Yellow)	569,000	682,800
<i>Other</i>		
Chartwell Estate ^(C)	600,000	720,000
Shaw Property ^(F)	1,000,000	1,150,000
Second Person Fee ^(D)	30,500	36,000

Additional Notes Regarding Standard On-Campus Entrance Fees:

- (*) In the event of any discrepancy between the Standard Entrance Fees listed in the table above and those listed in Appendix K (Compilation of Financial Forecast) the table above takes precedence.
- (**) The Standard Entrance Fees listed above represent the base Entrance Fee for a standard Living Accommodation. In certain instances where improvements have been made in a Living Accommodation, an extra amount of premium may be added to Standard Entrance Fees listed above.
- (A) 2 Bedroom Suite represents the combination of a Studio unit and a 1 Bedroom apartment.
- (B) 2 Bedroom Deluxe represents the combination of a Deluxe Studio unit and a 1 Bedroom apartment.
- (C) In the event The Pines delivers notice of its intent to develop or sell the Chartwell Estate or Remaining Area or the Resident is required to surrender occupancy of the Chartwell Estate, the Resident may receive a partial refund of the Entrance Fee or the Resident may transfer to another living accommodation. In the event the Resident transfers to another living accommodation The Pines will (a) provide Resident a credit toward the Entrance Fee of the new living accommodation in an amount equal to the amortized portion of the Resident's Entrance Fee; (b) refund to the Resident an amount equal to the unamortized portion of the Resident's Entrance Fee less the remaining amount of the Entrance Fee for the new living accommodation (after taking into account the credit applied in clause (a)); and (c) reimburse Resident for up to Twenty Thousand Dollars (\$20,000) of relocation expenses actually incurred by Resident.
- (D) When two persons enter The Pines together and occupy one Living Accommodation, the Second Person Fee shown in the above table is charged in addition to the Standard Entrance Fee for the type of Living Accommodation selected. If prospective Residents select the 50% Refund Entrance Fee Option or the 90% Refund Entrance Fee Option prior to entering The Pines, the Second Person Fee will be included in the Standard Entrance Fee when determining the Entrance Fee due from the Residents.
- (E) The Standard Entrance Fees for the Villas at Poplar Hill include basement parking. If such basement parking is not available and the Resident is assigned detached covered parking, the Standard Entrance Fees will be reduced by \$15,000.
- (F) In the event The Pines delivers notice of its intent to develop or sell the Shaw Property or the Resident is required to surrender occupancy of the Shaw Property, the Resident may receive a partial refund of the Entrance Fee or the Resident may transfer to another living accommodation. In the event the Resident transfers to

another living accommodation The Pines will (a) provide Resident a credit toward the Entrance Fee of the new living accommodation in an amount equal to the amortized portion of the Resident's Entrance Fee; (b) refund to the Resident an amount equal to the unamortized portion of the Resident's Entrance Fee less the remaining amount of the Entrance Fee for the new living accommodation (after taking into account the credit applied in clause (a)); and (c) reimburse Resident for up to Twenty Thousand Dollars (\$20,000) of relocation expenses actually incurred by Resident.

The amount of the Entrance Fee payable in the event that the Resident elects the 50% Refund Entrance Fee Option or the 90% Refund Entrance Fee Option is determined actuarially based on the life expectancy of the Resident at the time of occupancy of an on-campus accommodation. In the case of a single occupant the age at occupancy is based on the Resident's age at his or her birthday that is nearest the occupancy date and in the case of a couple it is based on the age of the older Resident at his or her birthday that is nearest the occupancy date. This method of determining age at occupancy applies to all Living Accommodations.

The Entrance Fee payable under the 50% and 90% Refund Options is determined by reference to the schedule on the following page, which shows the percentage of the Standard Entrance Fee to be added to such Entrance Fee for a Resident's attained age at the time of occupancy (with age as determined by the method described above).

The amount of the Standard Entrance Fee payable with respect to the Living Accommodation selected is set forth in the Resident's Residence and Care Agreement and the amounts of the Entrance Fees payable under the 50% and 90% Refund Options are estimated. The Resident must notify The Pines in writing of the choice of Entrance Fee option on or before the date that the balance of the Entrance Fee is due.

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Refund Options – Percentage Over Standard Entrance Fee

This chart determines the Entrance Fee payable under the 50% and 90% Refund Options

Age at Occupancy	50% Refund Option	90% Refund Option
62	23 %	45 %
63	24	47
64	25	49
65	25	51
66	26	53
67	27	56
68	28	58
69	30	61
70	31	64
71	32	68
72	34	71
73	35	75
74	37	79
75	38	84
76	40	89
77	41	94
78	43	99
79	45	106
80	47	112
81	49	119
82	51	127
83	53	135
84	55	144
85	57	153
86	59	162
87	61	172
88	63	182
89	65	193
90	66	203
91	68	213
92	70	223
93	71	233
94	73	243
95	74	252
96	75	261
97	76	270
98	78	281
99	79	291
100	80	302

Independent Living Monthly Charges*

The Monthly Charge covers the Independent Living Accommodation and standard services described in the Residence and Care Agreement. The Monthly Charges for various types of Living Accommodations are as follows:

	Effective through June 30, 2025		Effective July 1, 2025 and After	
Living Accommodation	Single Standard Occupancy	Double Occupancy	Single Standard Occupancy	Double Occupancy
<i>Apartments</i>				
Studio	\$ 3,255	\$ 4,988	\$ 3,385	\$ 5,187
Deluxe Studio	3,413	5,143	3,550	5,349
1 Bedroom	4,056	5,956	4,218	6,194
2 Bedroom	4,453	6,540	4,631	6,801
2 Bedroom Suite ^(A)	4,572	6,657	4,755	6,923
2 Bedroom Deluxe ^(B)	4,800	6,888	4,992	7,164
<i>Cottages</i>				
Cottage	4,829	7,109	5,022	7,393
Large Cottage	5,212	7,496	5,420	7,795
Large Cottage with Sunroom	5,212	7,496	5,420	7,795
Large Cottage with Sunroom/Study and Garage	5,570	7,868	5,793	8,183
<i>Villas at Laurel Ridge & Hickory Crest</i>				
2 Bedroom Villa (Plan A)	5,240	7,540	5,450	7,842
2 Bedroom Deluxe Villa (Plan B)	5,336	7,634	5,549	7,939
2 Bedroom with Den Villa (Plan C)	5,482	7,781	5,701	8,092
2 Bedroom with Den Deluxe Villa (Plan D)	5,555	7,830	5,777	8,143
<i>Villas at Poplar Hill</i>				
1 Bedroom Deluxe Villa with Sunroom/Study (1.5 Bath) (Green)	4,571	6,657	4,754	6,927
2 Bedroom Villa with Porch or Balcony (2 Bath) (Blue)	5,227	7,527	5,436	7,828
2 Bedroom Villa with Sunroom/Study (2 Bath) (Red)	5,322	7,620	5,535	7,925
2 Bedroom Villa with Sunroom/Study and Balcony (2 Bath) (Yellow)	5,336	7,634	5,549	7,939
<i>Other</i>				
Chartwell Estate ^(C)	7,868	7,868	8,183	8,183
Shaw Property ^(D)	7,868	7,868	8,183	8,183

***Additional Notes Regarding Monthly Charges:**

- (*) In the event of any discrepancy between the Monthly Charges listed in the table above and those listed in Appendix J (Compilation of Financial Forecast) the table above takes precedence.
- (A) 2 Bedroom Suite represents the combination of a Studio apartment and a 1 Bedroom apartment.
- (B) 2 Bedroom Deluxe represents the combination of a Deluxe Studio apartment and a 1 Bedroom apartment.
- (C) The Resident is responsible for the costs of all utilities for the Chartwell Estate. The Pines will provide a monthly statement showing the total amount of fees and other charges owed by the Resident for heating, air conditioning, lights, water, sewer, and electricity, which Resident shall pay pursuant to the terms of the Residence and Care Agreement. The Resident shall pay any costs for internet, telephone (other than basic local telephone service), and cable television services as well as any costs for installation directly to the utility provider. The Monthly Charge for Chartwell Estate is the same for single and double occupancy.
- (D) The Resident is responsible for the costs of all utilities for the Shaw Property. The Pines, at its discretion, will either (a) provide a monthly statement showing the total amount of fees and other charges owed by the Resident for heating, air conditioning, lights, water, sewer, and electricity, which Resident shall pay, or (b) have such charges billed directly to the Resident, which Resident shall pay directly to the utility provider. The Resident shall pay any costs for internet, telephone (other than basic local telephone service), and cable television services as well as any costs for installation directly to the utility provider. The Monthly Charge for Shaw Property is the same for single and double occupancy.

Adjustment to Monthly Charge

The Monthly Charge is intended to meet the cost of debt service, insurance, maintenance, administration, staffing and other expenses associated with the establishment, operation and management of The Pines. Under the Residence and Care Agreement and Early Advantage Agreement, The Pines has the authority to adjust the Monthly Charge from time to time as The Pines in its discretion deems necessary in order to reflect changes in the costs of providing the facilities, programs, and services at The Pines consistent with operating on a sound financial basis and maintaining the high quality of services. The Pines may make any increases in the Monthly Charge or other charges upon 30 days' written notice to the Resident.

Health Center Fees and Charges

If a Resident is transferred to the Schramm Health Center or an Early Advantage Member is staying in the Schramm Health Center and such transfer or stay has not been determined by the Corporation to be permanent in nature, the Resident or member shall continue to pay

the Monthly Charge equal to the same Monthly Charge associated with the type of Living Accommodation or Early Advantage Monthly Charge for the first 14 days' occupancy (whether or not consecutive) in the Schramm Health Center each calendar year. For such 14 days, the Resident will not be required to pay a per diem charge for occupancy in the Schramm Health Center but shall pay for additional meals or other services not normally covered by the Monthly Charge or by the per diem charge for occupants of the Schramm Health Center. For such 14 days, the EA Member will not be required to pay a per diem charge for occupancy in the Schramm Health Center but shall pay for all meals or other services not normally covered by the Monthly Charge or by the per diem charge for occupants of the Schramm Health Center. Credit for any unused portion of the 14 days may not be carried forward to successive years.

In the event that a Resident or Early Advantage Member occupies an accommodation in the Schramm Health Center for more than 14 days in any calendar year, then upon the expiration of such 14 days, the Resident shall thereafter in such year and in any year thereafter pay the amount of the published per diem rate for the Schramm Health Center accommodation occupied by the Resident or Member, plus charges and expenses for other services not included in such per diem rate.

Optional Surrender of Living Accommodation Upon Transfer to Schramm Health Center

If the Resident shall continue to occupy an accommodation in the Schramm Health Center for more than 30 days within any 90 day period following the use of the last of such 14 days, the Resident shall have the option of surrendering the Living Accommodation of such Resident (if formerly occupied by the Resident as single occupant) or paying the Monthly Charge associated with such Living Accommodation in addition to the per diem charge for the Schramm Health Center accommodation occupied by the Resident.

Charges for Occupancy in the Schramm Health Center

The Pines will establish and publish per diem rates and charges for accommodations and services in the Schramm Health Center.

If a Resident is transferred to the Schramm Health Center, the Resident will continue to pay the Monthly Charge equal to the same Monthly Charge associated with the Resident's Living Accommodation for the first 14 days' occupancy (whether or not consecutive) in the Schramm Health Center each calendar year. For such 14 days, the Resident will not be required to pay a per diem (daily) charge for occupancy in the Schramm Health Center, and the cost of one meal per day will be included in the Monthly Charge; however, the Resident must pay for additional meals or other services not normally covered by the Monthly Charge or by the per diem charge for occupants of the Schramm Health Center. Credit for any unused portion of the 14 days may not be carried forward to successive years.

In the event that a Resident shall occupy an accommodation in the Schramm Health Center for more than 14 days in any calendar year, then upon the expiration of such 14 days, the

Resident shall thereafter pay the amount of the published per diem rate for the Schramm Health Center accommodation occupied by the Resident, plus charges for other services not included in such per diem rate.

If the Resident shall continue to occupy an accommodation in the Schramm Health Center for more than 30 days within any 90 day period following the use of the last of such 14 days, the Resident shall have the option of surrendering the Living Accommodation (if formerly occupied by the Resident as single occupant) or continuing to pay the Monthly Charge associated with such Living Accommodation in addition to the per diem charge for the Schramm Health Center accommodation occupied by the Resident.

The current per diem rates for Residents in the Schramm Health Center are as follows:

Type of Schramm Health Center Accommodation	Per Diem Rate Effective through June 30, 2025	Per Diem Rate Effective July 1, 2025
Assisted Living- private	\$237.00	\$246.00
Intermediate nursing- private (Brown & Purcell)	\$353.00	\$367.00
Long Term Care nursing- private (Brown & Purcell)	\$353.00	\$367.00
Long Term Care nursing- private (Wilson & Maulden)	\$366.00	\$381.00

In the event one of two Residents occupying a Living Accommodation is transferred to the Schramm Health Center, the Resident remaining in the Living Accommodation pays the Monthly Charge associated with such Living Accommodation based on single occupancy.

Changes in Charges Since 2020

Increases in monthly and per diem charges at The Pines since 2020 are shown in chart form horizontally on the following page:

Independent Living Unit	7/1/20-6/30/21		7/1/21-6/30/22		7/1/22-6/30/23		7/1/23-6/30/24		7/1/24-6/30/25		7/1/25-After(*)	
	Single	Double	Single	Double	Single	Double	Single	Double	Single	Double	Single	Double
Studio	\$2,631	\$4,031	\$2,723	\$4,172	\$2,884	\$4,418	\$3,100	\$4,750	\$3,255	\$4,988	\$3,385	\$5,187
Deluxe Studio	\$2,758	\$4,157	\$2,855	\$4,303	\$3,023	\$4,556	\$3,250	\$4,898	\$3,413	\$5,143	\$3,550	\$5,349
1 Bedroom	\$3,278	\$4,813	\$3,393	\$4,982	\$3,593	\$5,276	\$3,863	\$5,672	\$4,056	\$5,956	\$4,218	\$6,194
2 Bedroom	\$3,599	\$5,287	\$3,725	\$5,472	\$3,945	\$5,795	\$4,241	\$6,229	\$4,453	\$6,540	\$4,631	\$6,801
2 Bedroom Suite ⁽¹⁾	\$3,695	\$5,381	\$3,825	\$5,569	\$4,050	\$5,898	\$4,354	\$6,340	\$4,572	\$6,657	\$4,755	\$6,923
2 Bedroom Deluxe ⁽²⁾	\$3,880	\$5,567	\$4,015	\$5,762	\$4,252	\$6,102	\$4,571	\$6,560	\$4,800	\$6,888	\$4,992	\$7,164
Cottage	\$3,903	\$5,746	\$4,039	\$5,947	\$4,278	\$6,298	\$4,599	\$6,770	\$4,829	\$7,109	\$5,022	\$7,393
Large Cottage	\$4,213	\$6,059	\$4,361	\$6,271	\$4,618	\$6,641	\$4,964	\$7,139	\$4,512	\$7,496	\$5,420	\$7,795
Large Cottage with Sun Room	\$4,213	\$6,059	\$4,361	\$6,271	\$4,618	\$6,641	\$4,964	\$7,139	\$5,212	\$7,496	\$5,420	\$7,795
Large Cottage with Sunroom/Study and Garage	\$4,502	\$6,359	\$4,660	\$6,582	\$4,935	\$6,790	\$5,305	\$7,493	\$5,570	\$7,868	\$5,793	\$8,183
2 Bedroom Villa (Plan A)	\$4,235	\$6,095	\$4,384	\$6,308	\$4,642	\$6,680	\$4,990	\$7,181	\$5,240	\$7,540	\$5,450	\$7,842
2 Bedroom Deluxe Villa (Plan B)	\$4,313	\$6,170	\$4,464	\$6,386	\$4,727	\$6,763	\$5,082	\$7,270	\$5,336	\$7,634	\$5,549	\$7,939
2 Bedroom with Den Villa (Plan C)	\$4,431	\$6,288	\$4,586	\$6,509	\$4,857	\$6,893	\$5,221	\$7,410	\$5,482	\$7,781	\$5,701	\$8,092
2 Bedroom with Den Deluxe Villa (Plan D)	\$4,470	\$6,329	\$4,647	\$6,550	\$4,921	\$6,937	\$5,290	\$7,457	\$5,555	\$7,830	\$5,777	\$8,143
1 Bedroom Deluxe Villa (Green)	\$3,695	\$5,381	\$3,824	\$5,569	\$4,050	\$5,898	\$4,353	\$6,340	\$4,571	\$6,657	\$4,754	\$6,927
2 Bedroom Villa (Blue)	\$4,225	\$6,084	\$4,373	\$6,297	\$4,631	\$6,669	\$4,978	\$7,169	\$5,227	\$7,527	\$5,436	\$7,828
2 Bedroom Villa (Red)	\$4,302	\$6,159	\$4,453	\$6,375	\$4,715	\$6,751	\$5,069	\$7,257	\$5,322	\$7,620	\$5,535	\$7,925
2 Bedroom Villa (Yellow)	\$4,313	\$6,170	\$4,464	\$6,386	\$4,727	\$6,763	\$5,082	\$7,270	\$5,336	\$7,634	\$5,549	\$7,939
Chartwell ⁽³⁾⁽⁴⁾	\$7,595	\$7,595	\$7,861	\$7,861	\$6,970	\$6,970	\$7,493	\$7,493	\$7,868	\$7,868	\$8,183	\$8,183
Shaw ⁽⁵⁾⁽⁶⁾	NA	NA	NA	NA	\$6,970	\$6,970	\$7,493	\$7,493	\$7,868	\$7,868	\$8,183	\$8,183
Weighted Average Increase over prior year	\$105	\$47	\$130	\$59	\$227	\$102	\$305	\$443	\$219	\$318	\$183	\$267
% Increase	2.9%	2.9%	3.5%	3.5%	5.9%	5.9%	7.5%	7.5%	5.0%	5.0%	4.0%	4.0%

- (1) 2 Bedroom Suite represents the combination of a Studio unit and a 1 Bedroom apartment.
- (2) 2 Bedroom Deluxe represents the combination of a Deluxe Studio unit and a 1 Bedroom apartment.
- (3) The Resident is responsible for the costs of all utilities for Chartwell Estate. The Pines, at its discretion, will provide a monthly statement showing the total amount of fees and other charges owed by the Resident for heating, air conditioning, lights, water, sewer, and electricity, which Resident shall pay pursuant to the terms of the Residence and Care Agreement. The Resident shall pay any costs for internet, telephone (other than basic local telephone service), and cable television services and installation directly to the utility provider.
- (4) The Monthly Charge for Chartwell Estate is the same for single and double occupancy.
- (5) The Resident is responsible for the costs of all utilities for the Shaw Property. The Pines, at its discretion, will either (a) provide a monthly statement showing the total amount of fees and other charges owed by the Resident for heating, air conditioning, lights, water, sewer, and electricity, which Resident shall pay, or (b) have such charges billed directly to the

Resident, which Resident shall pay directly to the utility provider. The Resident shall pay any costs for internet, telephone (other than basic local telephone service), and cable television services and installation directly to the utility provider.

(6) The Monthly Charge for Shaw Property is the same for single and double occupancy.

(*) Figures provided above reflect charges effective for Residents who executed a Residence and Care Agreement after June 30, 2018.

INCREASES IN PER DIEM (DAILY) CHARGES

Schramm Health Center Accommodations	7/1/20 to 6/30/21	7/1/21 to 12/31/21	1/1/22 to 6/30/22	7/1/22 to 6/30/23	7/1/23 to 6/30/24	7/1/24 to 6/30/25	7/1/25 and after (*)
Assisted Living	\$189.50	\$196.13	\$196.13	\$209.67	\$225.40	\$237.00	\$246.00
ICF-Private (Brown & Purcell)	\$269.34	\$278.77	\$292.67	\$312.86	\$336.30	\$353.00	\$367.00
SNF-Private (Brown & Purcell)	\$269.34	\$278.77	\$292.67	\$312.86	\$336.30	\$353.00	\$367.00
SNF-Private (Wilson & Maulden)	\$277.27	\$286.98	\$300.88	\$321.64	\$349.00	\$366.00	\$381.00
Assisted Living	\$5.34	\$6.63	\$0.00	\$13.54	\$15.73	\$11.60	\$9.00
ICF-Private (Brown & Purcell)	\$5.02	\$9.43	\$13.90	\$20.19	\$23.44	\$16.70	\$14.00
SNF-Private (Brown & Purcell)	\$5.02	\$9.43	\$13.90	\$20.19	\$23.44	\$16.70	\$14.00
SNF-Private (Wilson & Maulden)	N/A	\$9.71	\$13.90	\$20.76	\$27.36	\$17.00	\$15.00

(*) Figures provided above reflect charges effective for Residents who executed a Residence and Care Agreement on or after July 1, 2018.

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FUTURE RESIDENCY AGREEMENT

A prospective Resident (a “Future Resident”) may reserve a priority position on The Pines’ waiting list for occupancy and/or joining the Early Advantage Program at some time in the future by entering into a Future Residency Agreement (a “Future Residency Agreement”), the current version of which is attached hereto as Appendix E.

A prospective Future Resident is required to submit required documents along with a Future Residency Agreement and a non-interest-bearing deposit of one thousand dollars (\$1,000). This \$1,000 deposit will be credited toward the entrance fees due by the Future Resident at the time of occupancy of the Independent Living Accommodation at The Pines under the Residence and Care Agreement or credited toward the Early Advantage Membership Fee under the Early Advantage Program Agreement, as applicable.

The Future Resident must be on the Corporation’s Ready Lists for the specific accommodation types and/or for the Early Advantage Program to receive offers. The Future Residency Program’s Ready List is prioritized by the original date of the Future Residency Program Agreement. Once enrolled in the Early Advantage Program, Early Advantage Program Members can also be on the additional Early Advantage Program Ready List for an on-campus Independent Living Accommodation when they are ready to move to campus, and this Ready List is prioritized by the date of the Early Advantage Program Agreement.

Those receiving an offer may accept or reject The Pines’ offer to take actual occupancy of the Independent Living Accommodation or to reserve membership in the Early Advantage Program. The Future Resident has three (3) days from the date of notification by the Community to accept the Independent Living Accommodation or to reserve membership in the Early Advantage Program. The Future Resident may reject any offer by the Corporation to take occupancy at The Pines or to reserve membership in the Early Advantage Program without losing the Future Resident’s priority on The Pines’ waiting list. If the Future Resident is not ready to accept offers, they will be removed from the Ready Lists and may rejoin the Ready Lists when they are ready to accept offers.

The right to reserve Independent Living Accommodations becoming available for occupancy at The Pines, including without limitation, priority among current Residents and Future Residents, including Early Advantage Program Members, will be subject to and in accordance with the Corporation’s then current guidelines and fees, which may be subject to change from time to time in the Corporation’s sole discretion.

The Future Resident may terminate this Agreement for any reason prior to occupancy of an Independent Living Accommodation at The Pines or prior to joining the Early Advantage Program by giving written notice to the Corporation. The Corporation may terminate this Agreement at any time if there has been a material misrepresentation or omission in the documents submitted by the Future Resident. The Corporation may also terminate this

Agreement if the Future Resident does not meet the admission criteria set by the Corporation. Upon any termination of this Agreement, the Corporation shall refund the Future Resident the full amount of the \$1,000.00 Reservation Deposit within sixty (60) days of such notification.

Prior to May 2025, The Pines had allowed persons younger than seventy years old to become an “Early Reserver” by signing an Early Reservation Agreement and securing a position on the Future Residency Waiting List. An Early Reserver paid a one hundred dollar (\$100) non-refundable fee to be placed on the waiting list. Under the Early Reservation Agreement, within a year of turning seventy years old, the Early Reserver must sign a Future Residency Agreement and comply with the application procedures contained therein, including making a reservation deposit and submitting the Application documents. The Early Reserver will forfeit his or her position on the waiting list if he or she fails to do so. After May 2025, The Pines will no longer offer or accept Early Reservation Agreements.

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FINANCIAL INFORMATION

Financial Overview

An overview of the financial results of The Pines' operation is contained in the audited financial statements, the unaudited interim financial statements and the projected financial statements.

Financial Statements

Audited financial statements for The Pines as of December 31, 2024 are attached as Appendix F. Unaudited interim financial statements for The Pines as of March 31, 2025 are attached hereto as Appendix G.

Explanation of Material Differences

Appendix H contains an explanation of the material differences between (a) the forecast statements of projected revenue and expenses and cash flows of The Pines for 2024 contained as a part of the Disclosure Statement dated May 30, 2024 filed with the North Carolina Department of Insurance and (b) the actual results of operations for 2024 as shown in the audited financial statements of The Pines contained as a part of Appendix F attached hereto.

Projected Financial Statements

Projected financial statements for the next five fiscal years compiled by an independent certified public accountant, including a balance sheet, a statement of operations and a statement of cash flows, are attached as Appendix J. These projected financial statements are based on information available to the accountants as of the date set forth on the report and reflect revised cost projections and the revised Entrance Fees and Monthly Charges contained in this Disclosure Statement.

Actuarial Study

From time to time, The Pines engages an actuary to perform an actuarial study to estimate the capacity of The Pines to meet its contractual obligations to its Residents. A Statement of Actuarial Opinion prepared by an actuarial firm dated April 3, 2024 regarding the condition of The Pines as of December 31, 2023 is attached as Appendix I.

Operating Reserve Requirement

Section 58-64-33 of the North Carolina General Statutes requires continuing care retirement communities to establish operating reserves equal to a certain percentage (based upon maintenance of occupancy levels) of total operating costs projected in projected financial statements for the following 12-month periods. The projected operating reserve as of December 31 for 2025, 2026, 2027, 2028 and 2029 is as follows:

\$s in 000s	2025	2026	2027	2028	2029
Operating Expenses	\$36,811	\$38,924	\$40,797	\$42,583	\$44,396
Add: Principal Payments	1,430	1,470	1,515	1,560	1,605
Total Operating Expenses	38,241	40,394	42,312	44,143	46,001
Less: Depreciation	6,095	6,819	7,302	7,638	7,908
Less: Amortization expense	46	45	44	43	41
Total Adjusted Expenses	\$32,100	\$33,530	\$34,966	\$36,462	\$38,052
Required Reserve (A)	25%	25%	25%	25%	25%
Required Operating Reserve at December 31	\$8,025	\$8,382	\$8,742	\$9,116	\$9,513

Note: (A) The requirement to maintain operating reserves at this percentage of total projected expenses (less depreciation and amortization expenses and bond interest expense) is based on the maintenance of occupancy of not less than 90% in fiscal years 2025 through 2029.

Operating Reserve Section 58-64-33 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64-33) (or 25 percent of the total operating costs if such facilities maintain an occupancy level in excess of 90 percent and the North Carolina Commissioner of Insurance so approves) forecasted for the 12 month period following the period covered by the most recent annual statement filed with the North Carolina Department of Insurance. Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance. The Pines operating reserve is comprised of long-term investments presently invested in U.S. Treasury Notes. As indicated in the audited financial statements attached as Appendix G hereto, the amount of the operating reserve for 2024 was \$7,828,000. The 2024 operating reserve is fully funded. To the extent the operating reserve requirement increases in future years the remaining amount needed to comply with the operating reserve requirement will be funded out of long-term investments and/or board designated funds, which are presently on hand.

Investment policy regarding the funds held by The Pines as operating reserves is established by the Finance, Investment, and Audit Committee of the Board of Directors. Mr. Vernon M. Baker, who serves as President/CEO of The Pines, and Mr. David A. Gentry, who serves as Vice President/CFO for The Pines, make the day-to-day decisions necessary to implement the investment policy established by the Finance Committee regarding investment of the

operating reserves. The respective backgrounds and experience of Mr. Baker and Mr. Gentry are summarized under the heading “Management Staff.”

Benefits of Charitable Giving

The Pines at Davidson, Inc. is a non-profit charitable organization which is tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986. Gifts and bequests to The Pines are deductible for income, gift and estate tax purposes, subject to applicable statutory limitations. The Pines and its Residents have benefited from an active fundraising effort since the inception of The Pines. Members and friends of Davidson College Presbyterian Church provided the initial funding in gifts and pledges that helped to establish The Pines in the early 1980s. For the year ended December 31, 2024, The Pines received gifts in the amount of \$1,150,685 with a focus on the Resident Support Fund. Such gifts and pledges exclude revocable deferred gifts.

It is the practice of The Pines to keep all of its constituents apprised of current events at The Pines as well as various charitable giving opportunities that may be available. Such communication may include newsletters, bulletins, letters, and personal visits. Constituents include directors, employees, Residents and their families, future Residents, vendors, foundations and other friends of The Pines. While not everyone will be able or interested in providing charitable gifts to The Pines, communication of these opportunities will be made available to everyone. Giving opportunities at The Pines include but are not limited to strengthening the Resident Support Fund, the Landscape Fund and Wellness Program.

Tax Consequences

NO INFORMATION IS PROVIDED HEREIN WITH RESPECT TO THE TAX CONSEQUENCES OF ENTERING INTO A RESIDENCE AND CARE AGREEMENT UNDER APPLICABLE FEDERAL, STATE OR LOCAL LAWS. THE DECISION BY A RESIDENT TO ENTER INTO A RESIDENCE AND CARE AGREEMENT MAY HAVE MATERIAL TAX CONSEQUENCES TO THE RESIDENT. EACH RESIDENT IS URGED TO CONSULT HIS OR HER OWN TAX ADVISOR WITH RESPECT TO ANY TAX CONSEQUENCES OF ENTERING INTO A RESIDENCE AND CARE AGREEMENT.

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HISTORY OF FACILITY DEVELOPMENT

Construction of the facilities at The Pines began in January 1987. Construction of the original 171 units in the central building, the Schramm Health Center and 12 of the detached cottage units was completed in 1988. Construction of the remaining 32 detached cottage units was completed over a period of years: 14 completed in 1989; 10 completed in 1993; eight completed in 1997. Beginning in 1992, The Pines began combining Studio or Deluxe Studio apartments in the central building with one-bedroom apartments to create larger apartments, which are in greater demand. This has reduced the total number of units in the central building to 157. From time to time The Pines may combine apartments to create additional larger units.

The facilities were designed by the architectural and engineering firm of Sherertz, Franklin, Crawford, Shaffner (now SFCS) of Roanoke, Virginia, recognized as a leader in designing projects for the elderly. Rodgers Builders, Inc. of Charlotte, North Carolina was the general contractor for the major portion of the facilities, with John Crosland Company serving as contractor for the first 26 detached cottages, Shelco, Inc. serving as contractor for the next 10 detached cottages, and Brotherton Construction serving as contractor for the eight detached cottages completed in 1997.

In March 2008 The Pines completed an expansion of its physical facilities that included but was not limited to the following: the improvement and expansion of the dining room, kitchen, Davidson Room, Library and crafts room; the conversion of eight semi-private nursing beds to private; the addition of 10 new private Assisted Living beds; the addition of four new private Nursing beds, net of the conversion of all eight existing semi-private beds to private beds; and the addition of two new apartment buildings each containing 12 two-bedroom or two-bedroom with den independent living apartments, with covered parking (for a total of 24 apartments). The 24 apartments completed in 2008 are called the Villas at Laurel Ridge.

In 2014, The Pines purchased 31 additional acres at 200 Avinger Lane, which contain Chartwell Estate. On June 23, 2014, the Town of Davidson Planning Department issued a Zoning Verification Letter, which verified that Chartwell Estate may be used as a residence for a Resident who has entered into a Residence and Care Agreement with The Pines.

On January 1, 2015, The Pines completed the construction of two new apartment buildings each containing 12 two-bedroom or two-bedroom with den independent living apartments, with covered parking (for a total of 24 apartments, collectively referred to herein as the “Villas at Hickory Crest”), which are located in the wooded area behind cottages 401-404 and across the street from cottages 414, 416, 417 and 418.

In November 2020, The Pines completed a renovation and partial replacement of the Hidell Nursing Center, moving from a hospital-like design with long corridors to a residential neighborhood plan. The Hidell Nursing Center consists of four neighborhoods: the Purcell (Memory Support) neighborhood with its 16 private rooms; a nursing neighborhood comprised of 19 private rooms (“Brown”); and two state-of-the-art nursing neighborhoods,

each with 20 private rooms (“Maulden” and “Wilson”). Each of the four nursing neighborhoods includes private rooms clustered near a common kitchen, dining and community space for resident activities and socializing.

This updated neighborhood design enables Residents to benefit from a smaller, more intimate sense of community, enhancing their quality of life by encouraging more activity and greater engagement. Additionally, the 40 new private rooms offer more square footage, larger windows providing more natural light, private showers, built-in cabinets and personal-sized refrigerators and microwaves so that each room becomes a comfortable residence.

Including these improvements, The Pines has a total of 75 Nursing Facility Beds offering intermediate and long term care nursing.

In December 2020 and January 2021, The Pines completed two new villa apartment buildings, which are known as the “Villas at Poplar Hill”. The two new villa apartment buildings provide a total of 38 new independent living residences, which include both one-bedroom and two-bedroom villa apartments featuring open floor plans, nine-foot ceilings, large windows, walk-in closets and porches or balconies. The villa apartment buildings are four stories in height over basement parking and are located near the front of the Jetton Community Center.

In January 2022, The Pines completed three single-family cottages which are located on Kimbrough Circle across the street from cottages 414, 415, 416, 417 and 418.

Also in January 2022, The Pines purchased 2 acres at 228 Avinger Lane and 0.46 acres at 220 Avinger Lane, which are adjoining and comprise the Shaw Property.

Including these most recent additions, The Pines has a total of 292 Independent Living units.

Dining

Dining is central to community life at The Pines. Current and future Residents seek relaxed, more varied and, at times, quicker dining options. While retaining its traditional waited table service dining (“Heritage”), The Pines reconfigured portions of the Jetton Community Center during 2021 to create three new dining venues:

1. A market-place styled café where fresh food is ordered and prepared to Residents’ specifications from a variety of popular stations, such as an open-hearth oven (e.g., pizza, cedar plank salmon, casseroles), Asian wok, Chef’s Exhibition station (e.g., omelets, hand-carved meats, custom pastas), Char Grille, Rotisserie oven (e.g., chicken, ribs, turkey), hand-crafted salad bar, bakery and dessert café (“Marketplace”);
2. A pub offering meals and alcoholic beverages (“Pub”); and

3. A coffee and ice cream kiosk for snacks and prepared items that can be purchased to “grab and go” (“Davis Café”).

Wellness

Wellness has always been an important part of life at The Pines. A fitness area, attached to the current Wellness Wing, provides an attractive setting for strength and cardio fitness equipment (“Martin Fitness Center”). The multi-purpose space in the lower level of the Davidson Room provides space for exercise classes (“Williams Room”). Additional space was added to the Wellness Clinic.

Second Entrance and Parking

The Pines added a second entrance at the front of the campus by constructing a 750-foot roadway known as Poplar Meadow Lane, which is located between Avinger Lane and Marshall Lane. Additional parking was added near the Schramm Health Center and Jetton Community Center.

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FUTURE IMPROVEMENTS AND ADDITIONS

In February 2024, The Board of Directors approved a Strategic Plan that moves the organization forward to a desired future state consistent with the Vision statement disclosed earlier in this document. The plan identifies internal areas of focus that include 1) People - How we position our team for success and 2) Operations – How we do what we do with an eye toward efficiency and increased effectiveness. The Plan also anticipates the need to address areas of physical improvement identified in a recent Facilities Condition Assessment.

In the next two to three years, The Pines expects to reinvest significant capital dollars to improve existing infrastructure, as well as modernize and refurbish common areas, primarily in the main building. This will include refreshed finishes and lighting in the common areas outside resident apartments and a refurbishment and redesign of the lobby entrance into the main building. Infrastructure and exterior improvements are anticipated for Villas and Cottages as well.

There are currently no approved plans to expand any service or level of care that would require land development or new buildings. However, the Strategic Plan does outline areas of opportunity, including expansion of 1) Independent Living to meet future resident demand, and 2) Assisted Living to add units that could accommodate couples, and 3) Assisted Living with facilities and programming specifically designed to meet the growing demand for memory care services. Market studies and Master Site Plan efforts will have to be complete prior to the submission of proposals for the Board to authorize further expansion planning.

In any case, future strategic efforts will fit within the defined guiderails of 1) Wise and careful growth and 2) Sustainable financial performance and stewardship.

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MANDATORY ARBITRATION

Arbitration is a process of dispute resolution that can be used in place of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party or parties (known as the arbitrators) are selected by the parties to the dispute to make a decision, which is binding on both sides. Typically, the decision of the arbitrators is final and not subject to appeal. Arbitration is a private process, protecting the confidentiality interests of all parties. In addition, because there are no long court dockets to deal with, disputes are usually resolved much more quickly in arbitration. The arbitrator or arbitrators will hear both sides of the dispute and render a decision based on law, fairness, common sense and the rules established by the parties' agreement.

The Pines has selected Mandatory Arbitration for inclusion in the Residence and Care Agreement in order to resolve health care-related and personal injury claims and disputes, with the goal of reducing the time, formalities and costs of resolving them. The normal judicial process is available for all other claims and disputes.

The Residence and Care Agreement provides that any claim or dispute arising out of or related to the provision of medical or mental health care services to the Resident by The Pines and any claim or dispute arising out of or related to any physical, psychological or emotional injury experienced by the Resident which the Resident claims was the result in whole or in part of any service provided by, or act or omission of, The Pines under the terms of the agreement to arbitrate, regardless of how any such claim or dispute may be characterized and whether any such claim or dispute sounds in contract or tort or is based upon statutory right, shall be subject to final and binding arbitration as provided in the agreement to arbitrate and shall not be the subject of a lawsuit or resort to judicial process except to the extent that applicable law provides for judicial review of arbitration proceedings or the judicial enforcement of arbitration agreements and awards. However, the agreement to arbitrate in the Residence and Care Agreement shall not limit the Resident's right to file a grievance or complaint, formal or informal, with The Pines or any appropriate state or federal agency. The Residence and Care Agreement also provides that any claim or dispute arising between the parties that is not subject to the agreement to arbitrate may be heard by a court of competent jurisdiction in Mecklenburg County, North Carolina.

Reference is made to the agreement to arbitrate set out in full in Article IX of the Residence and Care Agreement, a copy of which is attached as Appendix A.

[Remainder of page intentionally left blank]

AGREEMENTS

The current versions of agreements with Residents are attached as follows:

<u>Appendix</u>	<u>Agreement</u>
A	Residence and Care Agreement
B	Addendum to Residence and Care Agreement Relating to Animals
C	Pool Use Agreement
D	Early Advantage Agreement
E	Future Residency Agreement

To the extent that the text of this Disclosure Statement differs or conflicts with the terms of any agreement attached hereto, the terms of the agreement will control.



THE PINES AT DAVIDSON

RESIDENCE AND CARE AGREEMENT

THIS RESIDENCE AND CARE AGREEMENT (the “Agreement”) is made this ____ day of _____, 20__ (the “Effective Date”), by and between The Pines at Davidson, Inc., a North Carolina nonprofit corporation, hereinafter called the “Corporation”, “we”, “us”, “our” or “The Pines” and _____, hereinafter called “Resident”, “you” or “your” (if husband and wife or two other persons enter into this Agreement, the word “Resident”, “you” or “your” shall apply to them both jointly and severally unless the context otherwise requires).

WHEREAS, the Corporation has developed a continuing care retirement community located at 400 Avinger Lane in Davidson, North Carolina, known as “The Pines at Davidson”, hereinafter referred to as “The Pines”; and

WHEREAS, Resident is desirous of becoming a resident of The Pines and to use and enjoy the facilities, programs and services provided by the Corporation subject to the terms and conditions of this Agreement.

NOW, THEREFORE, subject to the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Resident and the Corporation agree as follows:

I. ACCOMMODATIONS AND SERVICES

Subject to the terms and conditions set forth in this Agreement, the Corporation agrees to provide the Resident the living accommodations, services and programs at The Pines described as follows:

A. Living Accommodation. Unit number _____
_____, a _____
_____ type of living
accommodation, located _____ in The

Pines (hereinafter referred to as the “Living Accommodation”). Resident has the exclusive right to occupy and use the Living Accommodation, subject to the terms and conditions set forth in this Agreement. Resident, with the prior written consent of the Corporation and subject to the terms and conditions of this Agreement, may from time to time transfer from one Living Accommodation in The Pines to another. In the event of such a transfer, the reference to the “Living Accommodation” designated above will be automatically amended to reflect such a transfer.

- B. Utilities.** We will provide basic local telephone service, basic television and internet service, heating, air conditioning, lights, water, sewer, electricity and trash removal. The Resident is responsible for any internet and television installation charges and for charges associated with any additional telephone expenses, such as international calls and directory assistance. We reserve the right to discontinue providing telephone service.
- C. Furnishings and Appliances.** We will provide emergency signal equipment and other fixtures and appliances as described in the literature published by the Corporation regarding The Pines. All other furniture and furnishings for the Living Accommodation shall be provided by the Resident and shall be maintained by you at your risk.
- D. Meals.** We will make meals available to the Resident as follows:

 - 1. Independent Living Residents. We will make available three (3) meals most days to Independent Living Residents (i.e., Residents not residing in the Schramm Health Center (defined below)) and which will be served in communal dining areas, which can be selected by the Resident pursuant to the terms of the Corporation’s Choice Meal Plan (the “Choice Plan”). The cost of the Choice Plan is included in the Monthly Charge. The Choice Plan provides each Resident with a pre-set balance each quarter (or, at the discretion of The Pines, for a period of time not greater than a quarter of a calendar year) to purchase à la carte meals at the current meal prices published to Residents. The Choice Plan does not apply to the purchase of alcohol, catering, guest meals, or non-food sundry items (e.g., tissues, batteries), even though such items may be available for purchase at The Pines. Due to inventory limitations, the volume of purchases of pre-packaged products such as bottled drinks, pre-packaged crackers, candy bars, and the like may be restricted. The pre-set balance may be used at any time during the quarter (or other period) but may not be carried over from one quarter (or other period) to another. Any purchases over the pre-set balance in the period, unless paid for separately, will be charged to the Resident’s account and billed the following month. The

Choice Plan is subject to change from time to time (including but not limited to the amount of the pre-set balance, à la carte pricing and whether to continue the Choice Plan or implement an alternative meal plan) and will be published to those participating.

2. Residents Residing in the Schramm Health Center. The Corporation will make available three (3) nutritionally well-balanced meals each day to Residents residing in the Schramm Health Center. The cost of these meals is included in the published per diem rate as described in Paragraph II F. (For Residents who are within their first 14 days of occupancy in the Schramm Health Center (as such 14 days are described in Paragraph II F), the cost of the three (3) meals is included in the Monthly Charge and will be charged against the pre-set points from the Choice Plan). The cost of additional meals taken by the Resident will be paid for by the Resident and billed on a monthly basis.

- E. **Housekeeping Services.** We agree to maintain the Living Accommodation by providing regular housekeeping services including vacuum cleaning, dusting, cleaning of baths and kitchens, and trash removal.
- F. **Laundry.** We will provide, change and launder any bed and bath linens provided by The Pines (if any) on a regular basis. Convenient laundry facilities will be provided free of charge for personal laundry.
- G. **Maintenance and Repairs.** We will maintain and keep in repair the improvements, furnishings and equipment owned by the Corporation. The Resident will be responsible for the cost of repairing any damage to property of the Corporation caused by the Resident or any guest of the Resident, ordinary wear and tear excepted. Any structural or physical change or redecoration of any kind within the Living Accommodation will require the prior written approval of the Corporation. The cost of any change, including any subsequent cost to return the living unit to its original condition in the event of such change, or cost of redecoration, will be paid by the Resident. Any such improvement or change will be owned by the Corporation and will not be considered in determining the amount of any refund to the Resident upon termination of this Agreement.
- H. **Groundskeeping.** We will furnish basic grounds keeping service for the grounds of The Pines, including lawn, tree and shrubbery care. Subject to written approval by us, Residents may plant and maintain certain areas designated for such purpose by us in accordance with our policies and procedures. The cost of these plantings and maintenance of such plantings will be at your expense.

- I. **Parking.** We will provide parking areas for the Resident's personal vehicle (limited to one vehicle for each individual Resident) and parking for guests.
- J. **Common Facilities.** Member shall have access to certain common facilities which may include dining rooms, a mail room, a multi-purpose room, lounges, sitting areas, wellness center, primary care medical clinic, indoor warm water therapy pool and hot whirlpool, library, craft and art studio, woodworking shop, resident computer room, on-site beauty and barber salon, outdoor venues and other common facilities as described in the then current literature, any of which such common facilities may be subject to change from time to time at the sole discretion of The Pines. Use of the common facilities will be available for use by Member, and such use shall be subject to change or restriction from time to time at the sole discretion of The Pines. Member will be responsible for dining and applicable activity charges.
- K. **Transportation.** We will provide a base package of local group transportation for Residents on a regular, scheduled basis without additional charge. An additional charge may be made for transportation for special, personal or group trips or transportation for residents that require staff accompaniment.
- L. **Activities.** Social, recreational, spiritual, educational and cultural activities will be provided for the Residents. Additional charges may be incurred for some activities.
- M. **Health Center Access.** Should you require assisted living, memory care or long-term care services that are provided at The Pines, you may access these services on the following basis:
 - 1. The Mariam Coltrane Schramm Health Center or any other health center at The Pines (the "Schramm Health Center") is available for the benefit of Residents and Early Advantage Members. The Corporation is currently licensed by the North Carolina Department of Health and Human Services, Division of Services Regulation to operate 75 health care beds under a nursing home license for Residents who are temporarily ill or who require long term care or memory care and 30 beds to provide support services for Residents who require assistance with activities of daily living. Private or semi-private accommodations are available in all levels of care in the Schramm Health Center. The Corporation will establish and publish per diem rates and charges, which are subject to change from time-to-time, for the accommodations and services in the Schramm Health Center.
 - 2. A twenty-four (24) hour nursing staff will be maintained in the Schramm Health Center.

3. The overall coordination and provision of health care services by the Corporation will be provided by a Medical Director who will be a licensed physician selected by the Corporation.
4. Charges for the Health Care accommodations and services described above in this Paragraph I M shall be as set forth in Paragraph II F.
5. Residents will choose their own personal physicians and will be responsible for charges for services by such physicians and any consultants. Other health care services may be made available to the Resident at The Pines' sole discretion and at the Resident's expense, including, but not limited to: pharmacy services; surgical, dental and optical services; laboratory tests; physical therapy; occupational therapy, including therapeutic activities; rehabilitative treatments; audiology services; podiatry services; dermatology services; and wheelchairs and other medical equipment and supplies. The cost of such services shall not be covered by the charges described in Paragraph II F.
6. The Resident acknowledges that the services provided by the Corporation cannot protect the Resident from the effects of the natural aging process or the everyday, normal risks of living. In addition, the Resident acknowledges that the Resident's particular health condition may cause the Resident to be particularly susceptible to certain risks and dangers. The Resident further acknowledges that the services provided by us do not include 24 hour, one-on-one monitoring of each Resident. If a Resident desires to have a dedicated caregiver at all times, the Resident may wish to consider engaging a companion, sitter or private duty nurse, or certified nursing assistant in accordance with subparagraph 9 of this Paragraph I M.
7. We will make good faith efforts to provide our routine services to the Resident, including those prescribed by the Resident's attending physician. A Resident has a right to refuse treatment. However, should a Resident refuse to comply with recommended treatments or with physician's orders, the Resident assumes the risk of any adverse outcomes associated with such refusal. We shall not be expected to coerce or intimidate the Resident into accepting such services or complying with physician orders. Residents and their families or legal representatives are strongly encouraged to participate in the planning of the Residents' care, both with the attending physician and the Corporation.
8. Resident authorizes The Pines to provide those health care-related services that are specifically set forth in this Agreement. Resident also

authorizes The Pines to obtain all necessary clinical and/or financial information from Resident's attending physician, and any other health care providers treating Resident, including, but not limited to, any hospital or nursing facility from which Resident may be transferring or may transfer in the future and hereby authorizes such health care provider(s) to provide such health care information to The Pines.

9. The Resident shall not employ any companion, sitter, private duty nurse or certified nursing assistant without prior notification to the Corporation. We shall have no responsibility to review, approve or otherwise opine as to the qualifications or abilities of any service providers engaged by the Resident.

All companions, sitters, private duty nurses and certified nursing assistants engaged by the Resident, as well as the Resident's visitors, are subject to the rules and regulations in effect at The Pines. All companions, sitters, private duty nurses, and certified nursing assistants will act in accordance with the Resident's plan of care for any resident in the Health Care Center. We may expel or refuse admission to any such individual who, in our judgment, poses a threat to the health, safety, welfare or peace of The Pines, its residents or its staff.

The Resident shall pay all expenses (including for meals) of the individuals engaged by the Resident. Resident acknowledges that the Corporation is not responsible for any losses, damages, costs, claims, liabilities and expenses suffered by the Resident, the Corporation, other residents or other persons, including attorney fees and court costs, arising from the services, actions, inactions, or statements of any sitters, companions, private duty nurses, and certified nursing assistants engaged by the Resident.

10. We will notify your physician when emergency medical care is necessary. If acute medical care is necessary or upon physician's or your request, you will be transferred to a local hospital emergency room. In the event of an emergency, The Pines' staff will summon emergency medical services to assist you by calling "911" or otherwise summoning appropriate medical personnel from outside The Pines. You authorize The Pines to provide to you any care and assistance deemed by The Pines to be in your best interests under the circumstances and to take any such action that is reasonably prudent in the event of an emergency, subject to any advance directives contained in a document that you have furnished to the Corporation.

11. The Pines shall maintain a health record for Resident that contains health and other personal information that is pertinent to the services which The Pines is providing. All information and records regarding Resident are confidential and are only disclosed in accordance with applicable law, including the HIPAA Privacy Rule. Resident may review Resident's health record and authorize others to review the Resident's health record.

N. Other Services. Other services may be available at an additional charge or cost. With respect to services not listed, consult The Pines' schedule of charges or the Finance Office.

O. Limitations to Services. You hereby acknowledge and agree that the Corporation is prohibited by law from furnishing certain types of services, based upon applicable statutes, administrative regulations, and interpretations of statutes and regulations. You agree that if you need services that the Corporation is not legally authorized or does not otherwise provide, you may be discharged from The Pines. Except as otherwise expressly stated in this Agreement, you are responsible to arrange and pay for health and medical care services not provided by the Corporation, including, without limitation, hospital services, physicians' services, private duty personnel, medications, vitamins, eye glasses, eye examinations, hearing aids, ear examinations, dental work, dental examinations, orthopedic appliances, laboratory tests, x-ray services or any rehabilitative therapies.

O. Professional Management of The Pines and its Facilities. We will employ management and staff and/or agents to manage the operations of The Pines and its facilities.

II. FINANCIAL ARRANGEMENTS

A. Entrance Fee.

1. Resident agrees to pay us an Entrance Fee as a condition of becoming a resident of The Pines. The Resident shall choose one of the following options as to the Entrance Fee to be paid:

<u>Option</u>	<u>Amount of Entrance Fee</u>
Standard Entrance Fee Option:	\$ _____
50% Refund Entrance Fee Option:	\$ _____ (estimated)
90% Refund Entrance Fee Option:	\$ _____ (estimated)

The amounts shown above for the 50% Refund Entrance Fee Option and the 90% Refund Entrance Fee Option are estimates, based on the age of the Resident at the date of the execution of this Agreement by the Resident. The exact amount of the Entrance Fee payable in the event that the Resident shall elect either of these options will be determined actuarially based on the life expectancy of the Resident at the time of occupancy (or the life expectancy of the older Resident in the case of double occupancy). If the Resident desires the 50% or 90% Entrance Fee option, the Resident must notify the Corporation in writing of the choice on or before the date that the balance of the Entrance Fee is due as provided in Subparagraph II A 2 below. Without written approval by the Corporation, the Resident may not change the option chosen after the date that the balance of the Entrance Fee is due.

2. It is agreed that a deposit of 10% of the Entrance Fee ("10% Deposit") payable under the Standard Entrance Fee Option together with \$300 as a non-refundable application fee, will be due and payable upon execution of this Agreement by the Resident. The balance of the Entrance Fee, depending on whether you choose the Standard Entrance Fee Option, the 50% Refund Entrance Fee Option or the 90% Refund Entrance Fee Option, will be due and payable 10 days prior to the projected date of occupancy. We will give reasonable notice prior to the Resident's projected date of occupancy. Your Future Residency Deposit will be credited at this time of reservation. The calculation is below:

\$_____ 10% Deposit

\$_____ Plus Non-refundable Application Fee

\$ (_____) Less Future Residency Deposit Credit

\$_____ Total due upon execution of this Agreement

For Early Advantage Program Members moving to an Independent Living Accommodation on campus at The Pines, there is no additional application fee and no Future Residency Deposit Credit, as these were previously calculated as part of the Early Acceptance Program application process. The 10% Deposit is calculated based on the current Entrance Fee for the accommodation, minus the Early Advantage Membership Fee previously paid, if any. The 50% and 90% Refund Entrance Fee Options will be calculated based on the current Entrance Fee of the accommodation less the Early Advantage Membership previously paid, if any.

The balance of the Entrance Fee, depending on whether you choose the Standard Entrance Fee Option, the 50% Refund Entrance Fee Option or the 90% Refund Entrance Fee Option, will be due and payable 10 days prior to the projected date of occupancy. We will give reasonable notice prior to the Resident's projected date of occupancy. Unless we agree in writing to other arrangements, the Resident must take occupancy within 60 days after notice to the Resident that the Admissions Committee has determined that the Resident meets the admission requirements. If the Resident does not take occupancy by such time, the Resident shall be deemed to have taken occupancy and shall accept financial responsibility for the Living Accommodation at such time. Customized modification requests, selection delays and requested estimates may delay your move-in date but will not delay your financial responsibility date.

3. In the event this Agreement is being entered into following Resident's execution and delivery of an Early Advantage Agreement, your Membership Fee under such Early Advantage Agreement will be credited towards your Entrance Fee under this Agreement at the time the remaining final balance is due.

B. Monthly Charge. In addition to the Entrance Fee and any other charges or expenses under this Agreement, Resident agrees to pay a Monthly Charge during the term of this Agreement, which shall be payable in advance by the 10th day of each month. As of the date of this Agreement, the Corporation projects that the Monthly Charge associated with the Living Accommodation will be approximately \$_____ per month, and an additional \$_____ per month if a second Resident occupies the Living Accommodation. The Monthly Charge may be adjusted by the Corporation during the term of this Agreement as described in Paragraph II C below.

C. Adjustments in the Monthly Charge. The Monthly Charge is made to provide the facilities, programs and services described in this Agreement and is intended to meet the cost of debt service, insurance, maintenance, administration, staffing and other expenses associated with the establishment, operation and management of The Pines. The Corporation shall have the authority to adjust the Monthly Charge from time to time during the term of this Agreement as we in our discretion deem necessary in order to reflect changes in the costs of providing the facilities, programs and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. In the event that it should be determined that the Corporation is required to pay ad valorem taxes upon its property, the Monthly Charge may be adjusted to reflect the amount of such taxes. Any increases in the Monthly Charge or other charges or expenses

may be made by the Corporation upon thirty (30) days written notice to the Resident.

- D. Charges for Other Services.** You will be billed for other services selected either at the time they are rendered or with the next billing cycle. The payment procedures for other service charges, including the imposition of late fees and interest, are the same as for the Monthly Fee. By signing this Agreement, you hereby acknowledge receipt of a copy of The Pines' schedule of current fees for other services. The Pines may, in its sole discretion, adjust the fees, charges or expenses for other services for any reason upon providing thirty (30) days advance written notice to Members.
- E. Monthly Statements.** We will furnish you with monthly statements showing the total amount of fees and other charges and expenses owed by you, which shall be payable by the 10th of the month. Late payments are subject to an interest charge of one and one-half percent (1.5%) per month from the first of the month. You, and your current and future responsible parties (i.e., power(s) of attorney, executor(s)) on your behalf, from your assets and income, agree to pay all costs, expenses, and reasonable attorneys' fees, in the event the same must be expended in the collection of any sums due and owed by you to the Corporation.

The Corporation may terminate this Agreement if you have a past due amount upon thirty (30) days written notice. Termination of this Agreement does not end the obligation of you or your estate to pay all amounts due, no matter when incurred.

The Corporation reserves the right, with thirty (30) days' notice, to change the billing date and the payment due date. For a partial first month, the Monthly Fee is pro-rated on a per diem basis. Thereafter, Monthly Fees are paid in advance and are pro-rated at termination.

You will, from time to time, upon the request of The Pines, authorize any provider of medical and health services, including The Pines, to receive reimbursement as provided under any or all Federal, State, and local benefits for which you may be eligible or entitled, and any supplementary insurance programs. If requested by The Pines, you will, from time to time, make assignments to the provider of medical and other health services of all benefits otherwise accruing to you under any or all Federal, State, and local benefits for which you may be eligible or entitled, and any supplementary insurance programs to compensate for services rendered. Resident irrevocably authorizes The Pines to make claims and to take other actions to secure receipt by The Pines of all payments from a third-party payor to reimburse The Pines for its charges and

expenses for the stay and care of Resident. You shall be responsible for paying any and all deductibles, co-payments and costs for any non-covered service.

F. Health Center Fees and Charges.

1. We will establish and publish per diem rates and charges for the accommodations and services in the Schramm Health Center described in Paragraph I M.
2. If a Resident is transferred to the Schramm Health Center and such transfer has not been determined by the Corporation to be permanent in nature, the Resident shall continue to pay the Monthly Charge equal to the same Monthly Charge associated with the type of Living Accommodation described in Paragraph I A of this Agreement for the first 14 days' occupancy (whether or not consecutive) in the Schramm Health Center each calendar year. For such 14 days, the Resident will not be required to pay a per diem charge for occupancy in the Schramm Health Center but shall pay for additional meals or other services not normally covered by the Monthly Charge or by the per diem charge for occupants of the Schramm Health Center. Credit for any unused portion of the 14 days may not be carried forward to successive years.
3. In the event that a Resident occupies an accommodation in the Schramm Health Center for more than 14 days in any calendar year, then upon the expiration of such 14 days, the Resident shall thereafter in such year and in any year thereafter pay the amount of the published per diem rate for the Schramm Health Center accommodation occupied by the Resident, plus charges and expenses for other services not included in such per diem rate.
4. If the Resident shall continue to occupy an accommodation in the Schramm Health Center for more than 30 days within any 90 day period following the use of the last of such 14 days, the Resident shall have the option of surrendering the Living Accommodation of such Resident described in Paragraph I A of this Agreement (if formerly occupied by the Resident as single occupant) or paying the Monthly Charge associated with such Living Accommodation in addition to the per diem charge for the Schramm Health Center accommodation occupied by the Resident.
5. The Pines does not accept Medicare Part A, Part B, Medicare Advantage Plans or Medicaid in assisted living, memory care or long-term care.

G. Financial Assistance.

Subsidy. In connection with its charitable mission, it is the desire of the Board of Directors of the Corporation to not terminate a Residence and Care Agreement solely because of a Resident's financial inability to continue to pay the Monthly Fee or other charges by reason of circumstances beyond the Resident's control. Any disposition of Resident's assets in any way other than for care at The Pines or related living/medical expenses to the extent that Resident cannot adequately provide for Resident's expenses or care will nullify this desire on the part of the Corporation and entitle the Corporation to terminate Resident's right to reside in The Pines.

The Corporation will make reasonable efforts to acquire the funds necessary to meet The Pines' fees for care. However, the resources of the Corporation to provide care for Residents are not unlimited, and the Corporation reserves the right to terminate the residency of any person, including Resident, who cannot pay the full cost of The Pines' Monthly Charges, daily fees and other charges and expenses in connection with such person's stay at The Pines.

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

In the event that the Corporation may subsidize in whole or in part the Monthly Charges, daily fees and other charges and expenses payable by the Resident hereunder, the Resident will be required to execute a separate Financial Assistance Agreement with the Corporation.

In the event that we continue to provide the services to you under the terms of this Agreement despite your financial inability to continue to pay the Monthly Charges, daily fees and other charges and expenses payable under the terms of this Agreement, the Corporation shall be entitled to require you to move to a smaller or less costly Living Accommodation.

Any determination by the Corporation with regard to the granting or continuation of financial assistance shall be within the sole discretion of the Corporation.

Resident Support Fund. The Corporation has established a fund which will be used to assist Residents who would otherwise not be able to live at The Pines. Such Fund may be used for the purposes of providing financial assistance in accordance with this Agreement.

Recovery of Subsidies Provided by the Corporation. When a Resident dies or moves out of The Pines, if the Resident's fees and expenses have been subsidized wholly or partly by the Corporation, the Resident or Resident's estate, if any, will be liable to the Corporation for the full amount of the subsidy the Resident received for the entire time of residency. This paragraph will apply whether or not the Resident is in residence at The Pines at the time of death. This Agreement will operate as a lifetime assignment, transfer, and conveyance to the Corporation of so much of Resident's property as is necessary to cover such liability. Any amount due the Corporation under this paragraph may be deducted from any refund payable to Resident or to the Resident's estate, if any.

III. **ADMISSION REQUIREMENTS**

The requirements for admission to The Pines include the following:

- A. **Age.** The Pines does not unlawfully discriminate in admission decisions or with respect to residents on the basis of race, color, gender, disability, national origin, religion or sexual orientation. Admission is restricted to persons 65 years of age or older, except that in the case of double occupancy one person must be at least 65 years of age and the second resident shall be at least 62 years of age.
- B. **Application, Health History and Financial Statement.** The Resident shall submit for review by the Admissions Review Committee appointed by the Corporation an Application for Admission, a Personal Health History, a Medical Certificate and a Confidential Financial Statement, all on forms furnished by us, within 30 days of execution of this Agreement by the Resident.
- C. **Personal Interview.** The Resident shall have an interview with a representative from The Pines prior to taking residency at The Pines. Upon review of all information required to be furnished herein, additional personal interviews may be requested by us.
- D. **Notification.** We will review the Application for Admission, the Personal Health History, the Medical Certificate, the Confidential Financial Statement and the results of the Personal Interview and will notify the Resident whether the Resident meets the admissions requirements. We will also notify the Resident as early as possible of the date on which the Living Accommodation is expected to be available for occupancy. Until the Corporation accepts an Application for Admission in writing, the Corporation reserves the right to accept or reject an Application for Admission in the sole discretion of the Corporation for any reason other than unlawful discrimination.

- E. Health Requirements.** Prior to admission for residency at The Pines, the Resident shall submit a report of a physical examination of the Resident made by a physician selected by the Resident. Such report shall include a statement by such physician that the Resident is in good health, is able to take care of himself or herself in residential living activities and the Resident's health profile does not present a significant risk of intensive or imminent increased health care needs. We may require the Resident to have another physical examination by the Medical Director or by another physician approved by us. The Resident shall be responsible for the costs of all physical examinations. If the health of the Resident as disclosed by such physical examination differs materially from that disclosed in the Resident's Application for Admission and Personal Health History, we will have the right to decline admission of the Resident and to terminate this Agreement, or in our discretion, to permit the Resident to take occupancy of accommodations at The Pines suitable to the needs of the Resident.
- F. Financial Requirements.** The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations of the Resident under this Agreement and to meet ordinary living expenses of the Resident. We may require the Resident to furnish current financial information and copies of state and federal tax returns at any time prior to and subsequent to occupancy. You, your current and future responsible parties (i.e., power(s) of attorney, executor(s), trustee(s)), will abide by any and all financial arrangements made with us for the purpose of securing your ability to pay any and all charges and expenses for residing at The Pines. You agree not to make any gift or other transfer of assets for the purpose of evading your obligations under this Agreement, or if such gift or transfer would render you unable to meet such obligations under this Agreement. Gifts or transfers of assets in this manner, which result in your inability to meet your financial obligations in accordance with this Agreement, will entitle The Pines to terminate this Agreement with thirty (30) days' notice, and you or your responsible parties, as applicable, will be liable for any unpaid amounts.
- G. Representations.** The Resident affirms that the representations made in the Application for Admission, Personal Health History and Confidential Financial Statement are true and correct and may be relied upon by the Corporation as a basis for entering into this Agreement. The Pines has accepted Resident based on the information contained in Resident's Application for Admission, Personal Health History and Confidential Financial Statement and has agreed to enter this Agreement based on such information. Resident hereby affirms that all the information provided in the Resident's Application is true and correct to the best of the knowledge of each person who signs the Agreement, and each also acknowledges that any material misrepresentation or omission in Resident's Application for Admission, Personal Health History and

Confidential Financial Statement shall render this Agreement voidable at the option of The Pines. Resident agrees to submit updated copies of the information requested in the Resident's Application for Admission, Personal Health History and Confidential Financial Statement, when requested by The Pines from time to time during the term of this Agreement.

- H. Mental Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Pines is not designed to care for persons who have an active mental illness, a dangerous communicable disease, or who require treatment for drug or alcohol abuse. Should The Pines, in consultation with the Medical Director, determine that your physical or mental illness, or that your condition as a result of drug or alcohol abuse, is such that your continued presence is either dangerous or detrimental to your life, health or safety, or the life, health, peace or safety of others in the community, then The Pines may transfer you to another facility of your choosing and/or require you to terminate your residency at The Pines.
- I. Sex Offender Registry.** Resident hereby acknowledges that it is the policy of the Corporation to conduct sex offender screening for every prospective resident, regardless of independent status or level of care, at the time of application for admission to The Pines and again prior to entering into a Residence and Care Agreement. If the screening shows that the prospective resident is identified as a sex offender, the Corporation will deny admission of the prospective resident on that basis and not execute a Residence and Care Agreement. In addition, Resident hereby acknowledges and agrees that if, after the Corporation and Resident have entered into this Agreement, The Pines becomes aware that Resident is listed on any sex offender registry, the Corporation may terminate this Agreement with Resident and remove Resident from The Pines. If there is more than one Resident who is a party to this Agreement, the termination of this Agreement in such instance shall only apply to the Resident listed on the sex offender registry.

IV. TERMS OF RESIDENCY

- A. Rights of Resident.** Subject to the terms and conditions of this Agreement, the Resident has the right to occupy and enjoy the Living Accommodation described in Paragraph I A of this Agreement during the Resident's lifetime unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Corporation other than the right to the use or occupancy of the Living Accommodation subject to and in accordance with the terms hereof. The Resident agrees that the rights of the Resident under this Agreement are subject to and subordinate and junior to the rights of a lender under any mortgage or deed of trust now or hereafter executed by

the Corporation creating a lien on any property of the Corporation at The Pines. Upon request, you agree to execute, acknowledge and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require.

- B. Policies, Rules and Regulations.** You understand and agree that: (i) in order for The Pines to operate in the best interests of the entire community, it is essential that we have the cooperation of and compliance with applicable policies, rules, and regulations by you, your family, guests, responsible party and others who may intervene, speak or act or purport to intervene, speak or act, for or on behalf of you or who may come on the premises of The Pines in any capacity or for any purpose in connection with or as a result of your residency at The Pines; (ii) a continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by The Pines that it is impracticable or impossible for The Pines to continue to accommodate you as a Resident; and (iii) upon such determination by The Pines, we shall have the right to terminate this Agreement. We reserve the right to amend or change our policies, rules, and regulations, including, without limitation, those pertaining to The Pines, from time to time at its sole discretion. By signing this Agreement, you or your responsible party acknowledges receipt of a copy of the Resident Handbook.
- C. Changes in Living Accommodations.** You understand that you acquire no ownership in any property at The Pines under this Agreement; also, that no particular room or unit in the Schramm Health Center is subject to reservation or permanent assignment, and that we may change your room or unit assignment in the Schramm Health Center. Though we retain the right to change your room or unit assignment, we agree that we will make changes only as we find such changes to be necessary or advisable. In addition to our right, in our sole discretion, to move you from one unit in the Schramm Health Center to another, we have the right to change the Living Accommodation to meet requirements of any applicable statutes, laws, or regulations. We also reserve the right to relocate you to another accommodation when deemed necessary in order for the Corporation to fulfill its strategic, financial or other obligations. In such instance, we will use reasonable efforts to relocate you to an accommodation of the same or similar type as your accommodation, and we will pay all required packing and moving costs, and all reasonable refurbishing costs necessary to achieve substantial comparability between your accommodation and any new accommodation to which you may be relocated. The Living Accommodation may not be used for

commercial purposes. The Living Accommodation may not be occupied or used in any manner in violation of any ordinance, law, or regulation.

- D. Guests and Visitors.** Except for short term visitors or guests residing in the Living Accommodation for a period of two weeks or less, no person other than the Resident may reside in the Living Accommodation without our written approval. Visitors and guests may not reside in the Living Accommodation if the Resident is out of town, on vacation or otherwise not physically present at The Pines. At all times, you shall be responsible for any injury to yourself or to others or damage to your property or the property of others or The Pines caused by you or your guest(s). The Pines reserves the right and authority to limit or terminate the stay of any guest at any time and for any reason.
- E. Loss or Damage of Property.** The Pines shall not be responsible for the loss of any property belonging to you due to theft, fire, water damage, or any cause beyond the control of The Pines. You shall also be responsible for any loss or damage that you or your guests cause to property at The Pines, excluding ordinary wear and tear. You hereby agree to indemnify and reimburse The Pines for any loss or damage suffered by The Pines because of your or your guests' or invitees' acts or omissions.
- F. Relationship Between Residents and Staff.** The Pines is built on mutual respect and instructs its staff to be cordial and helpful to Residents. The relationship is to remain professional. Staff must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to staff or staff's families is not permitted. Residents will not employ the Corporation's staff nor hire former Corporation's staff without the prior written consent of the Corporation.
- G. Right of Entry.** The Pines recognizes your right to privacy and shall limit entry to your Living Accommodation to legitimate emergencies and to scheduled work, including housekeeping, repairs, maintenance, and inspections. You hereby authorize our staff or agents to enter your Living Accommodation upon reasonable notice (except in the case of an emergency where notice shall not be required) for all such purposes.
- H. Changes in Occupancy Involving Two Residents.** If two Residents share an on-campus Living Accommodation and one of them permanently transfers to the Schramm Health Center, one of them dies, or the Residence and Care Agreement is terminated with respect to one of them, the remaining or surviving Resident has the option to remain in the same Living Accommodation or move to a smaller Living Accommodation, in which latter event, the Resident may be entitled to receive a partial refund of the Entrance

Fee. Following any such change, the remaining Resident will be responsible for the Monthly Charge applicable to a single Resident in the occupied Living Accommodation.

- I. **Health Insurance.** The Pines is a private pay community only. The Pines does not accept Medicare Part A, Part B, Medicare Advantage Plans or Medicaid in assisted living, memory care or long-term care. The Pines recommends that Residents shall maintain Medicare Part A, Medicare Part B and one supplemental health insurance policy or equivalent insurance coverage and shall furnish us with evidence of such coverage upon request. It is the Resident's responsibility to confirm that the primary and supplemental health insurance policies recognize us as a health care provider, or you will assume the financial responsibility for services provided that otherwise could be covered. You will be responsible for a lapse in health insurance coverage. If you do not have insurance coverage, we will charge you for any costs of medical and other health care services provided that otherwise would have been covered by insurance. You are responsible for the payment of all deductibles, co-insurance payments and costs for any non-covered service.
- J. **Other Insurance Requirements.** The Resident agrees to maintain the following insurance coverages:
- (a) property insurance on the Resident's personal property located within the Resident's Living Accommodation or elsewhere within the premises of The Pines;
 - (b) personal liability insurance with a liability limit of at least \$100,000 per occurrence; and
 - (c) automobile liability insurance with limits required by state law on any vehicle owned by the Resident.

The Resident agrees to furnish us upon request certificates of insurance from the insurance companies providing the insurance coverages required.

- K. **Marriage/Addition of a Second Resident While a Resident.** If a Resident, while occupying a Living Accommodation, marries or chooses to cohabitate with another person who is already a Resident occupying a separate Living Accommodation, both Residents may, with the prior written consent of The Pines, share either of their Living Accommodation. The unoccupied Living Accommodation would be surrendered and no refund will be payable with respect to the Living Accommodation surrendered except as described below in Article VI Termination and Refund Policies. The couple would then pay the Monthly Fee for double occupancy associated with the Living Accommodation they choose to occupy. If the couple elects to retain their

two separate residences, then they will continue to pay the single monthly accommodation fees for their residences.

If a Resident marries or elects to share their Living Accommodation with a person who is not currently a Resident of The Pines, that person may become a Resident of The Pines if they meet all of the then-current requirements for admission, pay an Application Fee, enter into a current version of the Residence and Care Agreement, and pay an Entrance Fee equal to an amount determined by The Pines (not to exceed one-half of the then current Entrance Fee associated with the applicable Living Accommodation). In such cases, the Resident and newly admitted individual will be responsible for the Monthly Fee for double occupancy for the shared Living Accommodation. If the non-Resident second person does not meet admission requirements, the Resident may terminate the Residence and Care Agreement in accordance with the procedures outlined below Article VI Termination and Refund Policies—Voluntary Termination.

- L. Combination of Living Accommodations.** From time to time, The Pines may determine that it is desirable to combine a one-bedroom, studio, or deluxe studio Living Accommodation with an adjoining unit to create a single, larger combined Living Accommodation. This decision may be based on various operational, design, or occupancy considerations.

If The Pines makes such a determination and the Resident occupies one of the units designated for combination, the Resident will be required to vacate their current Living Accommodation within a reasonable time following written notice from The Pines.

Upon receiving such notice, the Resident will have the option to:

1. Transfer into the newly combined Living Accommodation once it is ready for occupancy, or
2. Transfer to a Living Accommodation of the similar type as the one previously occupied, when one becomes available.

If the Resident elects to move into the combined Living Accommodation, he or she will be required to pay any additional Entrance Fee at the time of occupancy, and thereafter will pay the Monthly Fee established for the combined unit.

If the Resident chooses instead to transfer to a unit of the similar type as previously occupied, The Pines will, if needed, repaint the unit at its own expense prior to the Resident's occupancy.

- M. Transfer to Another Living Accommodation.** The Resident may transfer from a Living Accommodation occupied by the Resident to a different Living Accommodation at The Pines which becomes available upon payment of such applicable fees at the time of transfer, consent by the Corporation and compliance with such guidelines regarding transfers as may be adopted by the Corporation, which fees and guidelines may be changed from time to time by the Corporation. The right to reserve Independent Living Accommodations becoming available for occupancy at The Pines, including without limitation, priority among current Residents and Future Residents, including Early Advantage Program Members, will be subject to and in accordance with the Corporation's then current guidelines and fees, which may be subject to change from time to time in the Corporation's sole discretion.
- N. Renovations or Reconstruction of Living Accommodations.** The Pines is dedicated to maintaining the Living Accommodations and all other facilities of The Pines in a good state of repair. It recognizes the possibility that at some time in the future it may be necessary to make major renovations to, or reconstruction of one or more of, the residential Living Accommodations or Schramm Health Care Center Accommodations at The Pines requiring that a Resident vacate a unit affected by the construction work. In such event, The Pines would continue to provide to the Resident affected the same services customarily provided to Residents and would bear the costs incurred by the Resident in any such move. The Pines would under such circumstances provide to the Resident other accommodations which would be comparable to the extent practicable to the Resident's Living Accommodation being renovated or reconstructed although an accommodation may be larger or smaller or of a different type.
- O. Moving Costs.** Except as otherwise set forth in this Agreement, you are responsible for arranging and paying for all packing and moving costs for moves into, within, and out of The Pines. At our sole discretion, assistance may be provided by The Pines at an additional cost.
- P. Power of Attorney.** You agree to execute and maintain in effect a durable power of attorney that is valid under North Carolina law and will survive your incapacity or disability. This durable power of attorney will designate an attorney-in-fact and an alternate attorney-in-fact who will act for you in managing your financial affairs and in filing for insurance or other benefits under private and public assistance programs as full and complete a manner as you could do if acting personally for yourself. You will deliver a copy of a fully executed power of attorney to us prior to occupancy. You will not revoke or amend this durable power of attorney except upon execution of a replacement durable power of attorney, a fully executed copy of which will be delivered to us. This

document also may address at your option, other affairs, such as decisions concerning medical care.

- Q. Will.** You agree to execute a Will, and to provide to us a copy of such sections of the Will and any revisions, as applicable during the term of this Agreement, to document the name(s) of the person(s) to be contacted in the event of your death (i.e., executor(s)). In the event of your death, while you are a resident of The Pines under this Agreement, only the executor(s) named in your Will (or such person or entity designated by such executor(s)) will be allowed to remove or dispose of your furnishings and belongings in your Living Accommodation and any related storage areas at The Pines. Members of your family or those to whom you have granted power of attorney will not be allowed access to your personal property after your death unless they are the executor(s) named in your Will or the executor(s) designee.
- R. Funeral and Burial.** We will not be responsible for making funeral or burial arrangements, and we are not responsible for any related expenses.
- S. Advance Directives.** You are required to execute a Living Will and a Health Care Power of Attorney and to deliver a fully executed copy thereof to The Pines, as well as any revisions as applicable, during the term of this Agreement.
- T. Appointment of Guardian.** If you become unable to care for your business and financial affairs, we reserve the right to institute action for the determination of your incompetence and the appointment of a guardian to fulfill the terms of this Agreement; unless such needed arrangements have already been made. The cost of the legal proceedings, including attorneys' fees, shall be paid by you or your estate.
- U. Emergency Notifications.** You agree to provide The Pines with the following information prior to the date of occupancy as well as updates of this information during the term of this Agreement:
- Names, addresses, and phone numbers of persons to notify in an emergency (minimum of two are required);
 - Names of persons having the right of entry into your residence;
 - Name, address, and phone number of funeral home (prior arrangements are encouraged);
 - Names, addresses, and phone numbers of lawyer and executor;
 - Names, addresses, and phone numbers for powers of attorney; and

- Names, addresses, and phone numbers for emergency pet contacts, if applicable.

V. TRANSFERS OR CHANGES IN LEVELS OF CARE

A. Transfer to Schramm Health Center. The Resident agrees that the Corporation shall have authority to determine that the Resident should be transferred from the Resident's Living Accommodation to the Schramm Health Center for assisted living, memory care or long-term care, or from one level of care to another level of care within the Schramm Health Center and whether such transfer shall be temporary or permanent in nature. Such determinations shall be based on the professional opinion of the Medical Director and the opinion of the Executive Director of The Pines and shall be made only after consultation to the extent practical with the Resident, a representative of the Resident's family or the health care power of attorney of the Resident and the Resident's attending physician. In the event of a permanent transfer to the Schramm Health Center, your Entrance Fee will not be subject to refund at the time of the transfer. Entrance Fees are subject to refund when a resident leaves the community in accordance with Article VI of this Agreement.

B. Transfer to Hospital or Other Facility. If it is determined by the Medical Director and the Executive Director that the Resident needs care beyond that which can be provided by the facility and personnel of The Pines, the Resident may be transferred to a hospital, center or institution equipped to give such care, which care will be at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident, a representative of the Resident's family or the health care power of attorney of the Resident and the Resident's attending physician.

In the event it becomes necessary for you to be transferred to a hospital, The Pines will provide any information available to meet the provisions of any hospital admissions agreement, and you agree that The Pines has the right to provide such information, which may include part or all of your records.

C. Surrender of Living Accommodation. If a determination is made by the Corporation that any transfer described in this Article V is permanent in nature, the Resident agrees to surrender the Living Accommodation or the accommodation in the Schramm Health Center occupied by the Resident prior to such transfer.

You are responsible for the costs of transfer and moving as well as the Monthly Charges or daily fee through the last day of occupancy for the Living Accommodation being vacated. For the purposes of this Section V. C., occupancy is defined as the later of the last day that a Resident either resides

in the Living Accommodation or the last day that the Resident's furnishings or belongings occupy the Living Accommodation or a storage area at The Pines.

If the Corporation subsequently determines upon the opinion of the Medical Director and the Executive Director that the Resident can resume occupancy in accommodations comparable to those occupied by the Resident prior to such transfer, the Resident shall have priority to such accommodations as soon as they become available, and you will be responsible for applicable fees, charges and expenses as determined by the Corporation.

VI. TERMINATION AND REFUND PROVISIONS

- A. Prior to Occupancy.** This Agreement may be terminated by the Resident at any time prior to taking occupancy at The Pines for any reason by giving written notice to the Corporation. In the event that the Resident terminates this Agreement after the Rescission Period (defined below) and prior to occupancy, the Resident will receive a refund of the Entrance Fee paid by the Resident, less a non-refundable fee equal to 5% of the total amount of the Entrance Fee as described in Paragraph II A, provided, however, that no fee or charge will be made if such termination is due to the death of the Resident's spouse, less any non-standard or other costs and expenses incurred by the Resident that are unpaid.

This Agreement will terminate automatically at any time prior to the date that the Resident takes occupancy if: (a) the Resident dies before occupying a living unit in The Pines (or, if there are two Residents, both Residents die before occupying a living unit in The Pines); or (b) on account of physical injury; physical, mental or financial incapacity; or physical or mental illness, the Resident is precluded from occupying a living unit at The Pines under the terms of this Agreement. In the event of such automatic termination, the Resident shall receive a refund of the full Entrance Fee paid by the Resident less any non-standard or other costs and expenses incurred by the Resident that are unpaid. Any such refund shall be paid by the Corporation within sixty (60) days following termination pursuant to this paragraph.

- B. Trial Period.** The first sixty (60) days of occupancy at The Pines will be considered to be a trial period. During such sixty (60) day period, the Resident will have the right to terminate this Agreement by giving the Corporation written notice of such termination. In the event of such termination, or in the event of the death of the Resident during such sixty (60) day period, the Resident (or the Resident's estate) shall receive a full refund of the Entrance Fee paid, less a non-refundable fee equal to 5% of the total amount of the Entrance Fee as described in Paragraph II A. During such a sixty (60) day period, the Corporation shall have the right to terminate this Agreement based on the Corporation's determination that the Resident's physical or mental

condition or emotional adjustment will not permit adaptation to the living environment at The Pines. In the event of such termination, the Corporation will refund the full Entrance Fee paid to the Corporation. Any refund due the Resident under this paragraph shall be paid within sixty (60) days after the Living Accommodation has been vacated by the Resident.

- C. Voluntary Termination.** At any time after the expiration of the first sixty (60) days of occupancy at The Pines, the Resident may terminate this Agreement by giving the Corporation thirty (30) days prior written notice of such termination. If such termination shall occur within twelve (12) months after the date of occupancy by the Resident, the Resident shall receive a refund in an amount equal to the full Entrance Fee paid to the Corporation less 5% thereof for each full calendar month or portion thereof which has elapsed from the date of occupancy to the effective date of termination, less a non-refundable fee equal to 5% of the full Entrance Fee and less any non-standard or other costs and expenses incurred by the Resident that are unpaid; provided that in no event shall a Resident who has elected the 50% Refund Entrance Fee Option be entitled to a refund of less than 50% of the Entrance Fee paid by such Resident, except for any unpaid non-standard costs and accrued expenses that will be deducted, and in no event shall a Resident who has elected the 90% Refund Entrance Fee Option be entitled to a refund of less than 90% of the Entrance Fee paid by such Resident, except for any unpaid non-standard costs and accrued expenses that will be deducted. Unless the Resident has elected the 50% Refund Entrance Fee Option or the 90% Refund Entrance Fee Option, no refund of the Entrance Fee shall be paid to the Resident after the first twelve (12) months of occupancy. Any refund due the Resident under this paragraph will be made at such time as such Resident's Living Accommodation shall have been reserved by a prospective Resident and such prospective Resident shall have paid to the Corporation such prospective Resident's full Entrance Fee.
- D. Termination Upon Death.** In the event of the death of the Resident at any time after the expiration of the first sixty (60) days of the Resident's occupancy at The Pines, and such deceased Resident is not survived by a second occupant residing at the Pines who has signed this Agreement, this Agreement shall terminate and, subject to the Resident's continuing obligations described herein below, the portion, if any, of the Entrance Fee paid by the Resident to be refunded shall be determined in the same manner described in Paragraph VI C above. In the event of the death of the Resident at any time after the after the expiration of the first sixty (60) days of the Resident's occupancy at The Pines, and such Resident is survived by a second occupant residing at The Pines who has signed this Agreement, then this Agreement shall not terminate and no refund will be payable hereunder. In the event a refund becomes due under this Paragraph VI D, the date of the

Resident's death shall determine the termination date. Any refund due the Resident's estate under this paragraph will be made at such time as such Resident's Living Accommodation shall have been reserved by a prospective Resident and such prospective Resident shall have paid to the Corporation such prospective Resident's full Entrance Fee; provided, however, that the Resident's estate shall continue to be obligated to pay the applicable Monthly Charge for such Resident's Living Accommodation until such Resident's Living Accommodation is vacated and left in good condition except for normal wear and tear. Resident's Living Accommodation is considered vacated on the later of the last day that a Resident either resides in the Living Accommodation or the last day that the Resident's furnishings or belongings occupy the Living Accommodation or a storage area at The Pines.

- E. Termination by the Corporation.** We may terminate the Residence and Care Agreement at any time: (i) if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History or Confidential Financial Statement; (ii) your failure to perform any of your obligations under this Agreement, including your obligation to pay your Monthly Fee and other fees, charges or expenses; (iii) if the Resident's conduct is abusive or disruptive toward members of the Corporation's staff or is disruptive or is detrimental to the health, safety or welfare of the Resident or other Residents or to other Residents' peaceful enjoyment of The Pines; (iv) you, your guests, or your personal service providers fail to abide by the rules, regulations, policies and procedures of The Pines, as described in the Resident Handbook or in such other documents or publications as may be provided from time-to-time, as they now exist or as they may later be amended by The Pines in its sole discretion; (v) the discharge is necessary for your welfare and your needs cannot be met by the Corporation; (vi) if you refuse to relocate as may be required by the Corporation in accordance with this Agreement; or (vii) if, after The Pines and Resident have entered into this Agreement, The Pines becomes aware that Resident is listed on any sex offender registry. In the event of termination for any of such causes, the portion, if any, of the Entrance Fee paid by the Resident to be refunded shall be determined in the same manner as in the case of voluntary termination by the Resident after the Rescission Period, and such refund will be made at such time as such Resident's Living Accommodation shall have been reserved by a prospective Resident and such prospective Resident shall have paid to the Corporation such prospective Resident's full Entrance Fee.

Following termination of this Agreement pursuant to this Section VI.E., you will be responsible for paying the Monthly Charge and/or daily fee for the

applicable Living Accommodation for the full notice period and for each day of occupancy.

Except in cases of emergency, you will receive a notice of the termination by the Corporation at least thirty (30) days prior to the effective date of termination.

- F. Termination By Residents Previously in the Early Advantage Program.** With respect to any termination of this Agreement, if the Resident was previously a Member of the Early Advantage Program, the Resident will not receive any refund of any portion of the Early Advantage Program Membership Fee paid to the Corporation, even if such Membership Fee is credited towards the Entrance Fee under this Agreement.
- G. Condition of Living Accommodation.** At the effective date of termination of this Agreement, the Resident shall vacate the Living Accommodation and shall leave it in good condition except for normal wear and tear. You or your estate shall be liable to the Corporation for any cost incurred in restoring the Living Accommodation to good condition except for normal wear and tear. Such costs may be deducted from any refundable portion of the Entrance Fee due to you or your estate, if any.
- H. Abandoned Living Accommodation.** You may be deemed to have abandoned the Living Accommodation and terminated this Agreement if you do not occupy a residence at The Pines for a period of one continuous year.
- I. Temporary Absence.** Temporary absence because of illness, trips or otherwise will not affect your rights to retain occupancy of a Living Accommodation, as long as applicable Monthly Charges are paid.
- J. Removal of Personal Property.** In the event of termination of this Agreement, you agree to surrender the Living Accommodation and any storage areas, which were occupied by you within thirty (30) days of the notice of termination.

We reserve the right to remove your belongings from the Living Accommodation and any storage areas. You will pay a reasonable storage fee or the actual cost of external storage, whichever is applicable. We are not responsible for any damages incurred to your property if storage becomes necessary. Unclaimed property will become the property of the Corporation after thirty (30) days following the termination of this Agreement and will be disposed of at the sole discretion of the Corporation.

In the event of your death, while you are a Resident of The Pines under this Agreement, only the executor(s) named in your Will (or such person or entity designated by such executor(s)) will be allowed to remove or dispose of your furnishings and belongings in your Living Accommodation and any related

storage areas at The Pines. Members of your family or those to whom you have granted Power of Attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will or a designee of the executor(s).

- K. **Release from Obligations from Termination.** Upon termination of this Agreement, The Pines is released from any further obligations to you except for the payment of any refund which may be due under this Agreement, if any.

VII. **RIGHT OF RESCISSION**

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by the Resident giving written notice of such rescission to the Corporation within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1, *et seq.* of the North Carolina General Statutes ("Rescission Period"). In the event of such rescission, the Resident shall receive a full refund of the Entrance Fee paid by the Resident less any Monthly Charges or portion thereof applicable to any period a Living Accommodation was actually occupied by the Resident and less any unpaid non-standard costs or other unpaid expenses incurred by the Resident. The Resident shall not be required to move into The Pines before the expiration of such 30-day period. Any such refund shall be paid by the Corporation within sixty (60) days following receipt of written notice of rescission pursuant to this paragraph.

VIII. **GENERAL**

- A. **Assignment.** This Agreement and the rights and privileges of the Resident under this Agreement to the facilities, services and programs of the Corporation are personal to the Resident and may not be transferred or assigned by the Resident or otherwise.
- B. **Management of the Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Directors and its administrators as delegated by said Board of Directors. The Corporation reserves the right to accept or reject any person for residency. Residents do not have the right to determine admissions or terms of admission of any other Resident. Resident acknowledges the right of the Corporation to contract for the various services as provided by this Agreement, including, but not limited to, management services for the Corporation.

Subject to the terms and conditions of this Agreement, this Agreement gives Resident the right to live in The Pines and to receive or have access to the services and amenities described in the Agreement. However, it does not give Resident the rights of a "tenant" as that term is defined by North Carolina state law. The Corporation retains the exclusive authority to make all management decisions with regard to the management of the Corporation and The Pines,

including decisions about admission and discharges, setting charges, the Corporation's and The Pines' policies and procedures, and the scope of services offered by the Corporation, consistent with law.

- C. Entire Agreement; Counterparts.** This Agreement, together with any schedules, attachments, exhibits or addenda thereto, constitutes the entire contract between the Corporation and the Resident. The Corporation shall not be liable or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent the Corporation, unless such statements, representations or promises are set forth in this Agreement or in an amendment to this Agreement signed by the Corporation and by you. This Agreement may be executed in counterparts, each of which shall be deemed an original and together shall constitute one and the same agreement. This Agreement and any amendments hereto, to the extent signed and/or delivered by means of a facsimile machine, electronic mail or other electronic means, shall be treated in all manners and respects and for all purposes as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.
- D. Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and shall bind the heirs, executors, trustees, responsible parties, powers of attorney, and administrators of you.
- E. Transfer of Property.** The Resident agrees not to make any gift or other transfer of property for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.
- F. Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina without regard to conflict of laws principles. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit, or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Mecklenburg County or of the United States District Court for the Western District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts.
- G. Uncontrollable Interruption of Service.** No breach of the Corporation's obligations under this Agreement and no liability for injury to you shall result from an interruption of, or failure to provide, the contracted services under

this Agreement due to an act of God or other cause beyond the reasonable control of the Corporation, specifically including, but not limited to, strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquake, inclement weather, epidemic or pandemic, or acts of the Resident.

- H. **Indemnity.** You accept full responsibility for any injury or damage caused to others, or suffered by you, as a result of your own acts or omissions, and those of your guests or invitees. You agree to indemnify, defend and hold The Pines and its respective directors, officers, agents, representatives, and employees (also referred to as team members) harmless from claims, damages, or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your acts or omissions or those of your guests, including, but not limited to, private duty nurses, companions, or others.
- I. **Limitation on Liability.** You understand and agree that the services provided by the Corporation and others within The Pines are not designed to protect you from the everyday, normal risks and responsibilities of living, including, but not limited to, such general accidents and situations such as falling, choking on food, and weight loss and/or dehydration resulting from your failure to partake of food and drink. Additionally, you understand and agree that the services provided by the Corporation do not include one-on-one monitoring of you and that your expectations will be consistent with this understanding. The Corporation shall exercise reasonable care toward you based on your known condition. However, you agree that the Corporation is not an insurer of your welfare and safety. You agree that you will exercise due care to protect yourself from harm.
- J. **Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- K. **Tax Considerations.** You should consult with your tax advisor regarding the tax considerations associated with this Agreement.
- L. **Amendments and Partial Invalidation.** Generally, this Agreement can be changed only by mutual written consent. However, the Corporation reserves the right, upon thirty (30) days prior written notice to Resident, to modify or amend this Agreement whenever doing so is necessary to correct errors, omissions, or inconsistencies, to provide clarification of intent, or to conform the documents to the requirements of local, state, or federal laws and regulations applicable to the Corporation, in particular, or to residential life care communities, in general, or whenever doing so is deemed by the

Corporation to be in the best interest of the Corporation and the residents in light of changes in health insurance laws and coverages and/or local, state or federal tax laws or regulations.

M. Behavior Deemed Harmful to The Pines. If Resident is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the Executive Director of the Corporation to be disruptive, hostile, illegal, or otherwise harmful to others or to The Pines, the Corporation reserves the right to terminate this Agreement. If such a circumstance arises, the Corporation will discuss the matter thoroughly with Resident to provide Resident with knowledge of the behaviors deemed intolerable by the Corporation. The Corporation will provide Resident a written warning to desist from the behavior or any similarly disruptive, hostile, illegal, or harmful behavior. Upon determination that Resident is continuing to engage in the behaviors against which Resident has been warned, the Corporation will have the right to terminate this Agreement.

N. Waivers. Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

O. Notice Provisions. Any notices, consents, or other communications to the Corporation hereunder (collectively "notices") shall be in writing and addressed as follows:

Attn: Sales and Marketing Department
The Pines at Davidson
400 Avinger Lane
Davidson, NC 28036

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

P. Survival. Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of his or her stay at The Pines that remain unpaid as of such termination.

- Q. Early Advantage Program Agreement.** If Resident is entering into this Agreement following the execution and delivery of an Early Advantage Program Agreement with the Corporation, the Resident's Early Advantage Program Agreement is hereby terminated, and this Agreement supersedes and replaces such Early Advantage Program Agreement in all respects.
- R. Capacity.** This Agreement has been executed on our behalf by our duly authorized representative, and no officer, trustee, agent, or employee of ours shall have any personal liability hereunder to you under any circumstances. If Resident is, or becomes, unable to understand or communicate his or her health care or financial decision, and is determined by Resident's attending physician to be incapacitated, then in the absence of Resident's prior designation of an authorized legal representative, or upon the unwillingness or inability of a designated legal representative to act, The Pines shall have the right to commence a legal proceeding to adjudicate Resident incapacitated and to have a court appoint a guardian for Resident. The cost of the legal proceedings, including attorneys' fees, shall be paid by Resident or Resident's estate.
- S. Gender.** Throughout this Agreement, the use of the masculine gender shall include the feminine, and the use of the singular shall include the plural.
- T. Interpretation.** Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement.

IX. MANDATORY ARBITRATION

Introduction

Arbitration is a process of dispute resolution that can be used in place of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party or parties (known as the arbitrators) are selected by the parties to the dispute to make a decision, which is binding on both sides. Typically, the decision of the arbitrators is final and not subject to appeal. Arbitration is a private process, protecting the confidentiality interests of all parties. In addition, because there are no long court dockets to deal with, disputes are usually resolved much more quickly in arbitration. The arbitrator or arbitrators will hear both sides of the dispute and render a decision based on law, fairness, common sense and the rules established by the parties' agreement.

Terms

The parties have selected Mandatory Arbitration for inclusion in this Agreement in order to resolve health care-related and personal injury claims and disputes, with the goal of reducing the time, formalities and costs of resolving them for both parties. The normal

judicial process is available for all other claims and disputes. The terms of the Mandatory Arbitration provision follow.

IN ACCORDANCE WITH THE TERMS OF THE FEDERAL ARBITRATION ACT, THE PARTIES HEREBY AGREE THAT ANY CLAIM OR DISPUTE ARISING OUT OF OR RELATED TO THE PROVISION OF MEDICAL OR MENTAL HEALTH CARE SERVICES TO THE RESIDENT BY THE CORPORATION AND ANY CLAIM OR DISPUTE ARISING OUT OF OR RELATED TO ANY PHYSICAL, PSYCHOLOGICAL OR EMOTIONAL INJURY EXPERIENCED BY THE RESIDENT WHICH THE RESIDENT CLAIMS WAS THE RESULT IN WHOLE OR IN PART OF ANY SERVICE PROVIDED BY, OR ACT OR OMISSION OF, THE CORPORATION UNDER THE TERMS OF THIS AGREEMENT, REGARDLESS OF HOW ANY SUCH CLAIM OR DISPUTE MAY BE CHARACTERIZED AND WHETHER ANY SUCH CLAIM OR DISPUTE SOUNDS IN CONTRACT OR TORT OR IS BASED UPON STATUTORY RIGHT, SHALL BE SUBJECT TO FINAL AND BINDING ARBITRATION AS PROVIDED HEREIN AND SHALL NOT BE THE SUBJECT OF A LAWSUIT OR RESORT TO JUDICIAL PROCESS EXCEPT TO THE EXTENT THAT APPLICABLE LAW PROVIDES FOR JUDICIAL REVIEW OF ARBITRATION PROCEEDINGS OR THE JUDICIAL ENFORCEMENT OF ARBITRATION AGREEMENTS AND AWARDS.

The agreement to arbitrate in this Article IX shall not limit the Resident's right to file a grievance or complaint, formal or informal, with the Corporation or any appropriate state or federal agency. The parties agree that any claim or dispute arising between them that is not subject to the agreement to arbitrate in this Article IX shall be brought exclusively before a court of competent jurisdiction in Mecklenburg County, North Carolina.

The arbitration required by this Article IX shall occur at a place agreed upon by the parties, or in the absence of such agreement, at The Pines. Except as otherwise provided herein or agreed upon by the parties, the arbitration shall be administered by Judicial Arbitration and Mediation Services, Inc. ("JAMS"), 555 13th Street, N.W., Washington, D.C. 20004, 202-942-9180, <http://www.jamsadr.com>, and shall be conducted pursuant to the JAMS Comprehensive Arbitration Rules and Procedures or, if unavailable, the comparable JAMS Arbitration Rules then in effect. In the event that JAMS is unavailable to administer the arbitration, the parties shall endeavor in good faith to choose an alternative arbitration service provider by mutual agreement. In the absence of such mutual agreement, the parties shall each select one (1) arbitrator, who shall in turn select a third, neutral arbitrator, and the parties shall proceed to arbitrate their dispute in an arbitration proceeding conducted by these three arbitrators under the JAMS Comprehensive Arbitration Rules and Procedures or, if unavailable, the comparable JAMS Arbitration Rules in effect at the time that the dispute between the parties arises. Those tasks or services that otherwise would have been performed or provided by JAMS under the JAMS Arbitration Rules shall be determined by agreement of the parties and, absent such agreement, by a majority vote of the three arbitrators.

The parties agree that damages awarded, if any, in an arbitration conducted pursuant to this Article IX shall be determined in accordance with the provisions of the state or federal

law applicable to a comparable civil action, including any prerequisites to, credit against or limitations on, such damages. The arbitrator's award will consist of a written statement stating the disposition of each claim. The award will also provide a concise written statement of the essential findings and conclusions on which the award is based.

It is the intention of the parties to this Agreement that the provisions of this Article IX shall inure to the benefit of and bind the parties, their representatives, successors and assigns, including the agents, employees and servants of the Corporation, and all persons whose claims are derived through or on behalf of the Resident, including that of any parent, spouse, child, guardian, executor, administrator, legal representative, or heir of the Resident.

All claims based in whole or in part on the same incident, transaction, or related course of care or services provided by the Corporation to the Resident, shall be arbitrated in one proceeding. A claim shall be waived and forever barred if it arose prior to the date upon which notice of arbitration is given to the Corporation or received by the Resident, and is not presented in the arbitration proceeding.

THE PARTIES UNDERSTAND AND AGREE THAT BY ENTERING INTO THIS AGREEMENT THEY ARE GIVING UP AND WAIVING THEIR CONSTITUTIONAL RIGHT TO HAVE ANY CLAIM DECIDED IN A COURT OF LAW BEFORE A JUDGE AND A JURY.

The parties understand and agree that any issue or dispute relating to the agreement to arbitrate in this Article IX shall be governed by the Federal Arbitration Act. The parties further understand and agree that the Agreement evidences a transaction in interstate commerce within the meaning of, and is subject to, the Federal Arbitration Act.

The Resident understands that he or she has the right to seek legal counsel concerning the agreement to arbitrate in this Article IX specifically and this Agreement in general. The Resident also has the right to receive an explanation or clarification of the agreement to arbitrate in this Article IX specifically and this Agreement in general. The Resident enters into this Agreement and all of its provisions, including the arbitration provision contained in this Article IX, voluntarily.

The provisions of this Article IX shall survive termination of this Agreement by either party for any reason and shall remain in effect for all care and services subsequently rendered at The Pines, even if such services are rendered following the Resident's discharge and readmission to The Pines.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Effective Date.

NOTICE

BECAUSE THE AUTHORITY TO ENTER INTO CONTINUING CARE CONTRACTS GRANTED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE IN NEITHER A GUARANTEE OF PERFORMANCE BY THE PROVIDER NOR AN ENDORSEMENT OF ANY CONTINUING CARE CONTRACT PROVISIONS, PROSPECTIVE RESIDENTS MUST CAREFULLY CONSIDER THE RISKS, BENEFITS AND COSTS BEFORE SIGNING A CONTINUING CARE CONTRACT AND ARE STRONGLY ENCOURAGED TO SEEK FINANCIAL AND LEGAL ADVICE BEFORE DOING SO.

THE UNDERSIGNED RESIDENT ACKNOWLEDGES RECEIPT OF A COPY OF THE PINES' CURRENT DISCLOSURE STATEMENT (AND IF RECEIVED IN ELECTRONIC FORM, RESIDENT ACKNOWLEDGES RESIDENT AUTHORIZED RECEIPT OF THE DISCLOSURE STATEMENT IN ELECTRONIC FORM). THE DISCLOSURE STATEMENT WAS RECEIVED PRIORTOTHEEXECUTIONOFTHISAGREEMENTORPRIORTOORATTHE TIME OF THE TRANSFER OF ANY MONEY OR OTHER PROPERTY TO THE PINES, WHICHEVER OCCURRED FIRST.

THE PINES AT DAVIDSON, INC.

By: _____

Resident (SEAL)

Name: _____

Title: _____

Resident (SEAL)

Current Address: Street

City, State, Zip Code

Telephone

The Pines at Davidson, Inc.

POLICIES GOVERNING ANIMALS

Revised January 2023

The Pines at Davidson, Inc.

Pet Policy

Policy Statement

It is the policy of The Pines at Davidson, Inc. ("The Pines") that, except as otherwise required by law, only Residents of the cottage units and the villa apartments may keep pets at The Pines.

Documentation Requirements and Approval Process

Residents must apply to the Director of Marketing or the Director of Resident Services (IL) at The Pines for permission to keep a pet in a cottage unit or villa apartment. The Pines may, in its sole discretion, approve or disapprove the Resident's request to keep a pet.

Keeping Pets at The Pines

Pets will be permitted access only to the Resident's personal cottage unit or villa apartment; the hallways, elevators, stairwells, and entryways necessary for the animal's entrance and exit to the Resident's residence unit; and certain designated outdoor areas appropriate for the animal's natural relief. Pets will not be permitted to access any other areas, including the dining rooms, recreation rooms, sitting areas, meeting rooms, lounges, the lobby, or the post office.

The Resident must be in full control of the animal at all times. The animal may not be left unattended at any time, except for animals left in the Resident's personal residence unit while the Resident is dining, attending activities, or the like, which may be for no longer than a reasonable period of time. When a pet is outside of the Resident's personal residence unit, it must be carried, in an animal carrier, or controlled by a leash or a harness. Residents in cottage units may use hidden pet fences to control their pets.

The Resident may not chain or tie the animal outside the Resident's Living Accommodation. If the animal is a dog or a cat, the Resident shall cause the animal to wear a collar with a tag identifying (a) the animal and the Resident, each by name, and (b) the Resident's address and telephone number.

The Resident is fully responsible for:

- The care and supervision of the animal (including toileting, feeding, grooming, veterinary care, insect control, spaying and neutering, and cleaning up after the animal and including any associated costs),
- The well-being of the animal,
- Any damage or injury caused by the animal, and

- Cooperating with staff of The Pines in meeting the terms of this policy and developing procedures for the care of the animal (e.g., cleaning the animal, feeding/watering the animal, disposing of feces, designating an outdoor relief area, etc.).

The Pines is not responsible for providing food or care for a pet, including but not limited to removing the animal during emergency evacuation events.

The Resident is responsible for compliance with state and local laws concerning animals.

Residents must agree to contain or remove their pet(s) during housekeeping or maintenance upon request if the service provider is not comfortable with the pet.

Pet laundry (blankets, harnesses, and toys) may not be brought to the laundry rooms in the Apartment Building, but rather washed and dried in the personal machines in the cottages and villas.

All Residents permitted to keep a pet must sign the Addendum to Residence and Care Agreement Relating to Pets, Service Animals, and Support Animals and abide by all rules established by The Pines regarding care of and responsibility for the pet.

Notice to Others

The Pines may provide notice of the presence of the pet to members of the community in its discretion.

Exclusion of Pets

A pet may be removed from The Pines if The Pines detects evidence of mistreatment or abuse; if the pet poses a threat to the health and safety of others; if the pet has caused physical damage to the property of others; if the Resident does not comply with his or her obligations under this policy; if the pet is not housebroken (i.e., trained so that, absent illness or accident, the animal controls its waste elimination); if the pet is out of control (e.g. uncontrolled barking, wandering, displaying aggressive behavior) and the Resident does not take effective action to control it; or if the pet or its presence creates an unmanageable disturbance or interference with the community. Should the pet be removed for any reason, the Resident is expected to fulfill his or her housing obligations for the remainder of the term of the Residence and Care Agreement.

Anyone who has a question or concern regarding this policy should direct such inquiry or comment to the Director of Marketing or the Director of Resident Services.

The Pines at Davidson, Inc.

Service Animal Policy

Policy Statement

The Pines at Davidson, Inc. ("The Pines") is committed to complying with all applicable provisions of the Americans with Disabilities Act, as amended (the "ADA"). Consistent with this commitment, The Pines welcomes the presence of trained service animals assisting people on its campus in areas open to the public consistent with the provisions of this policy and applicable law. Therefore, individuals with disabilities are permitted to bring service animals onto the property of The Pines as provided below.

Residents Who May Use a Service Animal

The Pines will permit the use of a service animal by an individual who qualifies under the ADA as having a disability. A disability under the ADA includes a physical or mental impairment that substantially limits one or more major life activities.

Animals Qualified as Service Animals

A service animal is distinguished from a pet. A service animal as defined by the ADA is any dog¹ that has been individually trained² to do work or perform tasks for the benefit of an individual with a disability, including a physical, sensory, psychiatric, intellectual, or other mental disability. The work or tasks performed must be directly related to the individual's disability. The potential crime deterrent effects of an animal's presence and the provision of emotional support, well-being, comfort, or companionship do not constitute work or tasks for the purposes of this definition.

Documentation Requirements and Approval Process

It is not necessary that the dog be certified or licensed as a service animal. No request to bring a service animal to The Pines is required, no registration of the service animal is required, and no documentation supporting the need for a service animal is required (although The Pines may accept and consider documentation voluntarily provided by the Resident). However, when the need for a service animal is not readily apparent, the staff of The Pines may make the following two inquiries:

1. Is the animal required because of a disability?

¹ In limited circumstances miniature horses may qualify as service animals.

² A service animal being trained has the same rights as a fully trained service animal when accompanied by a trainer and the animal wears a collar and leash, harness, or cape that identifies the animal as a service animal in training. Trainers must also adhere to the responsibilities outlined in this policy.

2. What work or task has the animal been trained to perform?

Although not required to do so, Residents who wish to bring service animals to campus are encouraged to voluntarily make that known to The Pines. Advance notice can allow for effective communication with staff and more flexibility in meeting a Resident's specific needs.

Use of Service Animals at The Pines

Service animals are permitted to accompany individuals with disabilities in all areas of the campus of The Pines where Residents, employees, and invitees, as applicable, are allowed to go, including a Resident's personal living unit, entryways, hallways, sitting areas, meeting rooms, lounges, dining rooms, the lobby, and the post office. However, The Pines may prohibit the use of service animals in certain locations where health or safety restrictions prevent their presence, where service animals may be in danger, or where the use of service animals may cause health issues, for example: food preparation areas, mechanical rooms, or other places where the health or safety of others may be compromised.

The owner of the service animal must be in full control of the animal at all times. A service animal may not be left unattended at any time, except for animals left in a Resident's residence, which may be for no longer than a reasonable period of time.

The owner of the service animal is fully responsible for:

- The care and supervision of the animal (including toileting, feeding, grooming, veterinary care, and cleaning up after the animal and including any associated costs),
- The well-being of the animal, and
- Any damage or injury caused by the animal.

The owner of the service animal is responsible for compliance with state and local laws concerning animals.

The Pines is not responsible for providing food or care for a service animal, including but not limited to removing the animal during emergency evacuation events.

A service animal must have a harness, leash, or other tether, unless either the owner is unable because of a disability to use a harness, leash, or other tether, or the use of a harness, leash, or other tether would interfere with the service animal's safe, effective performance of work or tasks, in which case the service animal must be otherwise under the owner's control (e.g., voice control, signals, or other effective means).

It is recommended, but not required, that service animals wear some type of commonly recognized identification symbol indicating that the animal is a working animal.

Service Animal laundry (blankets, harnesses, and toys) belonging to Residents living in the Apartment Building must be washed in the designated washer and dryer on the first floor. Residents who live in cottages and villas must use washers and dryers in their private units.

The Pines will not treat Residents who use a service animal less favorably than other Residents at The Pines. The Pines will not charge a fee to Residents who use a service animal, with the exception that, as noted above, The Pines may require the Resident to reimburse The Pines for any costs incurred by The Pines as a result of any damage or harm caused by the service animal.

Residents who wish to keep a service animal must sign the Addendum to Residence and Care Agreement Relating to Pets, Service Animals, and Support Animals.

Notice to Others

It may be necessary for staff of The Pines to provide notice of the presence of a Resident's service animal to certain members of the community living or working in close proximity to the service animal. The information shared will be limited to notice about the service animal's presence and will not include information about the Resident's disability or the specific reason that the service animal is required.

Exclusion of Service Animals

The Pines reserves the right to remove a service animal if The Pines detects evidence of mistreatment or abuse of the service animal, if the animal is not housebroken (i.e., trained so that, absent illness or accident, the animal controls its waste elimination), the animal is out of control (e.g., uncontrolled barking, wandering, displaying aggressive behavior) and the owner does not take effective action to control it, if the animal's access to certain areas of The Pines poses a real and definite threat to the health and safety to others, or if the presence of the service animal would fundamentally alter the nature of the services or programs provided by The Pines.

Anyone who has a question or concern regarding this policy should direct such inquiry or comment to Director of Marketing or the Director of Resident Services.

The Pines at Davidson, Inc.

Support Animal Policy

Policy Statement

The Pines at Davidson, Inc. ("The Pines") is committed to complying with all applicable provisions of the Fair Housing Act, as amended (the "FHA"). Consistent with this commitment, it is the policy of The Pines to provide reasonable accommodations to permit the use of support animals by qualified Residents in their personal living units or residences, provided that such accommodation does not constitute an undue hardship to The Pines.

Residents Who May Use a Support Animal

The Pines will permit the use of a support animal by a Resident who qualifies under the FHA as having a disability. A disability under the FHA includes a physical or mental impairment that substantially limits one or more major life activities. The disability must be of lengthy or perpetual duration in order to be covered by the FHA.

Animals Qualified as Support Animals¹

A support animal, as defined by the U.S. Department of Housing and Urban Development (which uses the term "assistance animal"), is an animal that works, provides assistance, or performs tasks for the benefit of a person with a disability, or provides emotional support that alleviates one or more identified symptoms or effects of a person's disability, in order for the person to have an equal opportunity to use and enjoy the The Pines's housing facilities. Support animals perform many disability-related functions, including but not limited to guiding individuals who are blind or have low vision, alerting individuals who are deaf or hard of hearing to sounds, providing protection or rescue assistance, pulling a wheelchair, fetching items, alerting persons to impending seizures, or providing emotional support to persons with disabilities who have a disability-related need for such support. A support animal is distinguished from a pet.

Documentation Requirements and Approval Process

Residents must request the use of support animals through the Director of Marketing or the Director of Resident Services. Residents should make such requests at least 30 days prior to the desired move-in date (or, if the need for the support animal arises after the Resident's move-in date, then as soon as possible after the need arises) so that The Pines can best accommodate the Resident and the animal.

¹ Please note that if a Resident's animal qualifies as a service animal under the Americans with Disabilities Act, the Service Animal Policy will apply.

Residents must present documentation from a reliable party who is in a position to know about the individual's disability demonstrating that:

- The Resident has a disability;
- The support animal is necessary for the Resident to have an equal opportunity to use and enjoy, or to participate in, housing at The Pines; and
- There is a relationship or nexus between the Resident's disability and the assistance the animal provides.

The Pines will evaluate all requests, on a case-by-case basis and in accordance with applicable laws and regulations, to determine whether the use of a support animal is a reasonable accommodation. In doing so, The Pines must balance the needs of the Resident with the impact of animals on other patrons of The Pines. As part of the accommodation review process, the requesting Resident and the Director of Marketing or the Director of Resident Services may engage in further discussions.

The Pines will consider the following criteria in determining whether the use of a support animal is a reasonable accommodation:

- The size of the animal in relation to available assigned housing space,
- Whether the animal's presence would force another individual from his or her living unit (due to, e.g., serious allergies),
- Whether the animal's presence violates other individuals' right to peace and quiet enjoyment,
- Whether the animal's vaccinations are up to date, and
- Whether the animal is able to live with other individuals in a reasonable manner.

The use of a support animal is not reasonable and therefore will not be permitted (irrespective of the consideration of the above-listed factors):

- If allowing the support animal would impose an undue financial or administrative burden on The Pines or fundamentally alter the nature of housing at The Pines,
- If the specific animal in question poses a direct threat to the health and safety of others that cannot be reduced or eliminated by another reasonable accommodation, and/or
- If the specific animal in question has caused substantial physical damage to the property of others (beyond reasonable wear and tear) that cannot be reduced or eliminated by another reasonable accommodation.

The Pines will make a determination regarding the accommodation request as soon as is reasonably practicable following receipt of the request.

If an approved support animal is no longer needed (or no longer in residence), the Resident must notify the Director of Marketing or the Director of Resident Services.

Appendix B

Use of Support Animals at The Pines

Qualified support animals will be permitted access only to the Resident's personal living unit (including, if applicable, his or her living unit in nursing or assisted living); the hallways, elevators, stairwells, and entryways necessary for the animal's entrance to or exit from the Resident's residence unit; and certain designated outdoor areas appropriate for the animal's natural relief. Support animals will *not* (emphasis added) be permitted to access any other areas, including the dining rooms, recreation rooms, sitting areas, meeting rooms, lounges, the lobby, or the post office.

The Resident must be in full control of the animal at all times. The animal may not be left unattended at any time, except for animals left in the Resident's personal residence unit while the Resident is dining, attending activities, or the like, which may be for no longer than a reasonable period of time. When a support animal is outside of the Resident's personal residence unit, it must be carried, in an animal carrier, or controlled by a leash or a harness.

The Resident is fully responsible for:

- The care and supervision of the animal (including toileting, feeding, grooming, veterinary care, and cleaning up after the animal and including any associated costs),
- The well-being of the animal,
- Any damage or injury caused by the animal, and
- Cooperating with staff of The Pines in meeting the terms of this policy and developing procedures for the care of the animal (e.g., cleaning the animal, feeding/watering the animal, disposing of feces, designating an outdoor relief area, etc.).

The Pines is not responsible for providing food or care for a support animal, including but not limited to removing the animal during emergency evacuation events.

The Resident is responsible for compliance with state and local laws concerning animals.

The Pines will not charge extra fees to Residents who use a support animal or treat Residents who use a support animal less favorably than other Residents at The Pines.

Residents who wish to keep a support animal must sign the Addendum to Residence and Care Agreement Relating to Pets, Service Animals, and Support Animals.

Notice to Others

It may be necessary for staff of The Pines to provide notice to certain members of the community living or working in close proximity to the animal. The information shared will be limited to notice about the animal's presence and will not include information about the Resident's disability or the specific reason that the animal is required.

Exclusion of Support Animals

A support animal may be removed from The Pines if The Pines detects evidence of mistreatment or abuse; if the animal's presence results in a fundamental alteration of the nature of housing at The Pines; if the specific animal in question poses a direct threat to the health and safety of others that cannot be reduced or eliminated by another reasonable accommodation; if the specific animal in question has caused substantial physical damage to the property of others (beyond reasonable wear and tear) that cannot be reduced or eliminated by another reasonable accommodation; if the Resident does not comply with his or her obligations under this policy; if the animal is not housebroken (i.e., trained so that, absent illness or accident, the animal controls its waste elimination); if the animal is out of control (e.g., uncontrolled barking, wandering, displaying aggressive behavior) and the Resident does not take effective action to control it; or if the animal or its presence creates an unmanageable disturbance or interference with the community. Should the support animal be removed for any reason, the Resident is expected to fulfill his or her housing obligations for the remainder of the term of the Residence and Care Agreement.

Anyone who has a question or concern regarding this policy should direct such inquiry or comment to Director of Marketing or the Director of Resident Services.

EXHIBIT A

CERTIFICATION THAT THE RESIDENT'S ANIMAL IS A SERVICE ANIMAL

By signing this Exhibit A to the Addendum to Residence and Care Agreement Relating to Pets, Service Animals, and Support Animals the Resident certifies that:

1. The Resident requires the use of the Animal at The Pines because of a disability.
2. The Animal has been individually trained to do the following work or perform the following tasks: _____

SIGNATURE OF RESIDENT

PRINTED NAME OF RESIDENT

Exhibit A to Addendum to Residence and Care Agreement Relating to Pets, Service Animals and Support Animals.

EXHIBIT B

CERTIFICATION THAT THE RESIDENT'S ANIMAL IS A SUPPORT ANIMAL

By signing this Exhibit B to the Addendum to Residence and Care Agreement Relating to Pets, Service Animals, and Support Animals the Resident certifies that:

1. The Resident qualifies under the Fair Housing Act as having a disability that requires the use of the Animal at The Pines .
2. The Animal has been individually trained to do the following work or perform the following tasks: _____

SIGNATURE OF RESIDENT

PRINTED NAME OF RESIDENT

Exhibit A to Addendum to Residence and Care Agreement Relating to Pets, Service Animals and Support Animals.

THE PINES AT DAVIDSON

**ADDENDUM
TO RESIDENCE AND CARE AGREEMENT
RELATING TO PETS, SERVICE ANIMALS, and SUPPORT ANIMALS
Revised January 2023**

This ADDENDUM to RESIDENCE AND CARE AGREEMENT (this “Addendum”) is dated this ____ day of _____, 20____, by and between The Pines at Davidson, Inc. (the “Corporation”) and _____ (the “Resident”). Capitalized words not defined herein shall have the meanings assigned to them in the Agreement, as defined below.

BACKGROUND

1. The Corporation and the Resident entered into a Residence and Care Agreement on _____, 20____ (the “Agreement”).
2. The Resident occupies a Living Accommodation at The Pines at Davidson.
3. The Resident wishes to keep his or her animal, _____, a _____ whose picture is affixed to the signature page of this Addendum (the “Animal”), at The Pines.

Breed and/or Species of Animal

Name of Animal
4. The Corporation wishes to provide for the reasonable accommodation of the Resident’s Animal at The Pines and to provide a comfortable, safe, and sanitary environment for existing and prospective residents, employees, and the public.

THEREFORE, in consideration of the promises and mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation and the Resident agree as follows:

1. The Resident may allow the Animal access to the buildings at The Pines as follows:

- a. If the Animal is a pet (a domesticated animal kept for pleasure), then the Resident may allow the Animal access only to the Resident's Living Accommodation. Only residents of a cottage unit or villa apartment may keep a pet at The Pines. The Resident acknowledges that if the Resident moves to a Living Accommodation other than a cottage unit or villa apartment, then the Resident may no longer keep the pet at The Pines.
 - b. If the Resident is disabled and the Animal is a service animal (a dog that is individually trained to do work or perform tasks that benefit the Resident), as certified by the Resident in Exhibit A to this Addendum, then the Resident may allow the Animal access to the Resident's Living Accommodation and the generally accessed communal areas at The Pines that are open to all Residents. The Resident may not allow the Animal access to areas that are not generally accessed by Residents.
 - c. If the Resident has need for a support animal as defined by the Fair Housing Act, and as certified by the Resident in Exhibit B to this Addendum, then the Resident may allow the Animal access to the Resident's Living Accommodation and only those areas necessary for the animal's entrance or exit from the Resident's unit. Support animals will not be permitted to access of any other areas, including the dining rooms, recreation rooms, sitting areas, meeting rooms, lounges, or the post office.
2. The Resident shall keep the Animal under the Resident's control (for example, carried; on a leash; in a container; or, for residents of cottage units, through the use of a hidden pet fence) at all times that the Animal is outside the Resident's Living Accommodation. The Resident may not chain or tie the Animal outside the Resident's Living Accommodation. If the Animal is a dog or a cat, the Resident shall cause the Animal to wear a collar with a tag identifying (a) the Animal and the Resident, each by name, and (b) the Resident's address and telephone number.

3. The Resident shall be responsible for the proper care of the Animal, including, but not limited to, flea control, yearly inoculations, spaying and neutering, and compliance with all applicable laws, ordinances, rules, and regulations.
4. The Resident shall prevent the Animal from depositing waste in locations other than areas designated for such purpose. The Resident shall be responsible for cleaning up after the Animal anywhere on The Pines property and shall carry a disposable plastic bag for that purpose any time that the Animal is outside the Resident's Living Accommodation. The Resident shall bag the Animal's waste and dispose of it in the appropriate trash receptacles.
5. The Resident shall be responsible for ensuring that the Animal's noise, odors, wastes, or other nuisances do not infringe upon or diminish the health, safety, or rights to peace and quiet enjoyment of other residents. The Resident shall maintain his or her Living Accommodation and the surrounding areas in a sanitary condition at all times, free of animal odors, insect infestation, waste, and litter. The Resident shall, upon receipt of a bill, pay for the cost of all materials and/or labor required to repair any damage caused by the Animal, including, but not limited to, charges for extermination services for insect infestation related to the Animal.
6. The Corporation has the right to demand that the Animal be removed from The Pines immediately if the Corporation, in its sole discretion, determines that the presence of the Animal poses a real and definite threat of harm to any member of The Pines community or otherwise violates the rights of any member of The Pines community.
7. The Resident shall make arrangements for someone to care for the Animal in the event that the Resident becomes unable to do so. The Resident hereby authorizes the Corporation to take appropriate action to transfer the Animal to an appropriate facility, with all corresponding fees to be charged to the Resident, if the Resident becomes unable to care for the Animal and has not made prior arrangements for the Animal's care.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first set forth above.

THE PINES AT DAVIDSON, INC.

By: _____

_____ (SEAL)

Title: _____

Resident

Current Address: Street

City, State, Zip Code

Telephone

Attach Photograph of
Animal Here

Signature Page to Addendum to Residence and Care Agreement Relating to Pets, Service Animals and Support Animals.

THE PINES AT DAVIDSON

DOG PARK USE AGREEMENT AND RELEASE

In consideration of being allowed to utilize the off-leash dog park (the "Park") provided by The Pines at Davidson, Inc. ("The Pines"), I hereby acknowledge and agree to the following Dog Park Use Agreement and Release:

1. I understand and accept that use of the Park exposes me and my dog to a number of inherent risks and dangers associated with dogs. Some of the risks which may be present or occur include, without limitation, the risk of injury, disability, damage or death to me and/or my dog caused by dog bites, fights or altercations at the Park, the contraction of diseases and other unpredictable circumstances and events.
2. I have received a copy of the rules pertaining to use of the Park and have read and agree to abide by such rules. In the event I permit a guest to use the Park, I will ensure that the guest reads such rules, signs a copy of this agreement prior to using the Park and I will ensure it is returned to The Pines.
3. I represent and warrant that my dog is in good health, is current on all vaccinations, including, without limitation, rabies vaccinations, and is well-socialized, not aggressive and friendly with people and dogs of all breeds and sizes. I agree to keep my dog under my supervision at all times while using the Park. I agree to exercise caution while using the Park and not undertake any activity or allow my dog to undertake any activity that might be dangerous to me, my dog, other people or other dogs.
4. In consideration of my being allowed to use the Park and as a condition to the right to use the Park, I personally assume all risks incident to the use of the Park and hereby waive, release and forever discharge The Pines and its officers, directors, agents, employees and representatives from any and all liabilities, losses, damages, claims, actions, causes of action, demands or costs of any nature whatsoever that may arise in connection with my or my dog's use of the Park, whether caused by the negligence of The Pines, its employees or agents or caused by some other means.
5. I further agree to indemnify and hold The Pines, its officers, directors, agents, employees and representatives harmless from any and all liabilities, losses, damages, claims, actions, causes of actions, demands, or costs of any nature whatsoever caused by my, my dog's or my guest's use of the Park.
6. I am at least 18 years of age and am competent to sign this document. Prior to signing this document, I have had an adequate opportunity to ask questions about it, and any questions I had have been answered to my satisfaction. This agreement shall be binding upon me, my heirs and personal representatives.

Signature of Participant

Printed Name

Date

Rules and Regulations for The Pines' Off-Leash Dog Park

- BY ENTERING THE DOG PARK YOU UNDERSTAND AND ACKNOWLEDGE THAT THE DOG PARK INVOLVES RISKS OF SERIOUS OR FATAL INJURY TO YOU, YOUR DOG(S) AND OTHER DOGS INCLUDING WITHOUT LIMITATION RISKS RESULTING FROM AGGRESSIVE DOGS OR UNPREDICTABLE BEHAVIOR. YOU ASSUME ANY AND ALL RISKS ASSOCIATED WITH YOUR USE OF THE DOG PARK AND AGREE THAT THE PINES AND ITS EMPLOYEES SHALL NOT BE HELD LIABLE FOR ANY RESULTING INJURY.
- The Pines' dog park is for use by its residents (access control key card or FOB is required); guests of residents are permitted to enter the dog park only if accompanied by a resident and provided such guest is 18 or older.
- All residents and guests must sign the Dog Park Use Agreement and Release available at the main reception desk prior to entering the dog park.
- Hours: 7 AM to sundown.
- Dogs are the only animals that may be brought into the fenced area.
- Owners must have proof that each dog has a current license issued by the Town of Davidson (Town of Davidson Animal Licenses may be purchased at Davidson Town Hall located at 216 South Main Street. Proof of current vaccinations required)
- Aggressive dogs and female dogs in heat are not permitted in the park at any time.
- Owners must immediately leash and remove dogs from the park at the first sign of aggression, hostile or combative behavior.
- Sick dogs are not allowed. Owners of dogs with a known sickness or displaying sick behavior are required to remove their dog.
- Dogs must be at least five (5) months old to enter the park.
- All dogs must be leashed until safely inside and returned to a leash prior to exiting. Owners must have one leash per dog at all times.
- Dog owners must be inside the fenced area and be able to see and monitor their dogs at all times.
- All dogs must be trained and responsive to voice commands from their owner.
- Children under the age of 16 are not permitted within the fenced area.
- Owners must clean up after their dog(s) AND dispose of pet waste properly in the designated containers.
- Pet food and toys are not permitted in the fenced area.
- Smoking and eating are not permitted inside the dog park. No alcoholic beverages permitted.
- Limit of three (3) dogs per person.
- Leave all bicycles and motorized vehicles outside of the fenced area.
- NC State Law requires all dog bites must be reported to Davidson Police Department at 704-892-5131. They forward a report to the Mecklenburg County Health Dept. Owners are liable for any injury or damages caused by their dog and are fully responsible for their animal's actions.
- Dog owners who fail to comply with any of the established rules and regulations will be asked to leave the park and could lose access privileges.
- In the event of an emergency or violation of the posted rules please use a cell phone to call The Pines' Receptionist at (704) 896-1100 or call 911.

The Pines at Davidson, Inc.
Pool Use and
Release of Liability and Hold Harmless Agreement ("Agreement")
Warm Water Therapy Facilities

1. I desire to use the warm water therapy pool, hot water whirlpool and/or exercise equipment room (the "Facilities") located at The Pines at Davidson, Inc. (The Pines). I understand and accept that use of the Facilities exposes me to a number of risks and dangers. Some of the risks which may be present or occur include, but are not limited to, risk of death from drowning, injuries resulting from slipping or falling which could result in complete or partial paralysis, brain damage or other serious injury to my muscular skeletal system, injuries or disabilities arising from the contraction of infectious, communicable or other diseases, injuries resulting from exposure to hot water, injuries from physical exertion, and serious injuries to other aspects of my general health and well being.
2. Understanding the potential risks and consequences mentioned above, I hereby state that I am physically fit to use the Facilities.
3. I further state that I am at least 18 years of age and competent to sign this document. I have received a copy of the rules pertaining to use of the Facilities and have read and agree to abide by such rules. In the event I permit a guest to use the Facilities, I will ensure that the guest reads and signs a copy of this Agreement prior to using the Facilities.
4. In consideration of my being allowed to use the Facilities and as a condition to the right to use the Facilities, I personally assume all risks incident to the use of the Facilities and I waive, release and forever discharge The Pines and its officers, directors, agents, employees and representatives from all liabilities, losses, damages, claims, actions, causes of action, demands or costs of any nature whatsoever that may arise in connection with my use of the Facilities, whether caused by the negligence of The Pines, its employees or agents or caused by some other means.
5. I further agree to indemnify and hold The Pines, its officers, directors, agents, employees and representatives harmless from all liabilities, losses, damages, claims, actions, causes of actions, demands, or costs of any nature whatsoever that may arise in connection with my use of the Facilities, whether caused by the negligence of The Pines, or its employees or agents, or caused by some other means.
6. Prior to signing this document, I have had an adequate opportunity to ask questions about it, and any questions I have had have been answered to my satisfaction.
7. This Agreement shall be binding upon me, my heirs and personal representatives.

Signature of Participant

Printed Name

Date

Signature of Witness (A Pines' staff person)

Printed Name

Date

If you are a guest, please print the name of the sponsoring resident: _____
(PLEASE RETURN THIS RELEASE OF LIABILITY AND HOLD HARMLESS AGREEMENT TO THE FRONT DESK
OR TO THE PINES' FITNESS SPECIALIST BEFORE USING THE FACILITIES)

1. WARM WATER THERAPY POOL RULES:

- WARNING – NO LIFEGUARD ON DUTY
- SWIM AT YOUR OWN RISK. Owners and management are not responsible for accidents or injuries.
- State regulations require the following notice: CHILDREN SHOULD NOT USE THE SWIMMING POOL WITHOUT ADULT SUPERVISION. However, the policy of The Pines prohibits persons under the age of 18 from using the pool.
- ADULTS CANNOT BE IN THE POOL AREA ALONE.
- Absolutely NO DIVING allowed.
- Health regulations prohibit persons with open wounds, wearing bandages, or with known infection (such as skin, ear, eye, or nasal infections) or sickness (including communicable diseases) from entering the pool or spa/whirlpool.
- All persons are required to take a cleansing shower prior to entering the pool. Proper swimming attire is required.
- No running. No boisterous or rough play.
- Pets and glass containers in the pool area are prohibited.
- Food, gum and drinks are prohibited.
- Use of the pool while under the influence of alcohol, tranquilizers or other drugs that cause drowsiness is prohibited.
- Emergency telephone is located by the locker room doors in the atrium.
- Medical alerts are located:
 - On the wall adjacent to exit door to main building
 - On the wall opposite entrance to spa/whirlpool.
- In the event of lightning, thunder or electrical storm, immediately vacate the water and do not re-enter until all thunder and lightning has completely passed through the vicinity and poses no risk to swimmers.
- Management reserves the right to deny the use of the pool to anyone at any time.
- 38 Person Pool Limit.

2. HOT WATER WHIRLPOOL RULES:

STOP

- All persons are required to take a cleansing shower prior to entering the spa/whirlpool.
- Oils, body lotions and minerals are prohibited in the water.

CAUTION

- Pregnant women; elderly persons; and persons suffering from heart disease, diabetes or high or low blood pressure should not enter the spa/whirlpool without prior medical consultation and permission from their doctor.
- Do not use the spa/whirlpool while under the influence of alcohol, tranquilizers or other drugs that cause drowsiness or that raise or lower blood pressure. Do not use alone.
- State regulations require the following notice: unsupervised use by children is prohibited. However, the policy at The Pines is that persons under the age of 18 are prohibited from using the spa/whirlpool.
- Enter and exit slowly.
- Observe reasonable time limits (that is, 10-15 minutes), then leave the water and cool down before returning for another brief stay.
- Long exposure may result in nausea, dizziness or fainting.
- Keep all breakable objects out of the area.
- No running. No boisterous or rough play in the spa/whirlpool area.
- Health regulations prohibit persons with open wounds, wearing bandages or with known infection (such as skin, ear, eye or nasal infections) or sickness (including communicable diseases) from entering the spa/whirlpool. Persons using prescription medications should consult their physicians before using the spa/whirlpool.
- 8 Person Whirlpool Limit.

Appendix C



THE PINES AT DAVIDSON
Early Advantage Program Agreement

This Early Advantage Program Agreement (the "Agreement") is made this ____ day of _____, 20__ (the "Effective Date") by and between THE PINES AT DAVIDSON, INC., a North Carolina nonprofit corporation (hereinafter the "Corporation", "The Pines", "we", "us" or "our"), and _____ (hereinafter "Early Advantage Member", "Member", "member", "you", "your").

WHEREAS, the Corporation owns and operates a Life Plan Community licensed as a continuing care retirement community organized to provide housing, recreation, health care and other services to people after they reach retirement age or older known as "The Pines". The Pines is located at 400 Avinger Lane, Davidson, North Carolina 28036; and

WHEREAS, The Pines (also referred to as the "Community") consists of independent living homes, villas, and apartments, common areas and amenities, and certain on-campus facilities, including assisted living, memory care and long-term care; and

WHEREAS, the Corporation has established a continuing care without lodging program known as the Early Advantage Program (the "Early Advantage Program" or "Program") which allows for its members to remain in their private residences not on the campus of The Pines while enjoying some of the traditional benefits of a continuing care retirement community; and

WHEREAS, you desire to become a Member of the Program and to use and enjoy certain services, programs and facilities provided by the Program which does not include independent living lodging at The Pines, subject to the terms and conditions of this Agreement; and

WHEREAS, during the time that you are a Member of the Program, but not yet residing on campus, if any needs develop that may require in-home services, The Pines staff will refer you to our preferred provider.

NOW THEREFORE, subject to the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Member and the Corporation agree as follows:

I. **ACCEPTANCE OF THE PINES MEMBER WITHOUT LODGING**

- A. **General.** You have gone through the admission process, and The Pines has accepted you as a Member of its Early Advantage Program in order for you to access some of the services provided by The Pines while remaining in your home outside the campus of The Pines and not residing at the Community. As an Early Advantage Program Member of The Pines, you will continue to reside in your own home and not at the Community, and you are hereby entitled to the services specifically set forth in this Agreement, subject to the terms and conditions of this Agreement. If there is a fee related to particular services provided to you as a Member, you will be charged the then prevailing fee.

As an Early Advantage Member under this Agreement, you are already on our Future Residency wait list for residency on our campus ("Future Residency List"), and you will remain on our Future Residency List. Your priority for an independent living unit offer will be based on the date this Agreement is executed or on the date of your Future Residency Agreement, whichever provides you the earliest opportunity to receive an offer for an independent living accommodation at the Community.

At the time you choose to accept an accommodation on The Pines campus, you will be subject to, and shall comply with, the entry requirements of the Community and applicable payment of fees including, but not limited to, providing The Pines updated medical and financial information in order to determine your ability to live independently and to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit. We reserve the right to decline your admission to The Pines for residency if your medical and financial circumstances have changed so that you are not able to live independently or are not able to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit. Your acceptance as a member of The Pines Early Advantage Program, however, will continue to remain in effect, and you shall have the right to continue or terminate this Agreement.

- B. **Execution of the Residence Agreement Following Acceptance.**

Prior to taking occupancy and financial responsibility for a particular independent living residential unit on The Pines' campus, you agree to execute The Pines' Residence and Care Agreement then in effect, or for a unit in the Schramm Health Center on the Pines' campus, you agree to execute a Direct Admissions Residence and Care Agreement (in either case, the "Residence Agreement"). Your occupancy of a residence shall be expressly conditioned upon your execution of such Residence Agreement, as applicable. The executed Residence Agreement shall supersede and replace this Agreement in its entirety.

If the Residence Agreement is subsequently terminated, as outlined in that Residence Agreement, this Agreement may be re-executed upon mutual agreement of the parties, as long as the reason for termination of the Residence Agreement does not preclude the continuation of a contractual relationship with The Pines as determined by The Pines in its sole discretion.

II. SERVICES

Subject to the terms and conditions of this Agreement, The Pines agrees to provide the following services to you as a Member from and after the Effective Date until the termination of this Agreement, pursuant to Section V of this Agreement:

- A. **Common Facilities.** Member shall have access to certain common facilities which may include dining rooms, a multi-purpose room, lounges, sitting areas, wellness center, primary care medical clinic, indoor warm water therapy pool and hot whirlpool, library, craft and art studio, woodworking shop, resident computer room, on-site beauty and barber salon, outdoor venues and other common facilities as described in the then current literature, any of which such common facilities may be subject to change from time to time at the sole discretion of The Pines. Use of the common facilities will be available for use by Member, and such use shall be subject to change or restriction from time to time at the sole discretion of The Pines. Member will be responsible for dining and applicable activity charges.
- B. **Lifestyle and Wellness Programs.** The Pines, from time to time, may offer scheduled social, recreational, educational, cultural or spiritual events or activities designed to meet the needs of Members. Members will have access to the schedules, whether advance reservation is required, and the cost of these programs on an as-offered basis. Member will be responsible for any additional fees, if any.

- C. **Other Services Included in the Monthly Fee.** Other services offered to Members include wireless internet availability in designated areas throughout The Pines' campus, notary services, basic information technology support services, social services and support provided by The Pines' Independent Living Resident Services Team and access to Pines Central, the resident engagement portal, and such other services offered by The Pines from time to time at the sole discretion of The Pines. Member will be responsible for any additional fees, if any.
- D. **Home Care.** The Pines has identified preferred care agencies to provide in-home assistance to Members. The Program can assist you in contacting our preferred agencies to arrange for in-home assistance. These agencies offer a range of options for in-home assistance, from light housekeeping and companionship to assistance with activities of daily living. The rates for in-home assistance are set by the agencies, and Members who choose to take advantage of this in-home assistance program will enter into a separate agreement with the agencies. You shall be responsible for all fees and costs for services provided by the agencies.
- E. **Healthcare Access.** Should you require assisted living, memory care or long-term care services that are provided at The Pines, you may access these services on the following basis:
1. **Schramm Health Center Fees and Charges.** The Mariam Coltrane Schramm Health Center (the "**Schramm Health Center**") at The Pines is available for the benefit of Members and Early Advantage Members. The Corporation is currently licensed by the North Carolina Department of Health and Human Services, Division of Services Regulation to operate 75 health care beds under a nursing home license for Residents who are temporarily ill or who require long term care or memory care and 30 beds to provide support services for Residents who require assistance with activities of daily living. Private or semi-private accommodations are available in all levels of care in the Schramm Health Center. The Corporation will establish and publish per diem rates and charges, which are subject to change from time-to-time, for the accommodations and services in the Schramm Health Center.

If an Early Advantage Program Member has a temporary stay in the Schramm Health Center, the Member shall continue to pay the Monthly Fee for the first 14 days' occupancy (whether or not consecutive) in the Schramm Health Center. For such 14 days, the Member will not be required to pay a per diem charge for

occupancy in the Schramm Health Center but shall pay for additional meals or other services not normally covered by the Monthly Fee or by the per diem charge for occupants of the Schramm Health Center. Credit for any unused portion of the 14 days per year may not be carried forward to successive years.

In the event that an Early Advantage Member shall occupy an accommodation in the Schramm Health Center for more than 14 days in any calendar year, then upon the expiration of such 14 days, the Member shall thereafter in such year pay the amount of the published per diem rate for the Schramm Health Center accommodation occupied by the Member, plus charges for other services not included in such per diem rate, and shall stop paying the Early Advantage Program Monthly Fee. Any pre-paid Monthly Fee will be credited against the per diem charges for the Schramm Health Center. If the Member vacates the Schramm Health Center, the Monthly Fee will resume, and any partial month will be calculated and will be prorated. Upon permanent transfer to the Schramm Health Center, the Member will convert to direct admission to the Schramm Health Center and will sign a Direct Admission Residence and Care Agreement with the Corporation.

2. **Priority Access.** Members shall receive priority access on a non-exclusive basis to available beds/units in The Pines' Schramm Health Center ahead of persons who are not residents living at the Community and are not in the Early Advantage Program should a change in the Member's health status require a move onto campus.

F. **Other Services Excluded from the Monthly Fee.** You may purchase the following on-campus additional services on an *a la carte basis*, separate from the Monthly Fee. These additional services are not included in the benefits covered by the Monthly Fee, and you shall be responsible for all fees, charges and expenses of such additional services. The specific charge for each of these additional benefits may be changed by us from time to time as deemed appropriate in our discretion:

- (i). Priority access to partner providers, including home care agencies.
- (ii). Medical treatment in the on-site primary care medical practice. Medical specialty services (podiatry, dermatology, audiology, and dentistry) provided by independent licensed

practitioners.

(iii). Meals and beverages for you at the established Resident/Member rate and for your guest at the guest rate.

(iv) Group transportation to some events.

(v) Beauty and salon services.

(vi) Information Technology (IT) support.

G. Transfer to the Schramm Health Center or Outside Facilities.

Staff members may assist with the following services: (i) scheduling annual check-ins with you on The Pines' campus or in your home if The Pines requests to conduct a visit in your home; (ii) scheduling home visits between annual check-ins if The Pines determines there is a need to assess the adequacy of support in your home environment; (iii) scheduling on-campus or home visits at a frequency determined by The Pines' staff to assess safety and functional abilities; (iv) assessing your needs; (v) identifying services and resources potentially available through The Pines that may meet Your needs; (vi) helping identify reputable providers in the area outside of The Pines to whom you can be referred for services to meet those needs; and (vii) following up to ensure that those services are meeting your needs.

You are responsible for participating in annual check-ins with The Pines' staff or other periodic visits deemed necessary by The Pines whether on The Pines' campus or in your home to enable The Pines to assess your needs, and for cooperating with The Pines' staff in the provision of these services to you.

You hereby acknowledge and agree that The Pines is not responsible for furnishing you or causing to be furnished to you care management, care arrangement, care coordination, and medical or other personal care services. You hereby acknowledge and agree that The Pines is not responsible for providing medical or other personal care services in your home. All decisions regarding services to you, including the prospect of your need for support services in your home, temporary or permanent transfer to The Schramm Health Center, or transfer to outside facilities, will be made after consultation with you and, when appropriate, with your family or designee. Any support services in your home, and any care management, care arrangement, care coordination, and medical or other personal care services would be your financial responsibility.

If it is determined by The Pines' team that your needs require temporary or permanent transfer to the Schramm Health Center, and if you choose not to move to those facilities, then you agree to accept sufficient services to provide appropriate care and safety in your home. You will be financially responsible for these additional services. If, in our sole judgment, the services you elect to receive are insufficient for appropriate care and safety in your home, you must move to an appropriate level of care at The Pines or other location acceptable to The Pines, or we will have the right to terminate this Agreement. The Pines' decision will be binding.

The Pines does not accept Medicare Part A, Part B, Medicare Advantage Plans or Medicaid in assisted living, memory care or long-term care.

III. **FEES**

- A. **Membership Fee.** Upon execution of this Agreement, Member agrees to pay the Corporation a \$300 non-refundable Application Fee. If two members of a couple or two co-applicants are applying the Application Fee will be equally split with each person responsible for \$150. If accepted, the Member agrees to pay, within three (3) days after acceptance, a one-time nontransferable, non-interest bearing Membership Fee ("Membership Fee") as a condition of becoming a Member in the Program. The Member's Future Residency Program Deposit will be applied toward this Membership Fee. If two members of a couple or two co-applicants are joining the Early Advantage Program, the credit of the Future Residency Program deposit will be equally split with each person receiving credit for half of the deposit.

The Membership Fee is \$_____.

Less previous deposits of \$_____.

Plus Application Fee of \$_____.

Remaining balance due \$_____.

The Membership Fee amortizes over 12 months after which no refund will be made. However, upon moving to The Pines' campus, your Membership Fee will be credited towards your independent living accommodation entry fee; however, your Membership Fee will be considered fully amortized and will be non-refundable and only your entry fee under the Residence and Care Agreement will amortize in accordance with the provisions therein. If you move directly to the

Schramm Health Center on campus without paying an independent living entry fee first and within the first 12 months of being a Member, your Membership Fee will continue to amortize in accordance with this Agreement and no additional entry fee will be required.

- B. **Monthly Fee.** In addition to the Membership Fee, Member agrees to pay a monthly fee (“Monthly Fee”) for the term of this Agreement, which shall be payable in advance by the tenth (10th) day of each month, even when you are away, regardless of the reason. As of the date of this Agreement, the initial Monthly Fee will be \$_____ per month. After paying the Membership Fee, Member will commence paying the Monthly Fee. The Monthly Fee may be adjusted by the Corporation during the term of this Agreement as described in Paragraph II C below.
- C. **Adjustments in Monthly Fee.** The Corporation usually sets fees annually but shall have the authority to adjust the Monthly Fee and any and all other fees, charges and expenses from time to time during the term of this Agreement as it, in its discretion, deems necessary. Any such increase in the Monthly Fee or other fees, charges or expenses may be made by the Corporation upon thirty (30) days written notice to the Member.

In the event The Pines is assessed sales or use tax on Monthly Fees and/or other fees, charges and expenses, You agree to pay the Corporation the amount of such taxes.

- D. **Charges for Other Services.** You will be billed for other services selected either at the time they are rendered or with the next billing cycle. The payment procedures for other service charges, including the imposition of late fees and interest, are the same as for the Monthly Fee. By signing this Agreement, you hereby acknowledge receipt of a copy of The Pines’ schedule of current fees for other services. The Pines may, in its sole discretion, adjust the fees, charges or expenses for other services for any reason upon providing thirty (30) days advance written notice to Members.
- E. **Monthly Statements.** We will furnish you with monthly statements showing the total amount of fees and other charges and expenses owed by you, which shall be payable by the 10th of the month. Late payments are subject to an interest charge of one and one-half percent (1.5%) per month from the first of the month. You, and your current and future responsible parties (i.e., power(s) of attorney, executor(s)) on your behalf, from your assets and income, agree to pay all costs, expenses, and reasonable attorneys’ fees, in the event the same must be

expended in the collection of any sums due and owed by you to the Corporation.

The Corporation may terminate this Agreement if you have a past due amount upon thirty (30) days written notice. Termination of this Agreement does not end the obligation of you or your estate to pay all amounts due, no matter when incurred.

The Corporation reserves the right, with thirty (30) days' notice, to change the billing date and the payment due date. For a partial first month, the Monthly Fee is pro-rated on a per diem basis. Thereafter, Monthly Fees are paid in advance and are pro-rated at termination.

IV. ENTRY AND MEMBERSHIP REQUIREMENTS

- A. **Age.** The Pines does not unlawfully discriminate in admission decisions or with respect to residents on the basis of race, color, gender, disability, national origin, religion or sexual orientation. Admission is restricted to persons 65 years of age or older, except that in the case of double occupancy one person must be at least 65 years of age and the second resident shall be at least 62 years of age.
- B. **Application, Health History and Financial Statement.** The Resident shall have submitted for review by the Admissions Review Committee appointed by the Corporation an Application for Admission, a Personal Health History, a Medical Certificate and a Confidential Financial Statement, all on forms furnished by us, within 30 days of the date you are offered to apply for a slot in the Early Advantage Program.
- C. **Personal Interview.** The Resident shall have had an interview with a representative from The Pines prior to taking residency at The Pines. Upon review of all information required to be furnished herein, additional personal interviews may be requested by us.
- D. **Notification.** We will have reviewed the Application for Admission, the Personal Health History, the Medical Certificate, the Confidential Financial Statement and the results of the Personal Interview and will have notified the Member whether the Member meets the admissions requirements for the Early Advantage Program. Until the Corporation accepts an Application for Admission in writing, the Corporation reserves the right to accept or reject an Application for Admission in the sole discretion of the Corporation for any reason other than unlawful discrimination.

- E. **Financial Requirements.** The Member must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations of the Member under this Agreement and to meet ordinary living expenses of the Member. We may require the Member to furnish current financial information and copies of state and federal tax returns at any time prior to and subsequent to occupancy. You, your current and future responsible parties (i.e., power(s) of attorney, executor(s), trustee(s)), will abide by any and all financial arrangements made with us for the purpose of securing your ability to pay any and all charges and expenses for the services provided under this Agreement. You agree not to make any gift or other transfer of assets for the purpose of evading your obligations under this Agreement, or if such gift or transfer would render you unable to meet such obligations under this Agreement. Gifts or transfers of assets in this manner, which result in your inability to meet your financial obligations in accordance with this Agreement, will entitle The Pines to terminate this Agreement with thirty (30) days' notice, and you or your responsible parties, as applicable, will be liable for any unpaid amounts.
- F. **Representations.** The Member affirms that the representations made in the Application for Admission, Personal Health History and Confidential Financial Statement are true and correct and may be relied upon by the Corporation as a basis for entering into this Agreement. The Pines has accepted Member based on the information contained in Resident's Application for Admission, Personal Health History and Confidential Financial Statement and has agreed to enter this Agreement based on such information. The Member hereby affirms that all the information provided in the Member's Application is true and correct to the best of the knowledge of each person who signs the Agreement, and each also acknowledges that any material misrepresentation or omission in Member's Application for Admission, Personal Health History and Confidential Financial Statement shall render this Agreement voidable at the option of The Pines. Member agrees to submit updated copies of the information requested in the Member's Application for Admission, Personal Health History and Confidential Financial Statement, when requested by The Pines from time to time during the term of this Agreement
- G. **Health Requirements.** Prior to admission to the Early Advantage Program, the Member shall submit a report of a physical examination of the Member made by a physician selected by the Member. Such report shall include a statement by such physician that the Member is in good health, is able to take care of himself

or herself in residential living activities and the Member's health profile does not present a significant risk of intensive or imminent increased health care needs. We may require you to have another physical examination by the Medical Director or by another physician approved by us. The Member shall be responsible for the costs of all physical examinations. If the health of the Member as disclosed by such physical examination differs materially from that disclosed in the Member's Application for Admission and Personal Health History, we will have the right to decline admission of the Member and to terminate this Agreement, or in our discretion, to permit the Member to take occupancy of accommodations at The Pines suitable to the needs of the Member.

- H. **Move-In Priority.** This Agreement allows you to continue residing at your residence outside of The Pines' campus, and also gives you the opportunity to convert to occupancy of an independent living unit on The Pines campus upon qualifying for, and executing, a Residence and Care Agreement with The Pines.

The right to reserve Independent Living Accommodations becoming available for occupancy at The Pines, including without limitation, priority among current Residents and Future Residents, including Early Advantage Program Members, will be subject to and in accordance with the Corporation's then current guidelines and fees, which may be subject to change from time to time in the Corporation's sole discretion.

If the unit type becomes available and the Corporation offers the available unit type to the Early Advantage Program Agreement Member ("Unit Offer") and the Early Advantage Program Agreement Member wishes to accept the Unit Offer and convert to the Residence and Care Agreement, the Member must accept the Unit Offer on or before the third (3rd) business day after The Pines makes the Unit Offer. To accept a Unit Offer, the Member must execute a Residence and Care Agreement. If the Member does not timely accept the Unit Offer, the Unit Offer will be deemed declined and the available unit type will be offered to someone else.

The Member's right to the order of priority does not lock in or freeze the entry fee or monthly fee that is associated with the unit type under a Residence and Care Agreement. If the Member converts, the entry fee in effect with the unit type at the time of conversion will apply.

At the time you choose to accept an accommodation on The Pines' campus, you may be required to go through our admissions process for residing at the Community, including, but not limited to, providing the Corporation updated medical and financial information in order to determine your ability to live independently and to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit. The Pines reserves the right to decline your admission to The Pines for Independent Living residency if your medical and financial circumstances have changed so that you are not able to live independently or are not able to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit. The living units available at The Pines are described in the attached Exhibit A.

- I. **Health Insurance.** The Pines is a private pay community only. The Pines does not accept Medicare Part A, Part B, Medicare Advantage Plans or Medicaid in assisted living, memory care or long-term care. The Pines recommends that Residents shall maintain Medicare Part A, Medicare Part B and one supplemental health insurance policy or equivalent insurance coverage and shall furnish us with evidence of such coverage upon request. It is the Resident's responsibility to confirm that the primary and supplemental health insurance policies recognize us as a health care provider, or you will assume the financial responsibility for services provided that otherwise could be covered. You will be responsible for a lapse in health insurance coverage. If you do not have insurance coverage, we will charge you for any costs of medical and other health care services provided that otherwise would have been covered by insurance. You are responsible for the payment of all deductibles, co-insurance payments and costs for any non-covered service.
- J. **Mental Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Pines is not designed to care for persons who have an active mental illness, a dangerous communicable disease, or who require treatment for drug or alcohol abuse. Should The Pines, in consultation with the Medical Director, determine that your physical or mental illness, or that your condition as a result of drug or alcohol abuse, is such that your continued presence is either dangerous or detrimental to your life, health or safety, or the life, health, peace or safety of others in the community, then The Pines may transfer you to another facility of your choosing and/or terminate this Agreement.
- K. **Power of Attorney.** You agree to execute and maintain in effect a

durable power of attorney that is valid under North Carolina law and will survive your incapacity or disability. This durable power of attorney will designate an attorney-in-fact and an alternate attorney-in-fact who will act for you in managing your financial affairs and in filing for insurance or other benefits under private and public assistance programs as full and complete a manner as you could do if acting personally for yourself. You will deliver a copy of a fully executed power of attorney to The Pines within thirty (30) days after the Effective Date of this Agreement. You will not revoke or amend this durable power of attorney except upon execution of a replacement durable power of attorney, a fully executed copy of which will be delivered to The Pines. This document also may address at your option, other affairs, such as decisions concerning medical care.

- L. **Will.** You agree to execute a Will, and to provide to us a copy of such sections of the Will and any revisions, as applicable during the term of this Agreement, to document the name(s) of the person(s) to be contacted in the event of your death (i.e., executor(s)). In the event of your death, while you are living on campus as a resident of The Pines under this Agreement, only the executor(s) named in your Will (or such person or entity designated by such executor(s)) will be allowed to remove or dispose of your furnishings and belongings in your living accommodation and any related storage areas at The Pines, if any. Members of your family or those to whom you have granted power of attorney will not be allowed access to your personal property after your death unless they are the executor(s) named in your Will or designated by the executor.
- M. **Funeral and Burial.** We will not be responsible for making funeral or burial arrangements, and we are not responsible for any related expenses.
- N. **Advance Directives.** You are required to execute a Living Will and a Health Care Power of Attorney and deliver a fully executed copy thereof to The Pines, as well as any revisions as applicable, during the term of this Agreement.
- O. **Appointment of Guardian.** If you become unable to care for your business and financial affairs, Corporation reserves the right to institute action for the determination of your incompetence and the appointment of a guardian to fulfill the terms of this Agreement; unless such needed arrangements have already been made. The cost of the legal proceedings, including attorneys' fees, shall be paid by you or your estate.

- P. **Rules, Regulations, Policies and Procedures.** You understand and agree that: (i) in order for The Pines to operate in the best interests of the entire community, it is essential that we have the cooperation of and compliance with applicable policies, rules, and regulations by you, your family, guests, responsible party and others who may intervene, speak or act or purport to intervene, speak or act, for or on behalf of you or who may come on the premises of The Pines in any capacity or for any purpose in connection with or as a result of your residency at The Pines; (ii) a continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by The Pines that it is impracticable or impossible for The Pines to continue to accommodate you as a Member; and (iii) upon such determination by The Pines, we shall have the right to terminate this Agreement. We reserve the right to amend or change our policies, rules, and regulations, including, without limitation, those pertaining to The Pines, from time to time at its sole discretion.
- Q. **Relationships Between Members and Staff.** The Pines is built on mutual respect and instructs its staff to be cordial and helpful to residents and Members. The relationship is to remain professional. Staff must not be delayed or deterred by residents or Members in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to staff or staff's families is not permitted. Member will not employ The Pines staff nor hire former The Pines staff without the prior written consent of The Pines Management.
- R. **Liability in General.** You accept full responsibility for any injury or damage caused to others, or suffered by you, as a result of your own acts or omissions, and those of your guests or invitees, and you shall indemnify and hold harmless The Pines and its respective directors, officers, agents, representatives, and employees (also referred to as team members) from any and all liability for such injury or damage, including attorneys' fees. We recommend that you maintain general liability insurance in an amount and form sufficient to cover such liability. You may be required to maintain additional insurance for personal service providers hired by you, including worker's compensation insurance, if and to the extent set forth in The Pines' rules, policies and procedures.
- S. **Property Damage.** The Pines shall not be responsible for the loss of any property belonging to you due to theft, fire, water damage, or any cause beyond the control of The Pines. You shall also be responsible for any loss or damage that you or your guests cause to

property in your home or at The Pines, excluding ordinary wear and tear. You hereby agree to indemnify and reimburse The Pines for any loss or damage suffered by The Pines because of your or your guests' or invitees' acts or omissions.

T. **Sex Offender Registry.** Member hereby acknowledges that it is the policy of The Pines to conduct sex offender screening for every prospective Member, regardless of independent status or level of care, at the time of application for admission to the Early Advantage Program and again prior to entering into a Residence Agreement. If the screening shows that the prospective Member is identified as a sex offender, The Pines will deny admission of Member on that basis and not execute an Early Advantage Program Agreement or Residence Agreement. In addition, Member hereby acknowledges and agrees that if, after The Pines and Member have entered into this Agreement, The Pines becomes aware that Member is listed on any sex offender registry, The Pines may terminate this Agreement with Member.

U. **Emergency Notifications.** Member agrees to provide the Corporation with the following information prior to the Effective Date of this Agreement, as well as any changes during the term of this Agreement:

- Names, addresses, and phone numbers of persons to notify in an emergency(a minimum of two are required)
- Names, addresses, and phone numbers of physician, lawyer and executor
- Names, addresses, and phone numbers of Powers of Attorney
- Names, addresses, and phone numbers for pet emergency contacts, if applicable

V. TERMINATION AND REFUND PROVISIONS

A. **By Member.** You may terminate this Agreement by giving written notice to The Pines of your decision to terminate at least thirty (30) days in advance of the termination date. The ability to convert back to The Pines at Davidson's Future Residency Program will be at the discretion of The Corporation. In the case of your death, this Agreement shall terminate automatically effective as of the date of your death.

- B. **By The Pines.** The Pines may terminate this Agreement at any time for good cause, upon giving you thirty (30) days written notice. Good cause shall include, but not be limited to, the following:
1. Your failure to perform any of your obligations under this Agreement, including your obligation to pay your Monthly Fee and other charges or expenses;
 2. You, your guests, or your personal service providers fail to abide by the rules, regulations, policies and procedures of The Pines, as described in the Member Handbook or in such other documents or publications as may be provided from time-to-time, as they now exist or as they may later be amended by The Pines in its sole discretion;
 3. Any material omission or misstatement in your Application and any and all other documents filed with The Pines by you or on your behalf;
 4. Your financial status changes such that you no longer meet the financial requirements for membership;
 5. Your conduct is abusive or disruptive toward members of the Corporation's staff or is disruptive or is detrimental to your health, safety or welfare or that of residents of The Pines or to residents' peaceful enjoyment of The Pines;
 6. You no longer qualify for independent living and fail to follow recommendations of The Pines including moving to a higher level of care or obtaining sufficient support in the home; or
 7. If, after The Pines and Member have entered into this Agreement, The Pines becomes aware that Member is listed on any sex offender registry.
- C. **Refunds.** Your Membership Fee refund, if applicable, shall be equal to the Membership Fee less a non-refundable fee of five percent (5%) of the Membership Fee; the remaining balance is subject to amortization of five percent (5%) for each month of membership, as defined herein, for up to twelve (12) months. In calculating amortization for purposes of this section, a period of more than fifteen (15) days will be considered as a full month; fifteen (15) days

or less will be disregarded for purposes of this calculation. Subtracted from any refund owed to you, if any, will be any unpaid fees or charges incurred by you. You will not be entitled to receive any interest on any monies paid to The Pines. Any refund to which you are entitled shall be paid to your estate unless you execute a designation and name a trust revocable by you at the time of your death to receive applicable refunds. Should you execute a revocable trust subsequent to signing this Agreement, you or your estate's executor may submit a written beneficiary designation form designating a trust, revocable by you at the time of your death, to receive applicable refunds. Any refund due shall be refunded within 60 days of the date of termination of this Agreement. No refund of the Membership Fee shall be paid after twelve (12) months of membership.

VI. RIGHT OF RESCISSION

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by you giving written notice of such rescission to Corporation within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1, et seq. of the North Carolina General Statutes. In the event of such rescission, you shall receive a refund in an amount equal to the Membership Fee less a non-refundable fee of five percent 5% of the Membership Fee less any accrued expenses. Notwithstanding anything to the contrary in this Agreement, any such refund shall be paid by Corporation within sixty (60) days following receipt of written notice of rescission pursuant to this paragraph.

VII. GENERAL

- A. **Assignment.** This Agreement and the rights and privileges of the Resident under this Agreement to the facilities, services and programs of the Corporation are personal to the Resident and may not be transferred or assigned by the Resident or otherwise.
- B. **Management of the Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Directors, and its administrators as delegated by said Board of Directors. The Corporation reserves the right to accept or deny any person for the Early Advantage Program or for residency. Members do not have the right to determine entry or terms of entry of any other Member. The Pines reserves the right to amend, implement or terminate policies and/or guidelines related to the operation of the Community at its sole discretion.

Subject to the terms and conditions of this Agreement, this Agreement gives Member the right to receive or have access to the services and amenities described in the Agreement. The Pines retains the exclusive authority to make all management decisions with regard to the management of The Pines, including decisions about admission and discharges, setting charges, The Pines' policies and procedures, and the scope of services offered by The Pines.

- C. **Entire Agreement; Counterparts.** This Agreement constitutes the entire contract between Corporation and Member. Corporation shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Corporation, unless such statements, representations, or promises are set forth in this Agreement or in an amendment to this Agreement signed by The Pines' authorized representative and by you. This Agreement may be executed in counterparts, each of which shall be deemed an original and together shall constitute one and the same agreement. This Agreement and any amendments hereto, to the extent signed and/or delivered by means of a facsimile machine, electronic mail or other electronic means, shall be treated in all manners and respects and for all purposes as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Corporation and shall bind the heirs, executors, trustees, responsible parties, powers of attorney, and administrators of you.
- E. **Transfer of Property.** The Resident agrees not to make any gift or other transfer of property for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.
- F. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina without regard to conflict of laws principles. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit, or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Mecklenburg County or of the United States District Court for the Western District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or

hereafter have to the laying of venue of any such action or proceeding in such courts.

- G. **Uncontrollable Interruption of Service.** No breach of the Corporation's obligations under this Agreement and no liability for injury to you shall result from an interruption of, or failure to provide, the contracted services under this Agreement due to an act of God or other cause beyond the reasonable control of the Corporation, specifically including, but not limited to, strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquake, inclement weather, epidemic or pandemic, or acts of the Member.
- H. **Indemnity.** You agree to indemnify, defend and hold us harmless from claims, damages, or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your acts or omissions or those of your guests, including private duty nurses, companions, or others.
- I. **Limitation on Liability.** You understand and agree that the services provided by Corporation and others within The Pines are not designed to protect you from the everyday, normal risks and responsibilities of living, including, but not limited to, such general accidents and situations such as falling, choking on food, and weight loss and/or dehydration resulting from your failure to partake of food and drink. Additionally, you understand and agree that the services provided by Corporation do not include one-on-one monitoring of you and that your expectations will be consistent with this understanding. Corporation shall exercise reasonable care toward you based on your known condition. However, you agree that Corporation is not an insurer of your welfare and safety. You agree that you will exercise due care to protect yourself from harm.
- J. **Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- K. **Tax Considerations.** You should consult with your tax advisor regarding the tax considerations associated with this Agreement.
- L. **Amendments and Partial Invalidation.** Generally, this Agreement can be changed only by mutual written consent. However, the Corporation reserves the right, upon thirty (30) days prior written notice to Member,

to modify or amend this Agreement whenever doing so is necessary to correct errors, omissions, or inconsistencies, to provide clarification of intent, or to conform the documents to the requirements of local, state, or federal laws and regulations applicable to the Corporation, in particular, or to residential life care communities, in general, or whenever doing so is deemed by the Corporation to be in the best interest of the Corporation and the Members in light of changes in health insurance laws and coverages and/or local, state or federal tax or other laws or regulations.

- M. **Behavior Deemed Harmful to The Pines.** If Member is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the Executive Director of The Pines to be disruptive, hostile, illegal, or otherwise harmful to others or to The Pines, The Pines reserves the right to terminate this Agreement. If such a circumstance arises, The Pines will discuss the matter thoroughly with Member to provide Member with knowledge of the behaviors deemed intolerable by The Pines. The Pines will provide Member a written warning to desist from the behavior or any similarly disruptive, hostile, illegal, or harmful behavior. Upon determination that Member is continuing to engage in the behaviors against which Member has been warned, The Pines will have the right to terminate this Agreement.
- N. **Waivers.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- O. **Notice Provisions.** Any notices, consents, or other communications to the Corporation hereunder (collectively "notices") will be in writing and addressed as follows:

The Pines:

Attn: Sales and Marketing Department
The Pines at Davidson
400 Avinger Lane
Davidson, NC 28036

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

- P. **Survival.** Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Member to pay costs or expenses of his or her stay at The Pines that remain unpaid as of such termination.
- Q. **Capacity.** This Agreement has been executed on our behalf by our duly authorized representative, and no officer, trustee, agent, or employee of ours shall have any personal liability hereunder to you under any circumstances. If Member is, or becomes, unable to understand or communicate his or her health care or financial decision, and is determined by Member's attending physician to be incapacitated, then in the absence of Member's prior designation of an authorized legal representative, or upon the unwillingness or inability of a designated legal representative to act, The Pines shall have the right to commence a legal proceeding to adjudicate Member incapacitated and to have a court appoint a guardian for Member. The cost of the legal proceedings, including attorneys' fees, shall be paid by Member or Member's estate.
- R. **Gender.** Throughout this Agreement, the use of the masculine gender shall include the feminine, and the use of the singular shall include the plural.
- S. **Interpretation.** Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement.

VIII. MANDATORY ARBITRATION

Introduction

Arbitration is a process of dispute resolution that can be used in place of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party or parties (known as the arbitrators) are selected by the parties to the dispute to make a decision, which is binding on both sides. Typically, the decision of the arbitrators is final and not subject to appeal. Arbitration is a private process, protecting the confidentiality interests of all parties. In addition, because there are no long court dockets to deal with, disputes are usually resolved much more quickly in arbitration. The arbitrator or arbitrators will hear both sides of the dispute and render a decision based on law, fairness, common sense and the rules established by the parties' agreement.

Terms

The parties have selected Mandatory Arbitration for inclusion in this Agreement in order to resolve health care-related and personal injury claims and disputes, with the goal of reducing the time, formalities and costs of resolving them for both parties. The normal judicial process is available for all other claims and disputes. The terms of the Mandatory Arbitration provision follow.

IN ACCORDANCE WITH THE TERMS OF THE FEDERAL ARBITRATION ACT, THE PARTIES HEREBY AGREE THAT ANY CLAIM OR DISPUTE ARISING OUT OF OR RELATED TO THE PROVISION OF MEDICAL OR MENTAL HEALTH CARE SERVICES TO THE RESIDENT BY THE CORPORATION AND ANY CLAIM OR DISPUTE ARISING OUT OF OR RELATED TO ANY PHYSICAL, PSYCHOLOGICAL OR EMOTIONAL INJURY EXPERIENCED BY THE RESIDENT WHICH THE RESIDENT CLAIMS WAS THE RESULT IN WHOLE OR IN PART OF ANY SERVICE PROVIDED BY, OR ACT OR OMISSION OF, THE CORPORATION UNDER THE TERMS OF THIS AGREEMENT, REGARDLESS OF HOW ANY SUCH CLAIM OR DISPUTE MAY BE CHARACTERIZED AND WHETHER ANY SUCH CLAIM OR DISPUTE SOUNDS IN CONTRACT OR TORT OR IS BASED UPON STATUTORY RIGHT, SHALL BE SUBJECT TO FINAL AND BINDING ARBITRATION AS PROVIDED HEREIN AND SHALL NOT BE THE SUBJECT OF A LAWSUIT OR RESORT TO JUDICIAL PROCESS EXCEPT TO THE EXTENT THAT APPLICABLE LAW PROVIDES FOR JUDICIAL REVIEW OF ARBITRATION PROCEEDINGS OR THE JUDICIAL ENFORCEMENT OF ARBITRATION AGREEMENTS AND AWARDS.

The agreement to arbitrate in this Article VIII shall not limit the Resident's right to file a grievance or complaint, formal or informal, with the Corporation or any appropriate state or federal agency. The parties agree that any claim or dispute arising between them that is not subject to the agreement to arbitrate in this Article VIII shall be brought exclusively before a court of competent jurisdiction

in Mecklenburg County, North Carolina.

The arbitration required by this Article VIII shall occur at a place agreed upon by the parties, or in the absence of such agreement, at The Pines. Except as otherwise provided herein or agreed upon by the parties, the arbitration shall be administered by Judicial Arbitration and Mediation Services, Inc. (“JAMS”), 555 13th Street, N.W., Washington, D.C. 20004, 202-942-9180, <http://www.jamsadr.com>, and shall be conducted pursuant to the JAMS Comprehensive Arbitration Rules and Procedures or, if unavailable, the comparable JAMS Arbitration Rules then in effect. In the event that JAMS is unavailable to administer the arbitration, the parties shall endeavor in good faith to choose an alternative arbitration service provider by mutual agreement. In the absence of such mutual agreement, the parties shall each select one (1) arbitrator, who shall in turn select a third, neutral arbitrator, and the parties shall proceed to arbitrate their dispute in an arbitration proceeding conducted by these three arbitrators under the JAMS Comprehensive Arbitration Rules and Procedures or, if unavailable, the comparable JAMS Arbitration Rules in effect at the time that the dispute between the parties arises. Those tasks or services that otherwise would have been performed or provided by JAMS under the JAMS Arbitration Rules shall be determined by agreement of the parties and, absent such agreement, by a majority vote of the three arbitrators.

The parties agree that damages awarded, if any, in an arbitration conducted pursuant to this Article VIII shall be determined in accordance with the provisions of the state or federal law applicable to a comparable civil action, including any prerequisites to, credit against or limitations on, such damages. The arbitrator’s award will consist of a written statement stating the disposition of each claim. The award will also provide a concise written statement of the essential findings and conclusions on which the award is based.

It is the intention of the parties to this Agreement that the provisions of this Article VIII shall inure to the benefit of and bind the parties, their representatives, successors and assigns, including the agents, employees and servants of the Corporation, and all persons whose claims are derived through or on behalf of the Resident, including that of any parent, spouse, child, guardian, executor, administrator, legal representative, or heir of the Resident.

All claims based in whole or in part on the same incident, transaction, or related course of care or services provided by the Corporation to the Resident, shall be arbitrated in one proceeding. A claim shall be waived and forever barred if it arose prior to the date upon which notice of arbitration is given to the Corporation or received by the Resident, and is not presented in the arbitration proceeding.

THE PARTIES UNDERSTAND AND AGREE THAT BY ENTERING INTO THIS AGREEMENT THEY ARE GIVING UP AND WAIVING THEIR CONSTITUTIONAL RIGHT TO HAVE ANY CLAIM DECIDED IN A COURT OF LAW BEFORE A JUDGE AND A JURY.

The parties understand and agree that any issue or dispute relating to the agreement to arbitrate in this Article VIII shall be governed by the Federal Arbitration Act. The parties further understand and agree that the Agreement evidences a transaction in interstate commerce within the meaning of, and is subject to, the Federal Arbitration Act.

The Resident understands that he or she has the right to seek legal counsel concerning the agreement to arbitrate in this Article VIII specifically and this Agreement in general. The Resident also has the right to receive an explanation or clarification of the agreement to arbitrate in this Article VIII specifically and this Agreement in general. The Resident enters into this Agreement and all of its provisions, including the arbitration provision contained in this Article VIII, voluntarily.

The provisions of this Article VIII shall survive termination of this Agreement by either party for any reason and shall remain in effect for all care and services subsequently rendered at The Pines, even if such services are rendered following the Resident's discharge and readmission to The Pines.

[Signatures Follow on Next Pages]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Effective Date.

NOTICE

BECAUSE THE AUTHORITY TO ENTER INTO CONTINUING CARE CONTRACTS GRANTED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE IS NEITHER A GUARANTEE OF PERFORMANCE BY THE PROVIDER NOR AN ENDORSEMENT OF ANY CONTINUING CARE CONTRACT PROVISION, PROSPECTIVE RESIDENTS AND MEMBERS MUST CAREFULLY CONSIDER THE RISKS, BENEFITS, AND COSTS BEFORE SIGNING A CONTINUING CARE CONTRACT AND ARE STRONGLY ENCOURAGED TO SEEK FINANCIAL AND LEGAL ADVICE BEFORE DOING SO.

THE UNDERSIGNED MEMBER ACKNOWLEDGES RECEIPT OF A COPY OF THE PINES' CURRENT DISCLOSURE STATEMENT (AND IF RECEIVED IN ELECTRONIC FORM, MEMBER ACKNOWLEDGES MEMBER AUTHORIZED RECEIPT OF THE DISCLOSURE STATEMENT IN ELECTRONIC FORM). THE DISCLOSURE STATEMENT WAS RECEIVED PRIOR TO THE EXECUTION OF THIS AGREEMENT OR PRIOR TO OR AT THE TIME OF THE TRANSFER OF ANY MONEY OR OTHER PROPERTY TO THE PINES, WHICHEVER OCCURRED FIRST.

THE PINES AT DAVIDSON, INC.	MEMBER (or Member's Attorney in Fact) (*)
_____ By (signature)	_____ (signature) (SEAL)
_____ Printed Name	_____
_____ Title	_____ Current Address: Street
	_____ City, State, Zip Code
	_____ Telephone

(*) If Attorney-in-Fact signs on behalf of the Member, a Filed Power of Attorney document must be attached to this Agreement.



FUTURE RESIDENCY AGREEMENT

THIS FUTURE RESIDENCY AGREEMENT (the “Agreement”) is made this _____ day of _____, 20____ (the “Effective Date”), between THE PINES AT DAVIDSON, INC., a North Carolina nonprofit corporation (the “Corporation”, “we”, “us”, “our” or “The Pines”), and _____ (the “Future Resident”, “you” or “your”). (if husband and wife or two other persons enter into this Agreement, the word “Future Resident”, “you” or “your” shall apply to them jointly and severally unless the context otherwise requires).

INTRODUCTION

WHEREAS, the Corporation owns and operates a continuing care retirement community located at 400 Avinger Lane in Davidson, North Carolina known as “The Pines at Davidson” (“The Pines”); and

WHEREAS, Future Resident desires to become a Resident of The Pines and/or an Early Advantage Member of The Pines.

NOW, THEREFORE, Future Resident and the Corporation agree as follows:

AGREEMENT

I. PRIORITY, INDEPENDENT LIVING ACCOMMODATION TYPE, AND DESIRED DATE OF OCCUPANCY

- A. **Priority Reservation.** The Corporation agrees to assign to the Future Resident a priority position on The Pines’ waiting list (“Priority Position”) based on the date of this Agreement and the chronological order in which all Future Residents enter into such Future Residency Agreements, regardless of the unit type selected or whether Future Resident is interested in the Corporation’s Early Advantage Program. If

the Future Resident has entered into an Early Advantage Agreement with the Corporation and becomes an Early Advantage Member, the Early Advantage Member maintains the same priority position on the waiting list and is also assigned an additional priority position on the Early Advantage Program list according to the date the Member joined the Early Advantage Program. The Early Advantage Member may receive offers for an Independent Living Accommodation using whichever priority position is most advantageous to the Early Advantage Member.

- B. **Accommodation Type Preference.** The Future Resident prefers to occupy one of the following Independent Living Accommodations at The Pines or to become a Member in the Early Advantage Program at some time in the future:

___ Studio/Deluxe Studio Apartment, 418-527 sq. ft.

___ One-Bedroom Apartment, 722 sq. ft.

___ Two-Bedroom Apartments, 975-1,249 sq. ft.

___ Cottages, 1,200-1,565 sq. ft.

___ Large Cottage with Sunroom/Study & Garage, 1,656 sq. ft.

___ Villas, 1,164-1,870 sq. ft.

(Please Specify: _____)

___ Early Advantage Program (Off-Campus Program)

- C. **Desired Date of Occupancy.** The Future Resident projects readiness for actual occupancy of the Independent Living Accommodation at The Pines in approximately: _____(Month) of _____(Year) (“Desired Date of Occupancy”).

The Future Resident projects readiness to join the Corporation’s Early Advantage Program in approximately _____(Year).

It is understood that such a Desired Date of Occupancy or projected dated for joining the Early Advantage Program is an estimate and may vary due to the Future Resident's readiness, the actual availability of the Independent Living Accommodation or the availability of openings in the Early Advantage Program, and the decisions by those persons that hold greater priority when they receive offers. It is understood that there is no guarantee that an offer for an Independent Living Accommodation or an offer for the Early Advantage Program will occur in the Future Resident’s desired timeframe. When the Future Resident

is ready to receive offers, he or she must contact The Pines' Sales and Marketing Department in order to be placed on the "Ready Lists" for the Independent Living Accommodations and/or Early Advantage Program for which they are ready to accept an offer. Ready Lists are prioritized by the date of the Future Residency Program Agreement.

II. ADMISSION PROCEDURES

- A. **Application Forms.** Along with the submission of this Agreement, the Future Resident will submit completed application forms containing all the information required by The Pines for initial review. The Application forms shall include an Application for Admission, a Personal Health History, and a Confidential Financial Statement on forms provided by The Pines for review by the Admissions Review Committee.
- B. **Admissions Review Committee.** Upon receipt of the completed application forms, The Pines' Admissions Review Committee will review the forms submitted by the Future Resident as a basis for initial admission to The Pines. The Admissions Review Committee, in its sole discretion, will within thirty (30) days of the receipt of the completed application forms, approve or deny the application for initial admission based on admissions criteria and policies established by the Corporation.
- C. **Notification of Availability of Independent Living Accommodation and Early Advantage Program Offer.** At the time the specified Independent Living Accommodations or an opening in the Early Advantage Program becomes available, the Corporation will make reasonable efforts to notify the Future Resident at or near the desired date of occupancy and/or desired date of joining the Corporation's Early Advantage Program. The Future Resident must be on the Corporation's Ready Lists for the specific accommodation types and/or for the Early Advantage Program to receive offers for either specific Independent Living Accommodations or the Early Advantage Program. The Future Residency Program's Ready List is prioritized by the original date of the Future Residency Program Agreement. Once enrolled in the Early Advantage Program, Early Advantage Program Members can also be on the additional Early Advantage Program Ready List for an on-campus Independent Living Accommodation when they are ready to move to campus, and this Ready List is prioritized by the date of the Early Advantage Program Agreement. Those receiving an offer may accept or reject The Pines' offer to take actual occupancy of the Independent Living Accommodation or to reserve membership in the Early Advantage

Program. The Future Resident has three (3) days from the date of notification by the Community to accept the Independent Living Accommodation or to reserve membership in the Early Advantage Program. The Future Resident may reject any offer by the Corporation to take occupancy at The Pines or to reserve membership in the Early Advantage Program without losing the Future Resident's priority on The Pines' waiting list. If the Future Resident is not ready to accept offers, they will be removed from the Ready Lists and may rejoin the Ready Lists when they are ready to accept offers.

- D. **Priority As to Available Living Accommodations.** The right to reserve Independent Living Accommodations becoming available for occupancy at The Pines, including without limitation, priority among current Residents and Future Residents, including Early Advantage Program Members, will be subject to and in accordance with the Corporation's then current guidelines and fees, which may be subject to change from time to time in the Corporation's sole discretion.
- E. **Accepting an Offer.** Should the Future Resident accept the offer for occupancy of the Living Accommodation at The Pines or the offer for the Early Advantage Program, the Future Resident shall execute the form of Residence and Care Agreement or Early Advantage Program Agreement, as applicable, in effect at the time of such acceptance and pay the required fees in effect at such time as outlined in such applicable agreement. Prior to occupancy of the Independent Living Accommodation or enrollment in the Early Advantage Program, as applicable, by the Future Resident, the Future Resident shall have satisfied all the admission requirements described in such Residence and Care Agreement or Early Acceptance Program Agreement, as applicable, including but not limited to the following items listed below.
1. **Updated Application Forms, If Requested.** Future Resident agrees to provide, if requested by the Corporation, updated application forms for review by the Admissions Review Committee, including the Application for Admission, Personal Health History and Confidential Financial Statement with supporting documents.
 2. **Physician's Examination Report.** The Future Resident agrees to submit a physician's examination report completed by the Future Resident's personal physician on the Medical Certificate form provided by the Corporation for review by The Pines' Admissions Review Committee.

3. Personal Interview. The Future Resident shall have an interview with a representative from The Pines prior to taking residency or being accepted into the Early Advantage Program at The Pines. Upon review of all information required to be furnished herein, additional personal interviews may be requested by us.
- F. **Final Review by Admissions Review Committee.** Within thirty (30) days upon receipt of a signed Residence and Care Agreement or Early Advantage Agreement, as applicable, by the Future Resident, the Physician's Examination Report, and any updated application forms, if requested, the Admissions Review Committee will make a final review of the application of the Future Resident, and in its sole discretion, approve or deny the application based on the admission criteria and policies as established by the Corporation at the time of acceptance and notify Future Resident of such action.

III. **CONSIDERATION FROM FUTURE RESIDENT**

In consideration for the rights as outlined in this Agreement, the Future Resident agrees to pay a Reservation Deposit of One Thousand Dollars (\$1,000.00). The Reservation Deposit is a non-interest-bearing deposit associated with this Future Residency Agreement and will be credited toward the entrance fees due by the Future Resident at the time of occupancy of the Independent Living Accommodation at The Pines under the Residence and Care Agreement or credited toward the Early Advantage Membership Fee under the Early Advantage Program Agreement, as applicable. The Reservation Deposit does not lock-in the Entrance Fee or Monthly Charge for a Living Accommodation at The Pines under the Residence and Care Agreement or the Membership Fee or Monthly Fee under the Early Advantage Program Agreement, as applicable.

IV. **TERMINATION AND REFUND**

- A. **Termination by the Future Resident.** The Future Resident may terminate this Agreement for any reason prior to occupancy of an Independent Living Accommodation at The Pines or prior to joining the Early Advantage Program by giving written notice to the Corporation.
- B. **Termination by the Corporation.** The Corporation may terminate this Agreement at any time if there has been a material misrepresentation or omission submitted by the Future Resident in the Future Resident's Application for Admission, Personal Health History, Confidential Financial Statement, or Physicians

Examination Report. The Corporation may also terminate this Agreement if the Future Resident does not meet the admission criteria set by the Corporation.

- C. **Refund Upon Termination.** Upon any termination of this Agreement by either the Future Resident or the Corporation, the Corporation shall refund the Future Resident the full amount of the \$1,000.00 Reservation Deposit within sixty (60) days of such notification.

V. GENERAL PROVISIONS

- A. **Assignment.** This Agreement and the rights and privileges of the Future Resident under this Agreement are personal to the Future Resident and may not be transferred or assigned by the Future Resident or otherwise.
- B. **Management of the Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Directors and its administrators as delegated by said Board of Directors. The Corporation reserves the right to accept or reject any person for residency. Future Residents do not have the right to determine admissions or terms of admission of any other Resident. Resident acknowledges the right of the Corporation to contract for the various services as provided by this Agreement, including, but not limited to, management services for the Corporation.
- C. **Entire Agreement; Counterparts.** This Agreement, together with any schedules, attachments, exhibits or addenda thereto, constitutes the entire contract between the Corporation and the Future Resident and is preliminary to the Residence and Care Agreement and/or the Early Advantage Program Agreement. The Corporation shall not be liable or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent the Corporation, unless such statements, representations or promises are set forth in this Agreement or in an amendment to this Agreement signed by the Corporation and by you. This Agreement may be executed in counterparts, each of which shall be deemed an original and together shall constitute one and the same agreement. This Agreement and any amendments hereto, to the extent signed and/or delivered by means of a facsimile machine, electronic mail or other electronic means, shall be treated in all manners and respects and for all purposes as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

- D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and shall bind the heirs, executors, trustees, responsible parties, powers of attorney, and administrators of you.
- E. **Governing Laws.** This Agreement shall be governed by the laws of the State of North Carolina without regard to conflict of laws principles. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit, or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Mecklenburg County or of the United States District Court for the Western District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts.
- F. **Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- G. **Amendments and Partial Invalidation.** Generally, this Agreement can be changed only by mutual written consent. However, the Corporation reserves the right, upon thirty (30) days prior written notice to Future Resident, to modify or amend this Agreement whenever doing so is necessary to correct errors, omissions, or inconsistencies, to provide clarification of intent, or to conform the documents to the requirements of local, state, or federal laws and regulations applicable to the Corporation, in particular, or to residential life care communities, in general, or whenever doing so is deemed by the Corporation to be in the best interest of the Corporation and the residents in light of changes in health insurance laws and coverages and/or local, state or federal tax laws or regulations.
- H. **Waivers.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- I. **Notice Provisions.** Any notices, consents, or other communications to the Corporation hereunder (collectively "notices") shall be in writing and addressed as follows:

Attn: Sales and Marketing Department
The Pines at Davidson
400 Avinger Lane
Davidson, NC 28036

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

[Signature page follows.]

The parties have executed this Agreement effective as of the Effective Date.

Future Resident Signature

Future Resident Signature

Address

Telephones

Emails

THE PINES AT DAVIDSON, INC.

By: _____

Name: _____

Title: _____

The Pines does not unlawfully discriminate in admission decisions or otherwise with respect to residents based on race, color, gender, disability, national origin, religion, or sexual orientation.

Admission is restricted to persons 65 years of age or older, except in the case of double occupancy in which one person is at least 65 years of age, the other person must be at least 62 years of age.

THE PINES AT DAVIDSON, INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023



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**THE PINES AT DAVIDSON, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Pines at Davidson, Inc.
Davidson, North Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Pines at Davidson, Inc. (The Pines), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of revenue, expenses, and other changes in net assets without donor restrictions, changes in net assets, cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Pines as of December 31, 2024 and 2023, and the results of its operations, changes in net assets, and its 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 Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Pines 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.

Management's Responsibility for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information regarding property tax exemptions appearing on page 29, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
April 11, 2025

THE PINES AT DAVIDSON, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,392,897	\$ 7,014,257
Cash held under bond agreement for payment of:		
Interest	1,239,986	1,262,981
Principal	1,431,809	1,386,896
Accounts receivable	142,045	103,253
Interest receivable	129,521	158,521
Prepaid expenses and other current assets	494,095	655,454
Total Current Assets	<u>9,830,353</u>	<u>10,581,362</u>
PROPERTY AND EQUIPMENT		
Land and land improvements	20,705,950	19,518,416
Buildings and building improvements	123,637,317	122,747,225
Equipment, furniture and fixtures	21,781,516	20,232,484
Construction in progress	3,175,910	1,395,592
Total property and equipment	<u>169,300,693</u>	<u>163,893,717</u>
Less: accumulated depreciation	<u>(66,481,107)</u>	<u>(60,571,065)</u>
Property and equipment, Net	102,819,586	103,322,652
OTHER ASSETS		
Investments	31,873,258	30,803,913
Cash and investments whose use is limited		
Operating reserve as required by North Carolina		
General Statutes	7,828,000	7,540,000
Restricted Donor Funds:		
Restricted pledge receivable	1,050,815	990,362
Donor-restricted cash and investments	16,254,908	14,287,544
Total Other Assets	<u>57,006,981</u>	<u>53,621,819</u>
 Total Assets	 <u><u>\$ 169,656,920</u></u>	 <u><u>\$ 167,525,833</u></u>

See accompanying Notes to Consolidated Financial Statements.

(4)

Appendix F

THE PINES AT DAVIDSON, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,350,241	\$ 2,700,175
Interest payable	1,239,501	1,259,241
Current portion of long-term debt	<u>1,430,000</u>	<u>1,385,000</u>
Total Current Liabilities	5,019,742	5,344,416
 LONG-TERM DEBT, NET	 58,030,062	 59,530,742
 OTHER LONG-TERM LIABILITIES		
Deferred entrance fee revenue	49,463,373	51,393,215
Refundable entrance fee	4,715,154	4,151,319
Entrance fee deposits	<u>904,193</u>	<u>895,715</u>
Total Other Long-Term Liabilities	55,082,720	56,440,249
 Total Liabilities	 118,132,524	 121,315,407
 NET ASSETS		
Without donor restrictions	34,218,673	30,932,520
With donor restrictions	<u>17,305,723</u>	<u>15,277,906</u>
Total Net Assets	51,524,396	46,210,426
 Total Liabilities and Net Assets	 <u><u>\$ 169,656,920</u></u>	 <u><u>\$ 167,525,833</u></u>

See accompanying Notes to Consolidated Financial Statements.

(5)

Appendix F

THE PINES AT DAVIDSON, INC.
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND OTHER
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUE AND SUPPORT		
Resident services	\$ 27,519,397	\$ 26,391,748
Amortization of deferred entrance fees	7,324,383	6,059,695
Interest income	1,238,216	925,516
Other operating revenue	1,017,115	898,124
Net assets released from donor restrictions for operations	<u>1,317,944</u>	<u>1,034,600</u>
Total Operating Revenue and Support	38,417,055	35,309,683
OPERATING EXPENSES		
Salaries and benefits	18,530,494	16,839,833
Depreciation	5,921,590	5,711,243
Other operating expenses	8,586,138	8,219,642
Interest and amortization expense	<u>2,408,316</u>	<u>2,448,960</u>
Total Operating Expenses	<u>35,446,538</u>	<u>33,219,678</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS AND BEFORE OTHER CHANGES	2,970,517	2,090,005
OTHER CHANGES		
Contributions without donor restrictions	53,901	107,538
Nonroutine expenses	-	(234,308)
Net increase in fair value of investments	<u>188,005</u>	<u>735,009</u>
Total Other Changes	<u>241,906</u>	<u>608,239</u>
EXCESS OF REVENUE OVER EXPENSES AND OTHER CHANGES	3,212,423	2,698,244
NET ASSETS RELEASED FROM DONOR RESTRICTIONS FOR BUILDING AND EQUIPMENT	<u>73,730</u>	<u>879,419</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	3,286,153	3,577,663
Net Assets Without Donor Restrictions - Beginning of Year	<u>30,932,520</u>	<u>27,354,857</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	<u><u>\$ 34,218,673</u></u>	<u><u>\$ 30,932,520</u></u>

See accompanying Notes to Consolidated Financial Statements.

THE PINES AT DAVIDSON, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total unrestricted revenue and support	\$ 38,470,956	\$ 35,417,221
Total unrestricted expenses	(35,446,538)	(33,219,678)
Net assets released from donor restrictions for buildings and equipment	73,730	879,419
Nonroutine expenses	-	(234,308)
Net increase in fair value of investments	188,005	735,009
Increase in net assets without donor restrictions	<u>3,286,153</u>	<u>3,577,663</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	1,150,685	629,282
Interest income	433,752	444,127
Net assets released from donor restrictions	(1,391,674)	(1,914,019)
Net increase in fair value of investments	1,774,651	1,443,008
Change in value of pledges with donor restrictions	60,403	33,300
Increase in net assets with donor restrictions	<u>2,027,817</u>	<u>635,698</u>
CHANGE IN NET ASSETS	5,313,970	4,213,361
Net Assets - Beginning of Year	<u>46,210,426</u>	<u>41,997,065</u>
NET ASSETS - END OF YEAR	<u><u>\$ 51,524,396</u></u>	<u><u>\$ 46,210,426</u></u>

See accompanying Notes to Consolidated Financial Statements.

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Appendix F

THE PINES AT DAVIDSON, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,313,970	\$ 4,213,361
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,921,590	5,711,243
Amortization	47,592	48,744
Amortization of deferred entrance fees	(7,197,469)	(5,918,614)
Amortization of improvement deposits	(126,914)	(141,081)
Amortization of bond premium	(118,272)	(118,271)
Net change in fair value of investments	(1,962,656)	(2,178,017)
Change in value of long-term pledges	(60,403)	(33,300)
Restricted contributions	(700,685)	(629,282)
Restricted interest income	(433,752)	(444,127)
Changes in operating assets and liabilities - net	(539,233)	(1,246,303)
Net cash provided (used) by operating activities	<u>143,768</u>	<u>(735,647)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,547,398)	(3,373,246)
Net change of investments	<u>(1,362,103)</u>	<u>(2,768,294)</u>
Net cash used by investing activities	<u>(6,909,501)</u>	<u>(6,141,540)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted contributions	700,685	629,282
Restricted interest income	433,752	444,127
Repayment of long-term debt	(1,385,000)	(1,350,000)
Net proceeds from entrance fees	6,219,506	7,284,959
Net proceeds from improvement deposits	188,870	87,387
Net entrance fee deposits	8,478	227,715
Net cash provided by financing activities	<u>6,166,291</u>	<u>7,323,470</u>
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(599,442)</u>	<u>446,283</u>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>9,664,134</u>	<u>9,217,851</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 9,064,692</u></u>	<u><u>\$ 9,664,134</u></u>

See accompanying Notes to Consolidated Financial Statements.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Mission Statement

The Pines at Davidson, Inc. (formerly known as Davidson Retirement Community, Inc.) (The Pines at Davidson) is a continuing care retirement community located on approximately 149 acres in Davidson, North Carolina, offering housing where residents aged 65 and older live independently in 292 residential apartments, cottages, and villas and are provided services that include meals, activities, and housekeeping. Residents use the Jetton Community Center, which features a central dining room, café, library, post office, private dining room, living room, game room, large meeting room, and chapel. There are also living accommodations and support services available in the Mariam Coltrane Schramm Health Center (Schramm Health Center) for residents who require assistance with the activities of daily living or who become ill and require long-term nursing care. The Schramm Health Center consists of the Workman Wellness Center, a 30-bed assisted living unit and a 75-bed nursing unit. The Workman Wellness Center includes a wellness clinic supervised by a registered nurse serving residents within The Pines at Davidson, a hot-water whirlpool, a warm-water therapy pool, exercise equipment room oriented towards strength and endurance training, and separate locker rooms for men and women.

The Pines at Davidson is a nonstock, nonprofit corporation organized under the laws of the state of North Carolina to own and operate the residential apartments, cottages, and villas and Schramm Health Center. As a nonstock corporation, The Pines at Davidson has no shareholders, and any surplus remains within the corporation to build reserves for unforeseen financial needs and repairs and renovations to benefit residents. As a nonprofit corporation, The Pines at Davidson is oriented toward fulfilling its mission while maintaining financial security for its residents rather than earning profits to benefit shareholders. The Davidson College Presbyterian Church and Davidson College, two founding organizations, continue to have involvement in The Pines at Davidson but have no responsibility for any of The Pines at Davidson's obligations.

The Pines at Davidson is the sole member of Mecklenburg Real Estate Holdings, LLC (MREH), a single member limited liability company, formed April 22, 2014 for the purpose of holding and managing real property for the benefit of The Pines at Davidson.

The Pines at Davidson is the sole member of SDK Enterprises (SDK), a single member limited liability company, formed June 21, 2019 for the purpose of holding and managing real property for the benefit of The Pines at Davidson.

The Pines at Davidson's mission statement is as follows:

The mission of The Pines at Davidson is to empower older adults and those that care for them to live their best lives.

Principles of Consolidation

The consolidated financial statements include the accounts of The Pines at Davidson, MREH, and SDK (collectively, The Pines). All significant intercompany accounts and transactions have been eliminated in consolidation.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Financial Assistance and Resident Support Fund

All residents have a contractual agreement with The Pines providing that in return for payment of an entrance fee and monthly fees, residents will have access to living arrangements and nursing care. It is The Pines' policy that a resident's agreement will not be terminated solely because of the resident's financial inability to continue to pay the monthly fee or other charges due under the agreement by reason of circumstances beyond the resident's control, such as outliving one's financial resources. This policy, however, shall not be construed as qualifying the right of The Pines to terminate a resident's agreement in accordance with the terms of the agreement. If a resident presents facts, which in the opinion of The Pines justify special financial consideration, The Pines will give careful consideration to subsidizing, in whole or in part, the monthly charge and other charges payable by a resident under the agreement so long as such subsidy can be made without impairing the ability of The Pines to attain its objectives while operating on a sound financial basis. Any determination by The Pines with regard to the granting of financial assistance is within the sole discretion of The Pines. Each resident's agreement with The Pines provides that the resident will not make any gift or other transfer of property for less than adequate consideration for the purpose of evading the resident's obligation under the agreement or if such gifts or transfer would render the resident unable to meet such obligations.

The Pines has established the Resident Support Fund, which is used to assist residents who become unable to pay their monthly fees and other charges as described above.

Entrance Fees

Under the terms of the residence and care agreement, each resident member pays an entrance fee. The agreement requires a deposit of 10% of the entrance fee amount when a unit is reserved with the balance of the fee to be paid 10 days prior to occupancy. During the years ended December 31, 2024 and 2023, The Pines received net entrance fees of \$6,219,506 and \$7,284,959, respectively. Entrance fees received upon occupancy, along with monthly service fees, pay the cost of services provided to residents. Once a unit is occupied, entrance fees are recognized as income over the actuarially determined expected residency period of each of The Pines' residents. Entrance fees are partially refunded to residents vacating a unit in the first 12 months of occupancy, except as noted below. The refund is determined based on the number of months occupied, less an administrative fee, and is paid after occupancy of the unit by a new resident.

Deposits paid, less an administrative charge, are refundable to persons canceling their residency contract prior to occupying The Pines. No administrative charge is assessed for cancelation resulting from death or from physical or mental impairment.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Entrance Fees (Continued)

Residents may elect to pay additional incremental entrance fees based on the resident's age at his or her nearest birthday on the date of occupancy. Under this option, 90% or 50% of the original entrance fees are refundable dependent on the contract option elected. The contract provides for payment of the refundable fees after the unit is vacated and a new resident occupies the unit and pays the entrance fee in effect at the time of occupancy. Prospective residents may reserve priority on The Pines' waiting list to occupy a unit to become available in the future by making a \$1,000 refundable deposit for a unit or paying a \$100 nonrefundable fee if under the age of 70. Total deposits, including the 10% and \$1,000 deposits held, were \$904,193 and \$895,715 at December 31, 2024 and 2023, respectively. The refundable portion of entrance fees paid under the refund option contracts and deposits paid to reserve priority for a future unit are classified on the accompanying consolidated balance sheets as refundable entrance fees.

The Pines also allows its tenants to pay improvement deposits to fund the construction of improvements to their independent living units. During the years ended December 31, 2024 and 2023, the Pines received approximately \$189,000 and \$87,000, respectively, of such improvement deposits.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates include the useful lives of property and equipment and the expected residency period. Actual results could differ from these estimates.

Cash and Cash Equivalents

All liquid investments with a maturity of three months or less are considered to be cash equivalents, unless designated as a cash position within long-term investments or restricted as to use by the donor. These investments are recorded at cost in the accompanying consolidated balance sheets.

Restricted cash is included with cash and cash equivalents in the consolidated statements of cash flows. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total amounts shown in the consolidated statements of cash flows.

	2024	2023
Cash and Cash Equivalents	\$ 6,392,897	\$ 7,014,257
Cash held under bond agreement for payment of:		
Interest	1,239,986	1,262,981
Principal	1,431,809	1,386,896
Total	<u>\$ 9,064,692</u>	<u>\$ 9,664,134</u>

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Accounts Receivable

Resident accounts receivable consists of resident monthly service fees. The Pines provides an allowance for credit losses using management's estimate about the collectability of any past due accounts based on historical collections experience, adjusted for management expectations about current and future economic conditions. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. At both December 31, 2024 and 2023 the Pines did not have an allowance for credit losses.

Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy based upon observable and unobservable inputs for fair value measurement of financial instruments that is discussed below in Note 3.

Property and Equipment

Purchased property and equipment are recorded at cost. Expenditures that materially increase values, change capacities, or extend estimated useful lives are capitalized. All fixed assets are depreciated using the straight-line method using the following estimated useful lives:

Land Improvements	5 to 40 Years
Buildings and Building Improvements	3 to 40 Years
Equipment, Furniture, and Fixtures	3 to 30 Years

Depreciation expense for 2024 and 2023 was \$5,921,590 and \$5,711,243, respectively. No interest was capitalized during the years ended December 31, 2024 and 2023.

Construction in progress at December 31, 2024 and 2023 is related to general renovations.

The Pines capitalizes all property and equipment expenditures which have a cost in excess of \$500 and an expected life greater than or equal to three years.

The Pines periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment is determined to exist for asset to be held and used if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. Impairment is determined to exist for assets to be disposed of if estimated net realizable value is less than the carrying amount. Management has determined that no such impairments exist as of December 31, 2024 and 2023.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets is comprised primarily of amounts paid in advance for property and liability insurance.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Cash and Investments Whose Use is Limited

Cash and investments whose use is limited consist of funds held pursuant to the requirements of The Pines' revenue bond agreement (see Note 2), funds held to maintain an operating reserve as required by North Carolina General Statutes (see Note 11).

Debt Issuance Costs

During 2013, The Pines completed a bond offering of its Series 2013 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds. The Pines deferred the bond issuance costs associated with the bond offering totaling approximately \$213,000. The Pines used the proceeds from the bond offering to expand The Pines' existing continuing care retirement community, including the construction of two new multi-story apartment buildings.

During 2015, The Pines completed a refinance of its Series 2006 Bonds with Series 2015 Bonds (both defined hereinafter). The Pines deferred the bond issuance costs associated with the bond offering totaling approximately \$154,000.

During 2018, The Pines began the process for a bond offering of two Series 2019 bonds. The Pines deferred the bond issuance costs associated with such bond offering totaling approximately \$46,000.

During 2019, The Pines completed a bond offering of two Series 2019 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Series 2019A Bonds and Series 2019B Bonds). The Pines deferred the bond issuance costs associated with the bond offerings totaling approximately \$1,016,000, including the portion deferred in 2018. The Pines used the proceeds from the bond offering to expand The Pines' existing continuing care retirement community, including the construction of two new multi-story apartment buildings.

Deferred debt issuance costs are presented as a reduction of the carrying amount of the related debt and amortized using the effective interest method over the life of the debt as a component of interest expense.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using discount rates, which are calculated annually. The Pines anticipates long-term pledges outstanding as of December 31, 2024, will be collected in entirety over a period of approximately 15 years. Conditional promises to give are not included as support until the conditions are substantially met. Pledges receivable with restrictions are included in net assets with donor restrictions in the accompanying consolidated balance sheets (see Note 7).

**THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases to net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were approximately \$46,000 and \$24,000 for the years ended December 31, 2024 and 2023.

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of all resources of The Pines that do not have donor-imposed restrictions.

Net Assets With Donor Restrictions

The Pines reports gifts of cash and other assets as restricted support if they are received or pledged 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 donor restrictions and reported in the accompanying consolidated statements of revenue, expenses, and other changes in net assets without donor restrictions as other operating revenue.

The Pines reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, The Pines reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Operating Revenue and Support and Expenses

All revenue, support, and expenses directly related to the operation of the continuing care community are included in operating revenue and support and expenses in the accompanying consolidated statements of revenue, expenses, and other changes in net assets without donor restrictions.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Excess of Revenue Over Expenses and Other Changes

The consolidated statements of revenue, expenses, and other changes in net assets without donor restrictions include excess of revenues over expenses and other changes. Changes in net assets without donor restrictions that are excluded from excess of revenue over expenses and other changes, consistent with industry practice, include net assets released from restrictions used for the purpose of purchases of property and equipment.

Income Tax Status

The Pines is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Pines qualifies for the charitable contribution deduction under Section 170 and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Pines files as a tax-exempt organization. Management is not aware of any activities that would jeopardize tax-exempt status of the organization. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for the organization.

The Pines follows guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. The implementation has had no impact on The Pines' consolidated financial statements.

Concentration of Credit Risk

Financial institutions, which potentially subject The Pines to concentrations of credit risk, consist principally of cash and cash equivalents. The Pines places its cash and cash equivalents with federally insured institutions, the balances of which exceed the federally insured limits from time to time. Management believes the risk of loss associated with these excess funds to be remote.

Obligation to Provide Future Services

The Pines calculates the present value of the estimated cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees and the present value of estimated periodic service fees. If the present value of the cost of future services and use of facilities exceeds the deferred revenue from entrance fees and the present value of periodic fees, a liability is recorded (obligation to provide future services). No liability has been recorded for the years ended December 31, 2024 and 2023, because the estimated present value of the cost of future services and use of facilities is less than deferred revenue from entrance fees and the present value of estimated periodic service fees.

Subsequent Events

In preparing these consolidated financial statements, The Pines has evaluated events and transactions for potential recognition or disclosure through April 11, 2025, the date the consolidated financial statements were available to be issued.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 CASH AND INVESTMENTS HELD UNDER BOND AGREEMENT

Cash and investments held under bond agreement are carried at fair value based on quoted market prices.

A summary of cash and investments held under bond agreement at December 31 is as follows:

	2024	2023
Investments held by trustee under bond agreement:		
Money market accounts	\$ 2,671,795	\$ 2,649,877
Less: current portion held under bond agreement for interest and principal	(2,671,795)	(2,649,877)
Total	<u>\$ -</u>	<u>\$ -</u>

NOTE 3 INVESTMENTS

The Pines' investments include cash and investments held by bond trustee, long-term unrestricted investments, and restricted funds.

The Pines adheres to ASC Topic 958-320, *Not-For-Profit Entities - Investments - Debt and Equity Securities*, which requires all investments in debt securities (such as U.S. Treasury notes and corporate and municipal bonds) and investments in equity securities (stocks and stock/bond mutual funds) with readily determinable fair values to be reflected at fair value in the accompanying consolidated balance sheets. The Pines' investments are carried at fair value based on quoted market prices. The effect in 2024 and 2023 of applying ASC Topic 958-320, as it relates to the unrestricted investments in the funds, was net unrealized gains of \$271,184 and \$817,312 respectively. The Pines concurs with this treatment of the investments in the funds required by ASC Topic 958-320.

The net realized losses on The Pines unrestricted investment portfolio were \$3,179 and \$7,730 in 2024 and 2023, respectively.

Managed Investments

The Pines invests its unrestricted, noncurrent funds primarily in U.S. Treasury notes, which are held until maturity and then typically reinvested or in money market funds that are invested in U.S. Treasury Securities and repurchase agreements collateralized by such obligations and assigned the highest credit ratings by Moody's, Standard & Poor's, and Fitch. The Pines has adopted conservative investment goals for its unrestricted noncurrent investments, which can be summarized as follows: The Pines seeks to a) preserve principal and maximize the safety of its unrestricted investments and b) reduce interest rate risk, since its primary mission is to operate a continuing care retirement community as opposed to buying and selling debt or equity securities. The Pines has chosen to invest its internally managed investments mainly in U.S. Treasury notes in order to help achieve its goal of preserving principal.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 INVESTMENTS (CONTINUED)

Managed Investments (Continued)

- The investment goals for the Managed Investments are to a) preserve principal and maximize the safety of The Pines investments and b) to minimize interest rate risk.
- Eligible securities are limited to high-quality money market funds and debt securities, primarily obligations issued or guaranteed by the U.S. Treasury, federal agencies, or government-sponsored corporations or agencies, municipal obligations, corporate obligations, mortgage-backed securities (MBS), asset-backed securities (ABS), sovereign securities, and foreign quasi- and government-related securities.

The performance and characteristics of the Externally Managed Investments is measured against the Bloomberg Intermediate Government/Credit Total Risk Index, which is a high-quality moderate duration benchmark (Benchmark).

- The maximum allocation to any single obligor, at time of purchase, is limited to the greater of 10% of the Managed Investments' market value or \$1 million par value, except there is no limit for obligations of the United States of America or any agency thereof. The percentage of assets in the separate account portfolios, which are obligations of the United States of America or agency thereof, or which is collateralized by obligations of the U.S. or any agency thereof, shall not be limited.
- All investments will have a minimum credit quality rating by at least two of the nationally recognized statistical rating organizations (NRSRO) of "A2" or equivalent by Moody's, "A" or equivalent by S&P or "A" or equivalent by Fitch Ratings at the time of purchase and thereafter. Such ratings are the sixth highest among the 10 investment grade rating categories used by such rating agencies. As of December 31, 2024 and 2023, all investments were in compliance with this aspect of the investment policy.

Equity Securities

As referred to in Note 1, The Pines has established a Resident Support Fund, which will be used to assist residents who become unable to pay their monthly fees and other charges for reasons beyond their control. The Pines receives charitable contributions restricted for this purpose. Equity investments in the Resident Support Fund and the warm-water therapy pool fund are invested in the Vanguard Wellington Fund.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 INVESTMENTS (CONTINUED)

Equity Securities (Continued)

Investments as of December 31, 2024 and 2023 are composed of the following:

	December 31,	2024		
		Fair Value Measurement at Reporting Date		
		Quoted Prices in	Significant	Significant
		Active Markets	Other	Unobservable
		for Identical	Observable	Unobservable
		Assets	Inputs	Inputs
	2024	(Level 1)	(Level 2)	(Level 3)
Money market funds	\$ 18,759,697	\$ 18,759,697	\$ -	\$ -
Externally managed funds:				
U.S. treasury notes	9,971,094	9,971,094	-	-
U.S. government obligations	915,969	915,969	-	-
Corporate bonds	7,926,191	7,926,191	-	-
U.S. municipal bonds	2,709,437	2,709,437	-	-
Mortgage backed securities	1,422,386	-	1,422,386	-
Asset backed securities	955,956	-	955,956	-
Equity securities - mutual funds	15,967,231	15,967,231	-	-
Total investments	<u>\$ 58,627,961</u>	<u>\$ 56,249,619</u>	<u>\$ 2,378,342</u>	<u>\$ -</u>
Cash and cash equivalents	<u>\$ 6,392,897</u>			
Total investments cash and cash equivalents	<u>\$ 65,020,858</u>			

	December 31,	2023		
		Fair Value Measurement at Reporting Date		
		Quoted Prices in	Significant	Significant
		Active Markets	Other	Unobservable
		for Identical	Observable	Unobservable
		Assets	Inputs	Inputs
	2023	(Level 1)	(Level 2)	(Level 3)
Money market funds	\$ 12,877,118	\$ 12,877,118	\$ -	\$ -
Externally managed funds:				
U.S. treasury notes	10,981,684	10,981,684	-	-
U.S. government obligations	492,874	492,874	-	-
Corporate bonds	9,289,928	9,289,928	-	-
U.S. municipal bonds	3,134,031	3,134,031	-	-
Mortgage backed securities	3,296,217	-	3,296,217	-
Asset backed securities	1,310,302	-	1,310,302	-
Equity securities - mutual funds	13,899,180	13,899,180	-	-
Total investments	<u>\$ 55,281,334</u>	<u>\$ 50,674,815</u>	<u>\$ 4,606,519</u>	<u>\$ -</u>
Cash and cash equivalents	<u>\$ 7,014,257</u>			
Total investments cash and cash equivalents	<u>\$ 62,295,591</u>			

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 INVESTMENTS (CONTINUED)

Equity Securities (Continued)

The Pines is required to use inputs for measuring fair value according to the three-level hierarchy established in ASC 820, using the lowest level possible (i.e., Level 1) if such inputs are available, and if not, going to the next highest level. The three levels for measuring fair value are listed below. The three-level hierarchy established in ASC 820 does not in and of itself reflect the credit quality or liquidity of any investment.

Level 1 inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the reporting entity has the ability to assess at the measurement date. The Pines accounted for its Level 1 investments through the use of quoted market prices for those identical investments in debt and equity securities with readily determinable market values in active markets.

Level 2 inputs are inputs other than quoted prices including within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 permits use of a variety of different inputs. The inputs used by The Pines in classifying its investments as Level 2 were quoted prices for similar assets in active markets.

As of December 31, 2024 and 2023, The Pines' Level 2 investments consist of mortgage-backed securities and asset backed securities.

The mortgage-backed securities (MBS) classified as Level 2 in The Pines' portfolio as of December 31, 2024 and 2023 contributed to sector diversification.

The value and income payments of the ABS classified as Level 2 in The Pines' portfolio as of December 31, 2024 and 2023, are derived from and collateralized by a specific pool of underlying assets for a finite time period, plus any rights or other assets designed to assure the servicing or timely distribution or proceeds to security holders.

All such Level 2 investments were classified as Level 2 because identical investments with the same Committee on Uniform Security Identification Procedures (CUSIP) numbers did not trade at or near December 31, 2024 and 2023. Therefore, The Pines had to value such investments based upon quoted prices for similar assets in active markets.

Level 3 inputs are unobservable inputs that are supported by little or no market activity and are significant to the fair value of the asset or liability. Unobservable inputs reflect management's own judgment about the assumptions that market participants would use in pricing the assets or liabilities. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies or similar techniques, or for which the determination of fair value requires significant management judgment or estimation. None of The Pines' investments are classified as Level 3 as of December 31, 2024 and 2023.

Investment revenue is reported net of related investment expenses in the consolidated statements of revenue, expenses, and other changes in net assets without donor restrictions. The amounts of expenses netted with revenues were \$80,000 and \$74,573 for the years ended December 31, 2024 and 2023, respectively.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 LIQUIDITY

The Pines' financial assets available within one year of the consolidated balance sheet date for general expenditures are as follows:

	2024	2023
Cash and Cash Equivalents	\$ 6,392,897	\$ 7,014,257
Money market funds	18,759,697	12,877,118
U.S. treasury notes	9,971,094	10,981,684
U.S. government obligations	915,969	492,874
Corporate bonds	7,926,191	9,289,928
U.S. municipal bonds	2,709,437	3,134,031
Mortgage-backed securities	1,422,386	3,296,217
Asset backed securities	955,956	1,310,302
Equity securities - mutual funds	15,967,231	13,899,180
Subtotal	65,020,858	62,295,591
Less: Donor-Restricted Assets	(16,254,908)	(14,287,544)
Less: Operating Reserve	(7,828,000)	(7,540,000)
Less: Funds Held Under Bond Agreement	(2,671,795)	(2,649,877)
Total Unrestricted Cash and Investments	38,266,155	37,818,170
Accounts Receivable	142,045	103,253
Interest Receivable	129,521	158,521
Total Assets Available to Meet Liquidity Needs	<u>\$ 38,537,721</u>	<u>\$ 38,079,944</u>

NOTE 5 LONG-TERM DEBT

In September 2013, The Pines issued \$14,645,000 Health Care Facilities Revenue Bonds (Series 2013 Bonds). The Series 2013 Bonds were issued through the North Carolina Medical Care Commission in order to fund construction of the 24 villa apartments that comprise the Hickory Crest Villas. The Series 2013 Bonds bear interest at fixed rate of 2.8% through January 1, 2029. Interest on Series 2013 Bonds was payable monthly through January 1, 2015 and then semiannually beginning July 1, 2015. The aggregate entrance fees derived from the Hickory Crest Villas totaled approximately \$6,895,300. Pursuant to the provisions of Supplemental Indenture No. 4 to the Master Indenture (Supplement #4), The Pines was required to use \$6,500,000 of those entrance fees to redeem either 2013 Bonds or 2006 Bonds, which were subject to redemption at par beginning on January 1, 2016.

During 2015, The Pines paid down \$6,500,000 (pursuant to Supplement #4 as described above) of the Series 2006 Bonds and subsequently refunded the Series 2006 Bonds through the issuance of \$11,125,000 of Health Care Facilities Refunding Revenue Bonds (Series 2015 Bonds). The proceeds from the Series 2015 Bonds along with \$6,500,000 of entrance fees associated with the 24 villa expansion pay down and \$1,495,000 of additional funds were used to legally defease the Series 2006 Bonds as of October 2015. The Series 2015 Bonds bear interest at a fixed rate of 2.87% through maturity with semi-annual interest payments. The Series 2015 Bonds have annual principal payments with a final maturity of January 2030.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 LONG-TERM DEBT (CONTINUED)

In March 2019, The Pines issued \$42,725,000 Retirement Facilities First Mortgage Revenue Bonds Series 2019A (Series 2019A Bonds) and \$11,905,000 Retirement Facilities First Mortgage Revenue Bonds Series 2019B (Series 2019B Bonds) (collectively the Series 2019 Bonds). The Series 2019 Bonds were issued through the North Carolina Medical Care Commission in order to fund the expansion and renovation of the existing facility. The issuance of the Series 2019 Bonds involved an original issue premium of \$2,945,241 for total original par amount plus premium of \$57,575,241. The Series 2019A Bonds bear interest at a varying rate between 3.0% and 5.0% through maturity with semi-annual interest payments. The Series 2019A Bonds have annual principal payments beginning January 1, 2021 with a final maturity of January 2049. The Series 2019B Bonds were paid in full during the year ended December 31, 2021.

The future debt service requirements of The Pines' long-term debt as of December 31, 2024 are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,430,000	\$ 2,470,294	\$ 3,900,294
2026	1,470,000	2,429,003	3,899,003
2027	1,515,000	2,386,332	3,901,332
2028	1,560,000	2,342,347	3,902,347
2029	1,605,000	2,297,050	3,902,050
Thereafter	50,560,000	27,209,291	77,769,291
Subtotal	58,140,000	39,134,317	97,274,317
Less: unamortized deferred financing costs	(944,145)	-	(944,145)
Plus: unamortized bond premium	2,264,207	-	2,264,207
Less: current portion of long-term debt	(1,430,000)	-	(1,430,000)
Total	<u>\$ 58,030,062</u>	<u>\$ 39,134,317</u>	<u>\$ 97,164,379</u>

The terms of the Series 2013 Bonds require, among other provisions, the maintenance of various trustee-held funds including: a) a Series 2013 Bond fund, in which there is established an interest account, a sinking fund account, and a credit facility account, b) a redemption fund, c) a bond purchase fund, and d) a construction fund. Under the terms of the Series 2013 Bonds' covenants, The Pines must set rates to maintain a minimum debt service coverage ratio as defined by the bond agreements and maintain certain other financial ratios at minimum levels as described in the bond agreements. Management is unaware of any instances of non-compliance with these covenants as of December 31, 2024.

The terms of the Series 2015 Bonds require, among other provisions, the maintenance of various trustee-held funds including: a) a Series 2015 Bond fund, in which there is established an interest account, a sinking fund account, and a credit facility account, b) a redemption fund, and c) a bond purchase fund. Under the terms of the Series 2015 Bonds' covenants, The Pines must set rates to maintain a minimum debt service coverage ratio as defined by the bond agreements and maintain certain other financial ratios at minimum levels as described in the bond agreements. Management is unaware of any instances of non-compliance with these covenants as of December 31, 2024.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 LONG-TERM DEBT (CONTINUED)

The terms of the Series 2019 Bonds require, among other provisions, the maintenance of various trustee-held funds including: a) Series 2019 Bond funds, in which there is established an interest account, a sinking fund account, and a credit facility account, b) a redemption fund, c) a bond purchase fund, and d) construction funds. Under the terms of the Series 2019 Bonds' covenants, The Pines must set rates to maintain a minimum debt service coverage ratio as defined by the bond agreements and maintain certain other financial ratios at minimum levels as described in the bond agreements. Management is unaware of any instances of non-compliance with these covenants as of December 31, 2024.

All outstanding revenue bonds are secured by the real property owned by The Pines that is necessary for the operation of the existing facilities. The mortgaged property does not include unimproved land owned by The Pines that is contiguous or adjacent to the mortgaged property.

Interest payments relating to the Series 2013 Bonds totaling \$300,930 and \$315,140, were made during the years ended December 31, 2024 and 2023, respectively. Interest payments relating to the Series 2015 Bonds totaling \$161,725 and \$184,110 were made during the years ended December 31, 2024 and 2023, respectively. Interest payments relating to the Series 2019 Bonds totaling \$1,917,809 and \$1,920,211 were made during the years ended December 31, 2024 and 2023, respectively.

Interest and amortization expense, excluding amounts capitalized, in the amount of \$2,408,316 and \$2,448,960 for the years ended December 31, 2024 and 2023 included \$47,592 and \$48,744 of amortization expense, respectively.

NOTE 6 DEFINED CONTRIBUTION PLAN

The Pines maintains a defined contribution retirement savings plan governed by Section 403(b) of the Internal Revenue Code. The plan covers all employees and provides for discretionary employer contributions on behalf of eligible employees who meet certain service requirements. Employer contributions to the plan were \$255,502 and \$229,076 for the years ended December 31, 2024 and 2023, respectively.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are contributions, which are designated for a specific use by the donor. Net assets with donor restrictions as of December 31, 2024 and 2023 consist of assets to be used to finance the Resident Support Fund, to fund the operation of a warm-water therapy pool and hot-water whirlpool, and to fund certain other needs. Equity investments held in the Resident Support Fund and the warm water therapy pool fund are invested in the Vanguard Wellington Fund. The Resident Support Fund will be used to assist residents who become unable to pay their monthly charges after admission to The Pines for reasons beyond their control (see Note 1). Contributions of investment securities for restricted purposes are recorded at fair market value at the date of the gift.

Net assets with donor restrictions and net assets without donor restrictions at December 31, 2024 were composed of the following:

	Total Net Assets
Resident Support Fund	\$ 9,283,156
Warm Water Therapy Pool Fund	4,567,819
Preserve and Progress strategic plan objectives	3,144,448
Other net assets with donor restrictions	310,300
Total Net Assets With Donor Restrictions	17,305,723
Undesignated Net Assets without Donor Restrictions	34,218,673
Total Net Assets	\$ 51,524,396

Activity within net assets with donor restrictions balances during the year ended December 31, 2024 was composed of the following:

	Total Net Assets
Balance — beginning of year	\$ 15,277,906
Investment return — investment income	2,208,403
Contributions	1,150,685
Other changes:	
Net asset released	(1,391,674)
Change in pledge receivable	60,403
Total Net Assets With Donor Restrictions	17,305,723
Undesignated Net Assets without Donor Restrictions	34,218,673
Total net assets — end of year	\$ 51,524,396

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions balances at December 31, 2023 were composed of the following:

	Total Net Assets
Resident Support Fund	\$ 7,955,420
Warm Water Therapy Pool Fund	3,956,803
Preserve and Progress strategic plan objectives	3,043,570
Other net assets with donor restrictions	322,113
Total Net Assets With Donor Restrictions	15,277,906
Undesignated Net Assets without Donor Restrictions	30,932,520
Total Net Assets	<u>\$ 46,210,426</u>

Activity within net assets with donor restrictions balances during the year ended December 31, 2023 was composed of the following:

	Total Net Assets
Balance — beginning of year	\$ 14,642,208
Investment return — investment income	1,887,135
Contributions	629,282
Other changes:	
Net asset released	(1,914,019)
Change in pledge receivable	33,300
Total Net Assets With Donor Restrictions	15,277,906
Balance — beginning of year	19,554,900
Dissolution of in board-designated net assets	(19,554,900)
Total Board-Designated Net Assets	-
Undesignated Net Assets without Donor Restrictions	30,932,520
Total net assets — end of year	<u>\$ 46,210,426</u>

The Pines has been designated as the beneficiary of certain charitable gifts upon the death of individual donors and these amounts have been recorded as irrevocable gifts receivable in accordance with ASC Topic 958-605, *Not-For-Profit Entities — Revenue Recognition — Recognition*.

NOTE 8 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets, which were released from donor restrictions upon satisfaction of the donors' restricted purpose or upon occurrence of other events specified by donors at December 31 are as follows:

	2024	2023
Released for operations	\$ 1,317,944	\$ 1,034,600
Released for building and equipment	73,730	879,419
Purpose restrictions accomplished	<u>\$ 1,391,674</u>	<u>\$ 1,914,019</u>

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 9 FUNCTIONAL EXPENSES

The Pines provides services to the residents of its facility that include independent living, assisted living, and healthcare nursing services. Certain categories are attributable to more than one program or supporting function, therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits and other operating expenses, which are allocated on a time and effort basis, and depreciation and interest, which are allocated on a square footage basis

Program and management expenses for the years ended December 31 are summarized in the tables below:

	2024		
	Program Services	Management and General	Total
Salaries and benefits	\$ 16,492,140	\$ 2,038,354	\$ 18,530,494
Depreciation	5,886,552	35,038	5,921,590
Other operating expenses	7,641,663	944,475	8,586,138
Interest and amortization	2,394,066	14,250	2,408,316
Total	<u>\$ 32,414,421</u>	<u>\$ 3,032,117</u>	<u>\$ 35,446,538</u>

	2023		
	Program Services	Management and General	Total
Salaries and benefits	\$ 14,987,451	\$ 1,852,382	\$ 16,839,833
Depreciation	5,679,187	32,056	5,711,243
Other operating expenses	7,524,016	695,626	8,219,642
Interest and amortization	2,435,214	13,746	2,448,960
Total	<u>\$ 30,625,868</u>	<u>\$ 2,593,810</u>	<u>\$ 33,219,678</u>

NOTE 10 RESIDENT SERVICE REVENUE

Resident revenue is reported at the amount that reflects the consideration to which The Pines expects to be entitled in exchange for providing resident care. These amounts are due from residents. Monthly service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 10 RESIDENT SERVICE REVENUE (CONTINUED)

Performance obligations are determined based on the nature of the services provided by The Pines. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Pines believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents living at The Pines receiving independent living or healthcare services. The Pines considers daily services provided to residents of the health center, and monthly rent charged to residents living in independent living, as a separate performance obligation measured on a monthly basis or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method.

Other operating revenue includes revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents in a retail setting (for example guest rooms) and The Pines does not believe it is required to provide additional goods or services related to that sale.

The Pines determines the transaction price based on standard charges for goods and services provided, assistance provided to residents in accordance with The Pines' practice, and/or implicit price concessions provided to residents. The Pines determines its estimate of implicit price concessions based on its historical collection experience.

The Pines has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: service line, method of payment, and timing of when revenue is recognized.

All resident revenue is private pay for the years ended December 31, 2024 and 2023.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 10 RESIDENT SERVICE REVENUE (CONTINUED)

The composition of resident revenue based on the organization's lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31 are as follows:

	2024	2023
Service Lines:		
Independent Living	\$ 17,486,579	\$ 16,480,553
Healthcare	10,032,818	9,911,195
Amortization of Deferred Entrance Fees	7,324,383	6,059,695
Total	<u>\$ 34,843,780</u>	<u>\$ 32,451,443</u>
Method of Reimbursement:		
Monthly Fees and Other Services	\$ 27,519,397	\$ 26,391,748
Amortization of Deferred Entrance Fees	7,324,383	6,059,695
Total	<u>\$ 34,843,780</u>	<u>\$ 32,451,443</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	<u>\$ 34,843,780</u>	<u>\$ 32,451,443</u>

The opening and closing contract balances were as follows:

	Accounts Receivable	Deferred Entrance Fee Revenue
Account Balance as of January 1, 2023	\$ 55,083	\$ 50,486,948
Account Balance as of December 31, 2023	103,253	51,393,215
Account Balance as of December 31, 2024	142,045	49,463,373

NOTE 11 STATUTORY OPERATING RESERVE

Under Section 58-64-33 of the North Carolina General Statutes, which is administered by the North Carolina Department of Insurance, continuing care retirement communities are required to maintain an operating reserve equal to 25% of the total operating costs, as defined, projected for the 12-month period following the period covered by the most recent annual statement filed with the North Carolina Department of Insurance, if occupancy levels are in excess of 90%. If occupancy levels are less than 90%, the operating reserve requirement is 50% of total operating costs, as defined. The Pines has historically maintained an occupancy level in excess of 90%. The statutory operating reserve for 2024 and 2023 was \$7,828,000 and \$7,540,000, respectively. Use of the operating reserve by The Pines is restricted under Section 58-64-33 of the North Carolina General Statutes. The North Carolina General Statutes do not require The Pines to maintain such operating reserve in a separate escrow account.

THE PINES AT DAVIDSON, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Pines' financial instruments consist primarily of cash and cash equivalents, receivables, investments, accounts payable, accrued expenses, and short-term and long-term debt. The carrying value of these items, excluding investments and long-term debt, approximates fair value due to their short maturity. Investments are recorded at fair value, determined using fair market value in accordance with guidance regarding accounting for certain investments held by not-for-profit organizations.

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Pines continually evaluates contingencies based upon the best available evidence and provides loss allowance where necessary. Principal contingencies include professional liability risks and compliance with applicable federal, state, and local government laws and regulations. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, property and sales taxation, and The Pines' not-for-profit tax status. Management believes that allowances for loss have been provided to the extent necessary and that The Pines is in compliance with applicable government laws and regulations. Management believes that resolution of contingencies will not materially affect The Pines' consolidated financial position, results of operations, and cash flows. The Pines had no outstanding construction commitments as of the year ended December 31, 2024 and 2023.

NOTE 14 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental disclosures of cash flow information as of December 31 are as follows:

	2024	2023
Cash paid for interest during the year	<u>\$ 2,380,464</u>	<u>\$ 2,419,461</u>
Supplemental disclosures of noncash investing and finance information are as follows - accrued capital expenditures	<u>\$ 13,610</u>	<u>\$ 142,484</u>

NOTE 15 RELATED PARTY TRANSACTIONS

In the ordinary course of business, The Pines has an ongoing business relationship with two firms in which three members of the board of directors were related parties in 2024 and 2023. The expenditures paid to the two firms during the years ended December 31, 2024 and 2023 were not material to the consolidated financial statements as a whole.

The Pines at Davidson, Inc.**BALANCE SHEETS****As of March 31, 2025 (unaudited) and December 31, 2024**

	3/31/25	Audited 12/31/24	Mar 2025 vs Dec 2024 \$ Change
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 8,450,609	\$ 6,392,897	\$ 2,057,712
Cash held under bond agreement for payment of:			
Interest	4,237	1,239,986	(1,235,749)
Principal	2,860	1,431,809	(1,428,949)
Accounts receivable	219,693	142,045	77,648
Interest receivable	127,405	129,521	(2,116)
Prepaid expenses & other current assets	676,650	494,095	182,555
TOTAL CURRENT ASSETS	9,481,453	9,830,353	(348,900)
PROPERTY PLANT & EQUIPMENT			
Land & land improvements	20,705,950	20,705,950	(0)
Building and building improvements	125,034,987	123,637,317	1,397,670
Equip, furn and fixtures	21,965,405	21,781,516	183,889
Construction in progress	2,438,049	3,175,910	(737,861)
TOTAL PROPERTY AND EQUIPMENT	170,144,391	169,300,693	843,698
Less: accumulated depreciation	(67,956,778)	(66,481,106)	(1,475,672)
PROPERTY AND EQUIPMENT - NET	102,187,612	102,819,586	(631,974)
OTHER ASSETS			
Investments	31,876,584	31,873,258	3,326
Cash and investments whose use is limited			
Operating Reserve as required by North Carolina			
General Statues	8,496,752	7,828,000	668,752
Restricted Donor Funds			
Restricted pledges receivable	1,050,816	1,050,816	-
Donor-restricted cash and investments	15,985,033	16,254,907	(269,874)
TOTAL OTHER ASSETS	57,409,185	57,006,981	402,204
TOTAL ASSETS	\$ 169,078,250	\$ 169,656,920	\$ (578,670)

The Pines at Davidson, Inc.
BALANCE SHEETS
As of March 31, 2025 (unaudited) and December 31, 2024

	3/31/25	Audited 12/31/24	Mar 2025 vs Dec 2024 \$ Change
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable and accrued expenses	\$ 2,775,861	\$ 2,350,241	425,620
Interest payable	609,559	1,239,501	(629,942)
Current portion of long term debt	1,470,000	1,430,000	40,000
Total current liabilities	4,855,420	5,019,742	(164,322)
 LONG-TERM DEBT,NET	 56,542,098	 58,030,062	 (1,487,964)
OTHER LONG TERM LIABILITIES:			
Deferred entrance fee revenue	48,781,413	49,463,373	(681,960)
Refundable entrance fees	4,912,632	4,715,154	197,478
Entrance fee deposits	1,528,199	904,193	624,006
Total liabilities	116,619,762	118,132,524	(1,512,762)
NET ASSETS:			
Without donor restrictions			
Undesignated	35,422,640	34,218,673	1,203,967
Total net assets without donor restrictions	35,422,640	34,218,673	1,203,967
With donor restrictions:			
Temporary donor restrictions	17,035,849	17,305,723	(269,874)
Total net assets	52,458,489	51,524,396	934,093
 TOTAL	 \$169,078,250	 \$169,656,920	 \$ (578,669)

The Pines at Davidson, Inc.
Statements of Unrestricted Revenues, Expenses
and Other Changes in Net Assets without Donor Restrictions
As of March 31, 2025 (unaudited) and December 31, 2024

	2025	Audited
	(3 months)	2024
	(12 months)	
OPERATING REVENUE AND SUPPORT:		
Resident service fees	\$6,915,831	\$27,519,397
Amortization of deferred entrance fees	1,858,538	7,324,383
Interest income	320,590	1,238,216
Other operating revenue	360,228	1,017,115
Net assets released from donor restrictions for operations	177,601	1,317,944
Total operating revenue and support	9,632,789	38,417,055
OPERATING EXPENSES:		
Salaries and benefits	4,586,239	18,530,494
Depreciation	1,475,672	5,921,590
Other operating expenses	2,147,595	8,586,138
Interest and amortization expense	591,588	2,408,316
Total operating expenses	8,801,095	35,446,538
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS	831,694	2,970,517
OTHER CHANGES:		
Contributions without donor restrictions	9,000	53,901
Non-routine Service Expense	0	-
Net Change in Fair Value of Investments	363,272	188,005
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENSES AND OTHER CHANGES	1,203,967	3,212,423
Net assets released from donor restrictions for building and equipment	-	73,730
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,203,967	3,286,153
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
BEGINNING OF YEAR	34,218,673	30,932,520
END OF YEAR	\$35,422,640	\$34,218,673

The Pines at Davidson, Inc.
Statements of Changes in Net Assets
As of March 31, 2025 (unaudited) and December 31, 2024

	2025	Audited
	(3 months)	2024
	(12 months)	
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Total unrestricted revenue and support	\$ 9,641,789	\$ 38,470,956
Total unrestricted expenses	(8,801,095)	(35,446,538)
Net assets released from donor restrictions for		
buildings and equipment	0	73,730
Net increase/(decrease) in fair value of investments	363,272	188,005
Non-routine Service Expense	0	0
Change in value of unrestricted pledges	0	0
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,203,967	3,286,153
NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS:		
Contributions	137,190	1,150,685
Interest income	122,989	433,752
Net assets released from donor restrictions	(177,601)	(1,391,674)
Net increase/(decrease) in fair value of investments	(352,452)	1,774,651
Change in value of temporarily restricted pledges and other assets	0	60,403
CHANGE IN NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS	(269,874)	2,027,817
CHANGE IN NET ASSETS	934,093	5,313,970
NET ASSETS:		
Beginning of period	51,524,396	46,210,426
End of period	\$ 52,458,489	\$ 51,524,396

The Pines at Davidson, Inc.
Statements of Cash Flows
As of March 31, 2025 (unaudited) and December 31, 2024

	2025 (3 months)	Audited 2024 (12 months)	Audited 2023 (12 months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 934,093	\$ 5,313,970	\$ 4,213,361
Adjustments to reconcile change in net assets to net cash used in operations:			
Depreciation	1,475,672	5,921,590	5,711,243
Amortization	11,604	47,592	48,744
Amortization of deferred entrance fees	(1,811,473)	(7,197,469)	(5,918,614)
Amortization of improvement deposits	(47,065)	(126,914)	(141,081)
Amortization of bond premium	(29,568)	(118,272)	(118,271)
Change in net unrealized gains on investments	(10,820)	(1,962,656)	(2,178,017)
Change in value of long-term pledges	0	(60,403)	(33,300)
Restricted contributions	(137,190)	(700,685)	(629,282)
Restricted interest income	(122,989)	(433,752)	(444,127)
Changes in operating assets and liabilities-net	(120,364)	(539,233)	(1,246,303)
Net cash provided by operating activities	(292,047)	143,768	(735,647)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property & equipment	(843,698)	(5,547,398)	(3,373,246)
Sale (purchase) of long-term investments - net	(307,631)	(1,362,103)	(2,768,294)
Net cash provided used in investing activities	(1,151,328)	(6,909,501)	(6,141,540)
CASH FLOWS FROM FINANCING ACTIVITIES			
Restricted contributions	137,190	700,685	629,282
Restricted interest income	122,989	433,752	444,127
Repayment of long term debt	(1,428,949)	(1,385,000)	(1,350,000)
Net proceeds from entrance fees	1,289,001	6,219,506	7,284,959
Net proceeds from improvement deposits	85,055	188,870	87,387
Net entrance fee deposits received	624,006	8,478	227,715
Net cash provided by financing activities	829,292	6,166,291	7,323,470
Increase in cash, cash equivalents and restricted cash	(614,083)	(599,442)	446,283
Cash, cash equivalents, and cash held for bond purposes			
Beginning of period	9,064,692	9,664,134	9,217,851
End of period	\$ 8,450,609	\$ 9,064,692	\$ 9,664,134

APPENDIX H
EXPLANATION OF MATERIAL DIFFERENCES BETWEEN PREVIOUS
PROJECTED BALANCE SHEET; STATEMENT OF UNRESTRICTED REVENUE,
EXPENSES AND OTHER CHANGES IN NET ASSETS WITHOUT DONOR
RESTRICTIONS; AND STATEMENT OF CASH FLOWS FOR 2024
ACTUAL RESULTS.

The following explanation is furnished pursuant to Section 58-64-30 of the North Carolina General Statutes. The explanation pertains to material differences between (i) the projected Balance Sheet, projected Statement of Unrestricted Revenues, Expenses, and Other Changes in Net Assets Without Donor Restrictions, and projected Statement of Cash Flows of The Pines for 2024 (herein referred to as the "Previous Projected Balance Sheet, Statement of Unrestricted Revenue and Expenses and Statement of Cash Flows") contained as part of the Disclosure Statement dated 2024, filed with the North Carolina Department of Insurance, and (ii) the actual results of operations of The Pines for 2024 as shown in the audited financial statements of The Pines contained as a part of Appendix G attached hereto.

An explanation of material differences between the 2024 Projected Financial Statements and the 2024 actual results follows. For this purpose, line-item variances (excluding subtotals and totals) greater than \$2,000,000 which represents approximately 1% of total assets and 4% of total net assets were considered material. Set forth below is a comparison of the 2024 actual results with the projected results for 2024 shown in the Previous Projected Balance Sheet, Statement of Unrestricted Revenue and Expense, and Statement of Cash Flows:

BALANCE SHEET

- 1) Investments with donor restrictions exceeded projections by nearly \$2 million, driven by higher-than-expected gift receipts and stronger-than-anticipated market performance.
- 2) Net assets without donor restrictions exceeded projections by nearly \$3 million, primarily due to stronger-than-expected operating performance driven partially by a change in the methodology used to calculate entrance fee amortization.
- 3) Net assets with temporary donor restrictions exceeded projections by \$2 million for the reasons listed in item 1.

STATEMENTS OF CASH FLOWS

No Material line-item variances.

STATEMENT OF UNRESTRICTED REVENUE AND EXPENSE

- 1) Entrance fee amortization exceeded projections by nearly \$2 million due to a change in the calculation methodology. In 2024, The Pines began using LifeCalcPro, a

software developed by Continuing Care Actuaries, to track entrance fee receipts and calculate periodic amortization. This software applies different actuarial principles than previous methods, resulting in accelerated amortization in certain cases. LifeCalcPro is used by over 150 communities nationwide and has been vetted through multiple audits.

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BALANCE SHEET
(In Thousands)

	2024 Actual Results	2024 Projected Results	Variance	
ASSETS				
Current Assets	\$ 9,830	\$ 10,385	\$ (555)	
Property Plant & Equipment, net	102,820	102,199	621	
Other Assets				
Investments	31,873	31,050	823	
Cash and investments whose use is limited	7,828	7,828	-	
Investments with donor restrictions	16,255	14,288	1,967	(1)
Other	1,050	990	60	
Total Assets	<u>\$ 169,656</u>	<u>\$ 166,740</u>	<u>\$ 2,916</u>	
LIABILITIES AND NET ASSETS				
Current Liabilities	\$ 5,020	\$ 5,321	\$ (301)	
Long-term Debt, net	58,030	58,030	-	
Other Long Term Liabilities	55,083	56,678	(1,595)	
Total Liabilities	<u>118,133</u>	<u>120,029</u>	<u>(1,896)</u>	
NET ASSETS				
Without donor restrictions	34,219	31,433	2,786	(2)
With temporary donor restrictions	17,306	15,278	2,028	(3)
Total Net Assets	<u>51,525</u>	<u>46,711</u>	<u>4,814</u>	
TOTAL LIABILITIES & NET ASSETS	<u>\$ 169,658</u>	<u>\$ 166,740</u>	<u>\$ 2,918</u>	

STATEMENTS OF CASH FLOWS
(In Thousands)

	2024 Actual Results	2024 Projected Results	Variance
Net Cash Provided by/(Used for) Operating Activities	\$ 144	\$ 547	\$ (403)
Net Cash Provided by/(Used for) Investing Activities	(6,909)	(5,256)	(1,653)
Net Cash Provided by/(Used for) Financing Activities	6,166	4,472	1,694
Increase/(Decrease) in Cash & Cash Equivalents	(599)	(237)	(362)
Cash, Cash Equivalents and Restricted Cash:			
Beginning of Period	9,664	9,664	-
End of Period	<u>\$ 9,065</u>	<u>\$ 9,427</u>	<u>\$ (362)</u>

**STATEMENT OF REVENUE, EXPENSES AND OTHER
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS
(In Thousands)**

	2024 Actual Results	2024 Projected Results	Variance	
Resident Service Fees	\$ 27,519	\$ 28,186	\$ (667)	
Entrance Fee Amortization	7,324	5,619	1,705	(1)
Other Revenue	2,335	1,526	809	
Interest Income	1,238	873	365	
Total Revenue	<u>38,417</u>	<u>36,204</u>	<u>2,213</u>	
Depreciation	5,922	5,846	76	
Interest and Amortization Expense	2,408	2,409	(1)	
Other Expenses	27,117	27,449	(332)	
Total Expenses	<u>35,447</u>	<u>35,704</u>	<u>(257)</u>	
Increase in Net Assets Without Donor Restrictions From Operations	2,970	500	2,470	
Other Changes				
Contributions without donor restrictions	54	-	54	
Net Assets Released from Donor Restrictions for Buildings and Equipment	74	-	74	
Change in Net Unrealized Gains & Losses on Investments	188	-	188	
Loss on disposal of property	-	(985)	985	
Nonroutine expenses	-	-	-	
Change in value of unrestricted pledges	-	-	-	
Change in Net Assets Without Donor Restrictions	<u>3,286</u>	<u>(485)</u>	<u>3,771</u>	
Net Assets Without Donor Restrictions at Beginning of Year	30,933	30,933		
Net Assets Without Donor Restrictions at End of Year	<u>\$ 34,219</u>	<u>\$ 30,448</u>	<u>\$ 3,771</u>	



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April 3, 2024

David A. Gentry
Vice President/CFO
The Pines at Davidson
400 Avinger Ln
Davidson, NC 28036

Dear David:

Continuing Care Actuaries was retained by the management of The Pines at Davidson to conduct a comprehensive actuarial study for the community located in Davidson, North Carolina.

The Pines at Davidson is a retirement community that consists of 292 independent living units (ILU), 30 assisted living (ALU) and 75 licensed beds in skilled nursing facility (SNF).

Residents of the independent living units pay a stated entrance fee and enter into a contract under which they have the right to occupy an independent living unit for the remainder of their life, or until such time as they need to be transferred to assisted living or to the skilled nursing facility. The assisted living and skilled nursing units may be occupied by individuals who are direct admission residents and pay on a per-diem basis. However, independent living residents have priority access to assisted living and the skilled nursing facility over any such direct admissions.

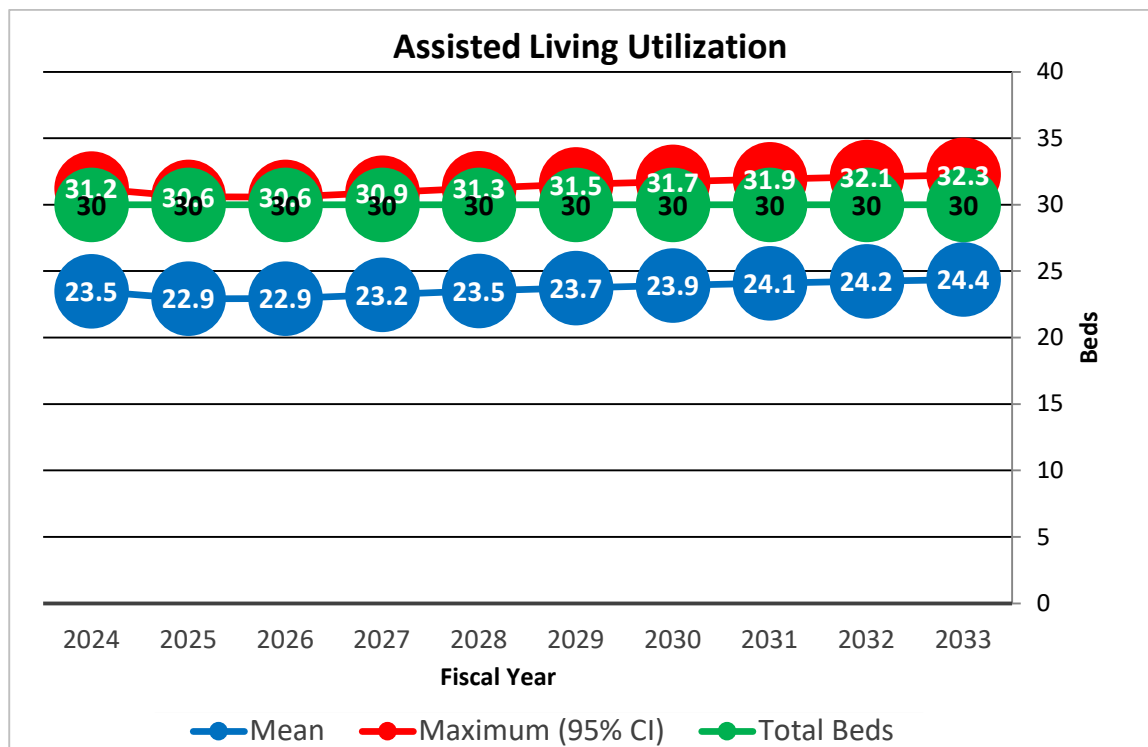
Residents will pay monthly fees related to their occupancy of an independent living unit, assisted living unit, or skilled nursing unit. Residents requiring permanent or temporary health care are able to transfer to the needed level of care as determined appropriate by The Pines at Davidson's medical and management staff and in conjunction with residents and their physicians and family. Collectively, monthly service fees and entrance fees are intended to cover the cost of constructing and operating the community and providing health care and other services to contract residents, as well as a portion of all other costs related to the operation of the community. Entrance fees held by The Pines at Davidson are subject to refund requirements.

The scope of our study consisted of: (1) development of updated population projections based on the current demographic characteristics of the resident population and the assumptions used in the financial model for The Pines at Davidson; (2) development of projected statements of cash flows and actuarial balance sheet; and (3) preparation of an actuarial pricing analysis. This comprehensive actuarial study and review was performed under the guidelines contained in the American Academy of Actuaries' Actuarial Practice Number 3, "Issues Relating to Life Plan Retirement Communities."

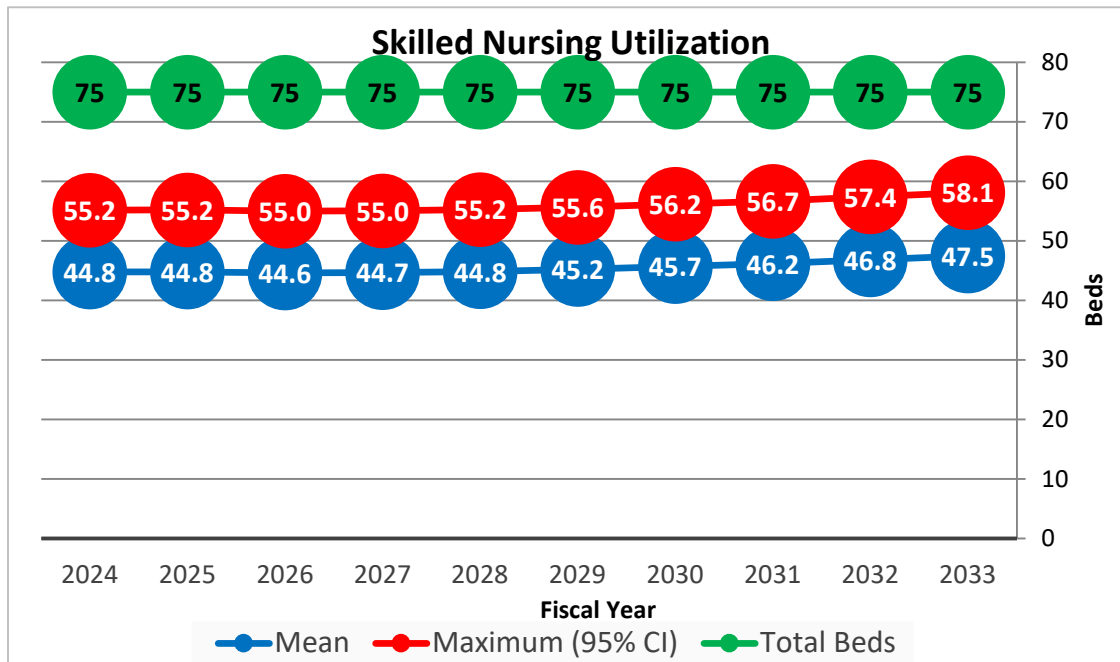
In order to perform the actuarial analysis, we projected first generation residents and subsequent residents through various levels of care until move-out or death. The rates using permanent and temporary nursing transfers, deaths and withdrawals were developed Continuing Care Actuaries' demographic database for Continuing Care Retirement Community (CCRC) residents. This database comprises over 800,000 CCRC residential life-years of demographic experience. The database assumptions used in this analysis reflect experience of communities similar to The Pines at Davidson. The population projections were combined with expense and revenue assumptions to develop projected cash flows and contingent assets and liabilities. A by-product of these cash flow projections is the actuarial pricing analysis that examines the financial adequacy of the fiscal year 2024 residential fee structures and the actuarial balance sheet which is used as an indicator of the adequacy of historical residential fee structures as of December 31, 2023.

Summary of Findings and Notes

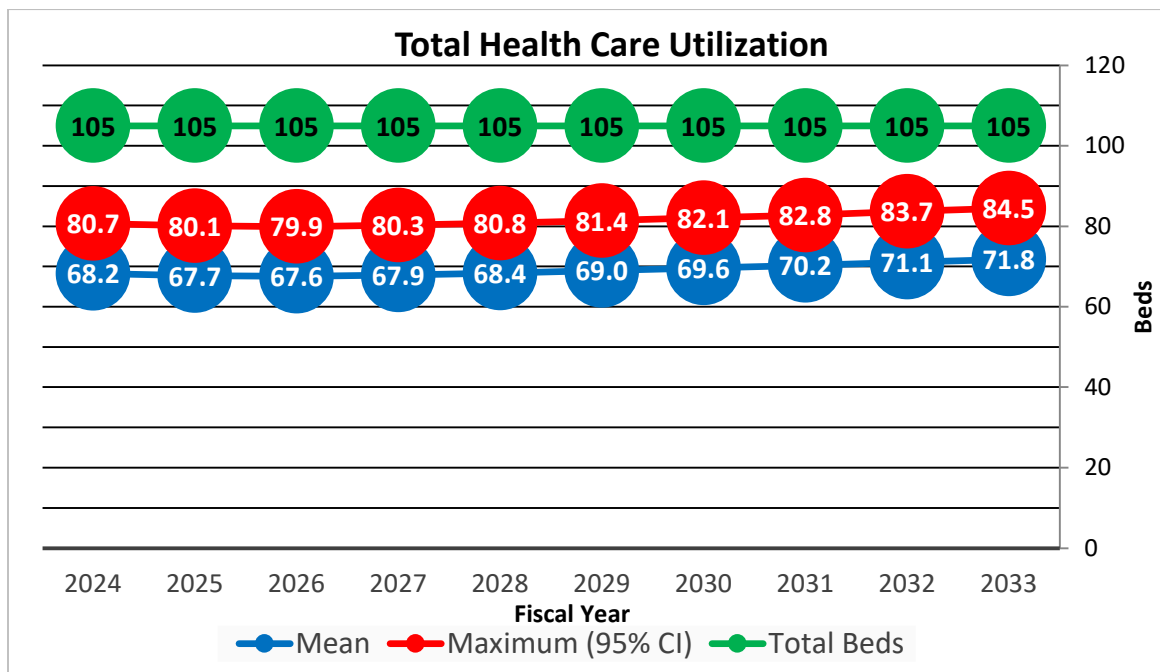
- 1) The data and assumptions used for the population and financial projections in this report form a reasonable basis for the projections. The methods used to produce the projections are consistent with sound actuarial principles and practices as prescribed by the Society of Actuaries and the American Academy of Actuaries.
- 2) The projected occupancy of assisted living units by residents who originated in independent living units with the 95% confidence interval is displayed below.



- 3) The projected occupancy of the skilled nursing facility by residents who originated in independent living units with 95% confidence interval is displayed below.



- 4) The projected occupancy of the combined assisted living units and skilled nursing facility by residents who originated in independent living units with 95% confidence interval is detailed below.



- 5) The financial projection indicates that The Pines at Davidson will generate positive annual cash flow throughout the projection period.
- 6) The actuarial pricing analysis for the 0% Refundable Contract indicated that this contract is expected to produce an average surplus of \$187,355 at entry for new residents, which represents a margin of 20.6% of the present value of contractual liabilities.

The actuarial pricing analysis for the 50% Refundable Contract indicated that this contract is expected to produce an average surplus of \$205,702 at entry for new residents, which represents a margin of 20.2% of the present value of contractual liabilities.

The actuarial pricing analysis for the 90% Refundable Contract indicated that this contract is expected to produce an average surplus of \$132,951 at entry for new residents, which represents a margin of 11.7% of the present value of contractual liabilities.

Generally, it is our recommendation for a mature community to target a margin of approximately 10% in order to cover possible adverse fluctuations that may occur in the future. These adverse fluctuations can include both changes in economic assumptions, such as expected inflation, and changes in demographic assumptions, such as nursing care utilization.

- 7) Based on the result of the actuarial balance sheet as of December 31, 2023, our analysis concluded that The Pines at Davidson will have current and future assets of \$375,627,000 with current and future liabilities of \$225,032,000. Based on these projected assets and liabilities, The Pines at Davidson's funded status is 166.9%, which is above our recommended target of 110% for a mature community. We expect this number to increase as contracts with positive pricing margins are sold.

The actuarial ratio determines the percent of future expenses that are expected to be covered by future revenues for the expected group of residents as of December 31, 2023. This measure is important in that it represents The Pines at Davidson's ability to deal with adverse experience. This ratio was calculated at 92.7%.

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

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

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

Respectfully,



Dave Bond, F.S.A., M.A.A.A.
Managing Partner
dbond@continuingcareactuaries.com

THE PINES AT DAVIDSON, INC.
COMPILATION OF FINANCIAL PROJECTION
FOR THE YEARS ENDING
DECEMBER 31, 2025 THROUGH DECEMBER 31, 2029



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
The Pines at Davidson, Inc.
Davidson, North Carolina

Management is responsible for the accompanying projected consolidated financial statements of The Pines at Davidson, Inc. ("The Pines" or the "Corporation"), which comprise the projected consolidated balance sheets as of December 31, 2025, 2026, 2027, 2028 and 2029, and the related projected consolidated statements of revenue, expenses and other changes in net assets without donor restrictions, consolidated changes in net assets, and consolidated cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA"). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projected consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these projected consolidated financial statements or the assumptions. Furthermore, even if the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 6 (the "Hypothetical Assumptions") occur as projected, the projected results may not be achieved, as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying projection and this report are intended solely for the information and use of management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and included in the Corporation's disclosure statement filing), and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
May 28, 2025

THE PINES AT DAVIDSON, INC.
PROJECTED CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES, AND OTHER
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS LISTED ON PAGE 6
FOR THE YEARS ENDING DECEMBER 31,

	2025	2026	2027	2028	2029
OPERATING REVENUE AND SUPPORT:					
Resident services	\$ 17,971,489	\$ 18,970,535	\$ 20,079,807	\$ 21,061,454	\$ 21,856,965
Health center revenue	10,445,533	10,863,354	11,297,888	11,749,804	12,219,796
Amortization of deferred entrance fees	7,366,824	8,584,936	9,015,429	9,450,557	9,818,895
Interest income	735,269	1,200,000	1,800,000	2,100,000	2,600,000
Other operating revenue	1,142,147	956,665	994,931	1,034,729	1,076,118
Net assets released from donor restrictions for operations	1,196,349	1,232,239	1,269,207	1,307,283	1,346,501
Total operating revenue and support	38,857,611	41,807,729	44,457,262	46,703,827	48,918,275
OPERATING EXPENSES:					
Administrative	4,646,002	4,829,322	5,020,338	5,219,391	5,426,839
Marketing and development	811,659	876,209	914,622	910,675	922,555
Dining	6,643,310	6,940,668	7,251,731	7,577,145	7,917,587
Nursing	7,576,710	7,938,589	8,318,054	8,715,968	9,133,238
Laundry	206,782	214,961	223,485	232,367	241,626
Housekeeping	1,700,551	1,782,523	1,868,502	1,958,686	2,053,281
Facility services	4,714,361	4,895,283	5,083,607	5,279,655	5,483,759
Resident services	2,050,128	2,304,789	2,536,878	2,819,767	3,125,073
Depreciation	6,095,556	6,819,274	7,302,350	7,637,673	7,907,945
Interest expense, amortization of debt issuance costs and amortization of bond premium	2,366,352	2,322,774	2,277,842	2,231,562	2,183,934
Total operating expenses	36,811,411	38,924,392	40,797,409	42,582,889	44,395,837
EXCESS OF REVENUE OVER EXPENSES AND OTHER CHANGES AND CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,046,200	2,883,337	3,659,853	4,120,938	4,522,438
NET ASSETS WITHOUT DONOR RESTRICTIONS:					
Beginning of Year	34,218,673	36,264,873	39,148,210	42,808,063	46,929,001
End of Year	\$ 36,264,873	\$ 39,148,210	\$ 42,808,063	\$ 46,929,001	\$ 51,451,439

See Accompanying Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountants' Compilation Report

THE PINES AT DAVIDSON, INC.
PROJECTED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS LISTED ON PAGE 6
FOR THE YEARS ENDING DECEMBER 31,

	2025	2026	2027	2028	2029
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Total operating revenues	\$ 38,857,611	\$ 41,807,729	\$ 44,457,262	\$ 46,703,827	\$ 48,918,275
Total operating expenses	(36,811,411)	(38,924,392)	(40,797,409)	(42,582,889)	(44,395,837)
Increase in net assets without donor restrictions	\$ 2,046,200	\$ 2,883,337	\$ 3,659,853	\$ 4,120,938	\$ 4,522,438
NET ASSETS WITH DONOR RESTRICTIONS					
Investment income	884,349	908,239	932,207	957,283	981,501
Contributions	312,000	324,000	337,000	350,000	365,000
Release from restrictions	(1,196,349)	(1,232,239)	(1,269,207)	(1,307,283)	(1,346,501)
Increase in net assets with donor restrictions	\$ -	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	\$ 2,046,200	\$ 2,883,337	\$ 3,659,853	\$ 4,120,938	\$ 4,522,438
NET ASSETS:					
Beginning of year	51,524,396	53,570,596	56,453,933	60,113,786	64,234,724
End of year	\$ 53,570,596	\$ 56,453,933	\$ 60,113,786	\$ 64,234,724	\$ 68,757,162

See Accompanying Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountants' Compilation Report

THE PINES AT DAVIDSON, INC.
PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS LISTED ON PAGE 6
FOR THE YEARS ENDING DECEMBER 31,

	2025	2026	2027	2028	2029
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in net assets	\$ 2,046,200	\$ 2,883,337	\$ 3,659,853	\$ 4,120,938	\$ 4,522,438
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	6,095,556	6,819,274	7,302,350	7,637,673	7,907,945
Amortization of debt issuance costs	46,416	45,207	43,963	42,682	41,365
Amortization of bond premium	(118,272)	(118,272)	(118,272)	(118,272)	(118,272)
Increase in prepaids and receivables	(177,232)	(33,446)	(36,828)	(37,862)	(41,087)
Decrease in current liabilities	(20,397)	(21,187)	(21,843)	(22,500)	(23,156)
Amortization of deferred entrance fees	(7,366,824)	(8,584,936)	(9,015,429)	(9,450,557)	(9,818,895)
Net cash provided by operating activities	505,447	989,977	1,813,794	2,172,102	2,470,338
CASH FLOWS FROM INVESTING ACTIVITIES:					
Decrease (increase) in investments	(1,074,384)	(3,394,619)	(5,451,601)	(6,132,623)	(6,111,754)
Purchase and construction of property and equipment	(5,500,000)	(7,000,000)	(6,862,261)	(6,697,152)	(6,817,855)
Net cash used by investing activities	(6,574,384)	(10,394,619)	(12,313,862)	(12,829,775)	(12,929,609)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Entrance fees and deposits received, net of refunds	8,682,309	11,241,079	12,381,021	12,597,818	12,466,565
Principal payments on indebtedness	(1,430,000)	(1,470,000)	(1,515,000)	(1,560,000)	(1,605,000)
Net cash provided by financing activities	7,252,309	9,771,079	10,866,021	11,037,818	10,861,565
INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,183,372	366,437	365,953	380,145	402,294
BEGINNING BALANCE OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	9,064,692	10,248,064	10,614,501	10,980,454	11,360,599
ENDING BALANCE OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	\$ 10,248,064	\$ 10,614,501	\$ 10,980,454	\$ 11,360,599	\$ 11,762,893
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH					
Cash and cash equivalents	\$ 7,557,151	\$ 7,899,773	\$ 8,242,570	\$ 8,600,214	\$ 8,980,664
Restricted cash in assets limited as to use	2,690,913	2,714,728	2,737,884	2,760,385	2,782,229
Total cash, cash equivalents and restricted cash	\$ 10,248,064	\$ 10,614,501	\$ 10,980,454	\$ 11,360,599	\$ 11,762,893
Supplementary Disclosure: Projected interest to be paid during the year	\$ 2,386,749	\$ 2,343,961	\$ 2,299,685	\$ 2,254,062	\$ 2,207,090

**See Accompanying Summary of Significant Projection Assumptions and Accounting Policies and
Independent Accountants' Compilation Report**

THE PINES AT DAVIDSON, INC.
PROJECTED CONSOLIDATED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS LISTED ON PAGE 6
AT DECEMBER 31,

	2025	2026	2027	2028	2029
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 7,557,151	\$ 7,899,773	\$ 8,242,570	\$ 8,600,214	\$ 8,980,664
Cash held under bond agreement for payment of:					
Interest	1,219,104	1,197,919	1,176,075	1,153,576	1,130,420
Principal	1,471,809	1,516,809	1,561,809	1,606,809	1,651,809
Accounts receivable	147,727	153,636	159,781	166,172	172,819
Interest receivable	129,521	129,521	129,521	129,521	129,521
Prepaid expenses and other current assets	665,645	693,182	723,865	755,336	789,776
Total current assets	11,190,957	11,590,840	11,993,621	12,411,628	12,855,009
PROPERTY AND EQUIPMENT					
less accumulated depreciation	(72,576,663)	(79,395,937)	(86,698,287)	(94,335,960)	(102,243,905)
Property and equipment, net	102,224,030	102,404,756	101,964,667	101,024,146	99,934,056
OTHER ASSETS:					
Investments	32,750,782	35,787,783	40,880,338	46,638,851	52,353,357
Cash and investments whose use is limited:					
Operating reserve as required by North Carolina General Statutes	8,024,860	8,382,478	8,741,524	9,115,634	9,512,882
Under bond agreements	2,690,913	2,714,728	2,737,884	2,760,385	2,782,229
Subtotal - Cash and investments whose use it limited	10,715,773	11,097,206	11,479,408	11,876,019	12,295,111
Less current portion	(2,690,913)	(2,714,728)	(2,737,884)	(2,760,385)	(2,782,229)
Cash and investments whose use is limited, net of current portion	8,024,860	8,382,478	8,741,524	9,115,634	9,512,882
Donor restricted cash and investments	16,254,908	16,254,908	16,254,908	16,254,908	16,254,908
Restricted pledges receivable	1,050,815	1,050,815	1,050,815	1,050,815	1,050,815
TOTAL ASSETS	\$ 171,496,352	\$ 175,471,580	\$ 180,885,873	\$ 186,495,982	\$ 191,961,027
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 2,350,241	\$ 2,350,241	\$ 2,350,241	\$ 2,350,241	\$ 2,350,241
Interest payable	1,219,104	1,197,917	1,176,074	1,153,574	1,130,418
Current portion of long-term debt	1,470,000	1,515,000	1,560,000	1,605,000	1,650,000
Total current liabilities	5,039,345	5,063,158	5,086,315	5,108,815	5,130,659
LONG-TERM DEBT, NET OF CURRENT PORTION	56,488,206	54,900,141	53,265,832	51,585,242	49,858,335
OTHER LONG-TERM LIABILITIES:					
Applicant deposit liability	904,193	904,193	904,193	904,193	904,193
Deferred entrance fee revenue - nonrefundable	50,778,858	53,435,001	56,800,593	59,947,854	62,595,524
Refundable entrance fees	4,715,154	4,715,154	4,715,154	4,715,154	4,715,154
Total liabilities	117,925,756	119,017,647	120,772,087	122,261,258	123,203,865
NET ASSETS:					
Without donor restrictions	36,264,873	39,148,210	42,808,063	46,929,001	51,451,439
With donor restrictions	17,305,723	17,305,723	17,305,723	17,305,723	17,305,723
Total net assets	53,570,596	56,453,933	60,113,786	64,234,724	68,757,162
TOTAL LIABILITIES AND NET ASSETS	\$ 171,496,352	\$ 175,471,580	\$ 180,885,873	\$ 186,495,982	\$ 191,961,027

**See Accompanying Summary of Significant Projection Assumptions and Accounting Policies and
Independent Accountants' Compilation Report**

Summary of Significant Projection Assumptions and Accounting Policies

Introduction and Background Information

Basis of Presentation

The accompanying financial projection presents, to the best of the knowledge and belief of management (“Management”) of The Pines at Davidson, Inc., which includes Mecklenburg Real Estate Holdings, LLC (“MREH”) and SDK Enterprises (“SDK”) (“The Pines” or the “Corporation”), the Corporation’s expected consolidated financial position, consolidated results of operations and changes in net assets and consolidated cash flows (the “Projection”) as of and for each of the years in the five years ending December 31, 2029 (the “Projection Period”).

A projection is a presentation of prospective financial information that is subject to one or more hypothetical assumptions. Management has included assumptions that are considered to be a “Hypothetical Assumption” as defined by the American Institute of Certified Public Accountants’ *Guide for Prospective Financial Information*. A Hypothetical Assumption is defined as follows: “An assumption used in a financial projection or in a partial presentation of projected information to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation.”

Management’s hypothetical assumptions (the “Hypothetical Assumptions”) are as follows:

- Management is able to market and achieve the projected fill-up and occupancy levels of the early advantage program (the “Early Advantage Program” or “EAP”), as projected;
- The EAP is able to achieve the pricing, entrance fee plan selection, and service plan selection mix, as projected; and
- Management operates the EAP as projected.

Accordingly, the financial projection reflects Management’s judgment as of May 28, 2025, the date of this projection, of the expected conditions and its expected course of action. The assumptions disclosed herein are the assumptions which Management believes are significant to the financial projection. However, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

This financial projection is intended solely for the information and use of Management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and included in the Corporation’s disclosure statement filing), and is not intended to be and should not be used by anyone other than these specified parties.

Summary of Significant Projection Assumptions and Accounting Policies

Introduction and Background Information (continued)

Background of the Corporation

The Pines at Davidson, Inc. owns and operates a continuing care retirement center (also referred to herein as a “life plan community”) and is the sole member of MREH, a single member limited liability company, formed April 22, 2014 for the purpose of holding and managing real property for the benefit of the Corporation, and SDK Enterprises, formed June 21, 2019, also for the purpose of holding and managing real property for the benefit of the Corporation. The Pines is licensed by the North Carolina Department of Insurance. The Pines is located in Davidson, North Carolina (the “Community”). Within this compilation, continuing care retirement community and life plan community are used interchangeably.

The Corporation is a nonprofit, non-stock corporation organized under the laws of the State of North Carolina in February 1983, to construct and operate a continuing care retirement community. The name of the Corporation was changed from Davidson Retirement Community, Inc. to The Pines at Davidson, Inc., in June 2001.

The Corporation has received a determination that it is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. As a nonprofit, non-stock corporation, the Corporation pays no dividends and all of its earnings, if any, are used to further the purposes of the Corporation.

The Pines is not a legal entity separate from the Corporation. The Pines is the name under which the Corporation manages and operates the Community. The management staff, under the direction of the “Board of Directors” of the Corporation, manages and operates The Pines.

Under the Articles of Incorporation of the Corporation, the members of the Board of Directors are elected by the Board of Directors. In addition, there are two non-voting ex-officio members. The Corporation is not affiliated with any religious, charitable, or other nonprofit organization. However, members and friends of Davidson College Presbyterian Church, in Davidson, North Carolina provided substantial leadership and support in the establishment of The Pines, as did the Trustees of Davidson College.

The Pines is an entrance fee, modified lifecare community designed for senior citizens, making available to them housing, residential services, an integrated wellness program, and long-term care. The Pines is designed to provide housing and services, including health care, to people of retirement age and consists of independent living units, common areas and health care facilities.

In 2014, the Corporation purchased 31 additional acres which contains a two-story residence known as the “Chartwell Residence.” The Chartwell Residence is located on approximately 4 acres, including the driveway and tennis courts (the remaining approximately 27 acres is undeveloped). The Chartwell Residence was placed into service effective July 1, 2015.

Today, The Pines is located on approximately 147 contiguous largely wooded acres. The Facilities, as defined hereinafter, (excluding the Chartwell Residence) are located on approximately 41 acres that serve as collateral for the deed of trust. In addition to such 41 acres, the Corporation owns 106 acres consisting of (i) 91 acres of undeveloped, wooded land, (ii) 4 acres on which is located the Chartwell Residence, (iii) 2 acres on which is located the Shaw Property, and (iv) 9 acres that contain 6 residential single-family rental properties, for total land ownership of approximately 147 acres.

See Accompanying Independent Accountants’ Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Introduction and Background Information (continued)

Management of the Corporation opened the first of two new independent living villa buildings in December 2020, opened the second new villa building in February 2021, opened the new replacement nursing beds in November 2020, which resulted in a net increase of 24 nursing beds, and has completed the renovation of its assisted living dining area and enhancements to its common areas through improved dining and other programs. The Pines also added three cottages with garages in 2022.

The "Facilities" include (1) a central building complex, containing 157 residential units and common areas and facilities known as the Jetton Community Center and the Schramm Health Center, (2) 47 detached cottages and (3) four detached apartment buildings each with 12 villa apartments, (4) two detached apartment buildings each with 19 villa apartments, the Chartwell Residence, and the Shaw Property. The Pines' Facilities include 292 independent living units, 30 assisted living units, and 75 nursing beds in the Schramm Health Center.

The Schramm Health Center is currently licensed by the North Carolina Department of Health and Human Services, Division of Health Service Regulation, to operate 75 beds offering intermediate and nursing care for residents who are temporarily ill or who require long term nursing care (the "Nursing Facility Beds" or "Nursing Units") and 30 beds to provide support services for residents who require assistance with the activities of daily living (the "Assisted Living Units") (collectively, the Nursing Units and Assisted Living Units are referred to as the "Health Center Units"). The area of the Schramm Health Center containing the Nursing Facility Beds is referred to herein as the Nursing Unit or the Hidell Nursing Unit. None of the Nursing Facility Beds or Assisted Living Units are certified or licensed as Medicaid or Medicare beds. The Workman Wellness Center is located in the Schramm Health Center and includes fitness facilities. In June 1999, the Corporation completed construction and began operating its Warm Water Therapy Facility. The facility includes a 24 ft. x 50 ft. warm water therapy pool, a hot water whirlpool, outdoor courtyards, locker rooms, and an exercise therapy room containing exercise therapy equipment. Under North Carolina statutes, The Pines can exceed its licensed nursing bed capacity by the lesser of 10 beds or 10 percent of its licensed nursing beds (up to 7 beds for The Pines) provided the space meets licensure requirements for a licensed nursing bed.

The following common areas and amenities are provided in the Jetton Community Center: a central dining room, a private dining room, a marketplace style café, a pub, a coffee and gelato kiosk, a central kitchen, a central living room, a library, a chapel, a beauty parlor/barber shop, multi-purpose rooms, lobbies, lounges, terraces, porches, administration areas, craft and activity areas, laundry facilities, a post office, resident storage areas, wellness clinic, health club and an outdoor garden.

The Facilities

Independent Living Units

The 292 independent living units of The Pines' (the "Independent Living Units") consist of 157 apartment units, 86 villa apartment units, 47 cottages, the Chartwell Residence, and the Shaw Property. One studio unit was taken out of service and is currently used as guest lodging. The 157 independent living apartments are contained in a central building connected to common areas and health care services by enclosed walkways and serviced by elevators. Floor plans of the original 157 apartments are standard in design and include studio, one-bedroom and two-bedroom configurations. The 86 villa apartment units include one-bedroom villa apartments with 1.5 baths and two-bedroom villa apartments with two baths featuring open floor plans, 9 foot ceilings, large windows, walk-in closets and porches or balconies. All

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Introduction and Background Information (continued)

villas have individually controlled heating and air conditioning, cable television and telephone hook-ups, washer and dryers and 24-hour fire, safety, and medical emergency call system.

The cottage floor plans vary in design and size but include two-bedroom and two-bedroom with den configurations. Each living unit includes a fully equipped kitchen (refrigerator/freezer, disposal, microwave, and oven/range), overhead lighting, storage areas, bathrooms and bedrooms connected to a central system monitored for 24-hour emergency call system, smoke detector, central heating and air conditioning with individual thermostatic controls, soundproofing, insulated windows, pre-wired television and telephone outlets.

Assisted Living Units

The Schramm Health Center includes 30 private Assisted Living Units. Each Assisted Living Unit is equipped with individually controlled heating and air-conditioning, cable hook-ups, a phone jack, and an emergency call system.

Assisted living residents receive nursing staff attention daily, assistance with medication, bathing, dressing and grooming, linen and housekeeping service, diverse activity, social service programs, and three meals daily. Residents may be directly admitted into this level of care from the outside community.

Nursing Facility Beds

In addition to the 30 Assisted Living Units, the Schramm Health Center nursing consists of four neighborhoods: (1) the Purcell Memory Support neighborhood with its 16 private rooms; (2) the Brown neighborhood comprised of 19 private rooms; and (3) the Wilson and Maulden nursing neighborhoods, each with 20 private rooms. Each of the four nursing neighborhoods include private rooms clustered near a common kitchen, dining, and community space for resident activities and socializing. The neighborhood design enables residents to benefit from a smaller, more intimate sense of community, enhancing their quality of life by encouraging more activity and greater engagement. Additionally, the 40 private rooms in the Wilson and Maulden nursing neighborhoods offer more square footage, larger windows providing more natural light, private showers, built-in cabinets, and personal-sized refrigerators so that each room becomes a comfortable residence. The Pines has a total of 75 nursing beds offering intermediate and skilled nursing care (the "Nursing Units").

The Schramm Health Center is a fully licensed nursing facility that includes 24-hour supervision and assistance in activities of daily living and health related care. Twenty-four-hour nursing stations, bathing rooms, a dining room, activity rooms, and lounge rooms are included in this area. The Purcell Wing is dedicated to those residents with dementia related illnesses requiring special care. Residents can transfer into nursing from both independent and assisted living, as well as from the community at large.

It should be noted that 40 of The Pines' nursing beds are open to direct admission, and 35 of the nursing beds require entrants to reside in independent living or assisted living for at least 30 days prior to admission to such nursing beds.

In its Jetton Community Center, The Pines offers four dining venues: (1) waited table service (Heritage); (2) a market-place styled café where fresh food is ordered and prepared to residents' specifications from a variety of popular stations, such as an open hearth oven, Asian wok, Chef's Exhibition station, Char Grille, Rotisserie oven, hand-crafted salad bar, in-house bakery and dessert café (Marketplace); (3) a pub offering light meals and adult beverages (Pub); and (4) a coffee and gelato kiosk for snacks and

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Summary of Significant Projection Assumptions and Accounting Policies

Introduction and Background Information (continued)

prepared items that can be purchased to "grab and go" (Davis Café). The Davidson Room is a large gathering room that is equipped with partitions enabling concurrent events to be held when demand is high. The Davidson Room includes a multi-purpose space on the lower level (Williams Room). By creating flexible space, The Pines will be able to meet the diverse preferences of active residents while maintaining the intimate feel of the community.

A fitness area, attached to the current Wellness Wing, provides an attractive setting for additional strength and cardio fitness equipment. The Williams Room provides space for exercise classes.

The Pines has a second entrance at the front of the campus (by extending Avinger Lane by approximately 750 feet) and additional parking near the Schramm Health Center and Jetton Community Center.

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Summary of Significant Projection Assumptions and Accounting Policies

Introduction and Background Information (continued)

The following table shows the unit configuration of The Pines:

Table 1		
Unit Type, Number of Units, and Weighted Average Square Footage		
Unit Type	Number of Units	Weighted Average Square Footage
<i>Independent Living Units:</i>		
Studio	7	418
Deluxe Studio	30	527
1 Bedroom	79	722
2 Bedroom/2 Bath	28	975
2 Bedroom Suite	10	1,140
2 Bedroom Deluxe	3	1,249
2 Bedroom Villa (Plan A)	24	1,429
2 Bedroom Deluxe Villa (Plan B)	8	1,619
2 Bedroom with Den Villa (Plan C)	8	1,809
2 Bedroom with Den Deluxe Villa (Plan D)	8	1,870
1 Bedroom/1 and 1/2 Bath Villa (Green)	6	1,164
2 Bedroom Villa with Porch or Balcony (Blue)	2	1,515
2 Bedroom Villa with Sunroom/Study (Red)	14	1,667
2 Bedroom Villa with Sunroom/Study and Balcony (Yellow)	16	1,681
Cottage	4	1,200
Large Cottage	2	1,440
Large Cottage/Sunroom	38	1,565
Large Cottage/Sunroom and Two-Car Garage	3	1,656
Chartwell ⁽¹⁾	1	N/A
Shaw ⁽¹⁾	1	N/A
Total Independent Living Units	292	1,129
<i>Assisted Living Units:</i>		
Private	30	
Total Assisted Living Units	30	274
<i>Nursing Facility Beds:</i>		
Private	75	203 - 402
Total Nursing Facility Beds	75	
Total Units/Beds	397	

Source: Management

Notes: (1) Square footage for the Chartwell Residence and the Shaw Property, both stand-alone homes are excluded.

Management has included its admission policies, as well as full copies of its Residence and Care Agreements, in its Disclosure Statement.

Residence and Care Agreement

For entrance fees, The Pines offers a standard refundable plan (the "Standard Entrance Fee Option Plan"), a 50 percent refundable plan (the "50% Refund Entrance Fee Option") and a 90 percent refundable plan (the "90% Refund Entrance Fee Option").

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Introduction and Background Information (continued)

Standard Entrance Fee Option Plan—This plan offers a prorated refund of the entrance fee over the first 12 months of residency, after which point no further refund is to be paid. If during this 12-month period, a resident leaves the community for any reason, including death, the resident or his estate will receive a declining refund amount based upon a five percent non-refundable fee (of the total entrance fee amount) and five percent per month occupancy charge for each full or partial month of residency thereafter.

50% Refund Entrance Fee Option—This plan refunds to the resident or his or her estate an amount equal to no less than 50 percent of the entrance fee paid; the remaining 50 percent is amortized consistent with the amortization provisions of the Standard Entrance Fee Option Plan. Entrance fees paid under the 50% Refund Entrance Fee Option are based on a pricing schedule that is determined by actuarial life expectancies (the greater the age of a prospective resident, the higher the entrance fee pricing).

90% Refund Entrance Fee Option—This plan refunds to the resident or his or her estate an amount equal to no less than 90 percent of the entrance fee paid; the remaining 10 percent is amortized consistent with the amortization provisions of the Standard Entrance Fee Option Plan. Entrance fees payable under the 90% Refund Entrance Fee Option are based on a pricing schedule that is determined by actuarial life expectancies (the greater the age of a prospective resident, the higher the entrance fee pricing).

Based on The Pines' historical experience, most of its residents have chosen the Standard Entrance Fee Option.

Health Care Services

The Pines offers assisted living and nursing services to its residents. The health care facilities house their own dining facilities, lounges, and recreational areas. Emergency nursing response is available to residents of the health care facilities and the independent living apartments on a 24-hour-a-day basis. In general, the operations of the health care units are supervised by a Director of Nursing ("DON") in consultation with the Medical Director ("MD"), who is a licensed physician providing consulting services pursuant to a contract with The Pines, and a licensed nursing home administrator. They are responsible for developing and implementing health care policies and coordinating the medical services in accordance with relevant state and federal regulations and generally accepted medical practices. Residents may continue under the care of their own physician who has admission privileges at a local hospital, or they may choose the MD as their primary care physician.

The DON is charged with the day-to-day operation of the health care services. Registered nurses, together with licensed practical nurses and certified nursing assistants, offer residents professional care, immediate attention, and emergency consultations 24 hours per day. When a resident's medical condition requires assisted living or nursing services, the resident moves from an independent living unit to either an assisted living or nursing unit on a permanent or temporary basis. The MD, the nursing home administrator, together with the DON and social worker, determine if a resident should be transferred into a different level of care, but only after consulting with the resident and the resident's physician and any appropriate family member or responsible party.

In addition to services similar to those received when in the independent living units, residents of the assisted living or nursing units also receive housekeeping service and a total of three meals per day. Certain additional ancillary health care services are not included in the per diem fees and will be charged to the resident. Examples of additional ancillary health care charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, occupational therapy, speech therapy, rehabilitative treatments, wheelchairs, other medical equipment and supplies, and any other medical services beyond those available at The Pines. Also,

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Introduction and Background Information (continued)

additional professional services (medical or otherwise) contracted by the resident or on the resident's behalf will be charged to the resident.

For independent living residents, The Pines contracts with Atrium Health to provide onsite primary care services. Such care is provided by a nurse practitioner and a supervising physician. The nurse practitioner will see residents in the wellness clinic and will make home visits, as necessary. On Call Services are also available 24-7 providing independent living residents access to a geriatric healthcare specialist outside of normal clinical hours.

The Pines also contracts with Atrium Health to provide attending physician services, physical therapy, occupational therapy, and speech therapy for residents in assisted living and nursing.

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Summary of Significant Accounting Policies

Basis of Accounting

The Corporation maintains its accounting and financial records according to the accrual basis of accounting. Management's consolidated financial projection has been presented in conformity with guidelines for presentation of a projection established by the American Institute of Certified Public Accountants.

Principles of Consolidation

The consolidated financial statements include the accounts of The Pines at Davidson, MREH, and SDK. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

All liquid investments with a maturity of three months or less are considered to be cash equivalents unless held under bond agreement, designated by the Board of Directors or restricted as to use by the donor.

Restricted cash is included with cash and cash equivalents and assets limited as to use and is reflected in the projected consolidated statements of cash flows.

Bond Issuance Costs/Original Issue Premium

Issuance premiums and acquisition expense of indebtedness incurred are deferred and amortized based on the effective yield method over the terms of the related bond issue. Debt issuance costs consist of costs incurred from the issuance of revenue bonds benefiting the Corporation and include underwriter's fees, legal and accounting fees, and printing costs. These costs are being amortized over the term of the related bonds using the effective interest method.

Debt issuance costs are presented on the consolidated balance sheets as a deduction from the carrying amount of the related liability. In addition, amortization expense associated with the debt issuance costs is shown as a component of interest expense. The bond premium is presented on the consolidated balance sheets as an addition to the carrying amount of the related liability. Amortization expense associated with the bond premium is shown as a component of interest expense.

Summary of Significant Projection Assumptions and Accounting Policies

Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost. Assets contributed to the Corporation are recorded at their fair market value at the date of receipt. Routine maintenance and repairs are charged to expense. Expenditures which materially increase the value, change the capacities, or extend the useful lives of existing assets are capitalized. Interest costs incurred during the construction period of significant construction projects are capitalized as a cost of the constructed asset and amortized over the useful life of the asset.

All fixed assets are depreciated on the straight-line method using the following estimated useful lives:

Land improvements	5 – 40 years
Buildings and building improvements	3 – 40 years
Equipment, furniture, and fixtures	3 – 30 years

Net Assets

Net assets without donor restrictions consist of resources with no donor imposed restrictions.

Net assets with donor restrictions are those whose use by the Corporation has been limited by donors to a specific time period or purpose. The Corporation reports contributions of cash and other assets as restricted support 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 donor restrictions and reported in the projected consolidated statements of unrestricted revenue, expenses, and other changes in net assets without donor restrictions and the projected consolidated statements of net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as received are reflected as unrestricted contributions in the accompanying projected consolidated financial statements. The Corporation reports contributions of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Corporation's net assets with donor restrictions are comprised of net assets that are restricted in nature either due to a time or purpose restriction. The Corporation does not project any donor restricted net assets that are permanent in nature. Donor restricted investments are related to contributions, which are designated for a specific use by the donor. These restricted assets and investments consist of amounts to be used to finance the "Resident Support Fund," to fund the operation of a warm water therapy pool and a hot-water whirlpool, and to fund certain other needs, including those identified in the Corporation's strategic plan entitled Exceeding Expectations.

Cash and Investments Whose Use is Limited

Cash and investments whose use is limited consists of operating reserves pursuant to the requirements of the North Carolina Department of Insurance, funds held pursuant to the requirements of the Corporation's revenue bond agreements, and refundable deposits. The operating reserves are based upon certain

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Summary of Significant Accounting Policies (continued)

expected operating costs maintained under regulations that became effective in 1997. Amounts held under the bond agreements are projected at the levels needed to continue to meet the requirements of the Corporation's bond agreements. Operating reserves and funds held under the Corporation's bond agreements are projected to be invested primarily in U.S. Treasury notes and money market accounts collateralized by U.S. government securities. Any portion of cash and investments whose use is limited that is estimated to be utilized in the following period is shown as current on the projected balance sheets.

Accounts Receivable

Resident accounts receivable consists of resident monthly service fees. The Pines provides an allowance for uncollectible accounts using management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. Management does not project Pines an allowance for credit losses.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using discount rates, which are calculated annually. Conditional promises to give are not included as support until the conditions are substantially met. Pledges receivable with restrictions are included in net assets with donor restrictions in the accompanying projected consolidated balance sheets.

Long-Term Investments

Investments in equity and debt securities are measured at fair value in the accompanying projected financial statements. Investment income (including realized gains and losses on investments, interest, and dividends) is included in operating income unless the income is restricted by donor or law. Unrealized gains and losses on investments, if any, are excluded from operating income.

Unrealized Gains or Losses on Investments

Management does not assume any changes in the underlying values of investments during the Projection Period that would result in unrealized gains or losses.

Deferred Revenue from Entrance Fees

Entrance fees paid by a resident upon entering a Residence and Care Agreement are recorded as deferred revenue from entrance fees. Deferred revenue from entrance fees, net of the portion thereof that is refundable to the resident are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. All continuing care contracts provide that the refundable portion of advance fees may be refunded only if the resident's unit is reoccupied. The refundable portion of entrances fees are presented as refundable entrance fees and are not amortized into income.

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Summary of Significant Accounting Policies (continued)

Obligation to Provide Future Services

The Pines calculates the present value of estimated net cost of future services and use of facilities to be provided to current residents and compares that amount with the amount of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities amount exceeds the deferred revenue amount from advance fees, a liability is recorded (obligation to provide future services and use of facilities) and a corresponding charge to operations. Management does not project a liability during the Projection Period.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases to net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Resident Revenues

Resident service revenues and health center revenues are recorded at the estimated net realizable amount from residents and others for services rendered.

Excess of Revenue Over Expenses and Other Changes

The projected consolidated statements of revenue, expenses, and other changes in net assets without donor restrictions include excess (deficit) of revenues over (under) expenses. Changes in net assets without donor restrictions that are excluded from excess (deficit) of revenue over (under) expenses and other changes, consistent with industry practice, include net assets released from restrictions used for the purpose of purchases of property and equipment.

Income Taxes

The Corporation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Corporation is also exempt from state income taxes and files for, and receives, reimbursement for paid sales taxes. The Corporation is also currently exempt from property taxes. Management has projected that they will continue to be exempt from property taxes during the Projection Period.

The Corporation adopted guidance in the income tax standard regarding recognition and measurement of uncertain tax positions. The implementation has had no impact on the Corporation's projected consolidated financial statements.

Marketing and Other Costs

Marketing costs are projected to be expensed when incurred.

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of projected consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the projected consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue

Resident revenue is reported at the amount that reflects the consideration to which The Pines expects to be entitled in exchange for providing resident care. These amounts are due from residents. Monthly service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by The Pines. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Pines believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents living at The Pines receiving independent living or healthcare services. The Pines considers daily services provided to residents of the health center, and monthly rent charged to residents living in independent living, as a separate performance obligation measured on a monthly basis or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method.

Other operating revenue includes revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents in a retail setting (for example guest rooms) and The Pines does not believe it is required to provide additional goods or services related to that sale.

The Pines determines the transaction price based on standard charges for goods and services provided, assistance provided to residents in accordance with The Pines' practice, and/or implicit price concessions provided to residents. The Pines determines its estimate of implicit price concessions based on its historical collection experience.

The Pines has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: service line, method of payment, and timing of when revenue is recognized.

All resident revenue is projected to be private pay.

Revenue for The Pines is primarily generated from monthly service fees for the Independent Living Units, amortization of entrance fees and monthly service fees and per diem charges from the assisted living and nursing residents.

Revenue for the Independent Living Units is based on the monthly service fees assumed by Management to be charged to the residents and the assumed utilization of the Independent Living Units. Health care revenues consist of funds generated from services provided to residents transferring from the Independent Living Units and those entering directly from the community at large.

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

Upon permanent transfer from their Independent Living Unit to a Nursing or Assisted Living Unit, or after temporarily residing in Nursing or Assisted Living Unit for 14 days in a calendar year before permanently transferring to a Nursing or Assisted Living Unit, residents who executed a Residence and Care Agreement on or after July 1, 2018 and those entering directly from the community at large will pay the published assisted living or nursing rate, plus supplies and services not covered by the monthly service fee or per diem rate. Residents who executed a Residence and Care Agreement prior to June 30, 2018, will pay a discounted daily rate for assisted living or nursing, plus supplies and services not covered by the monthly service fee or per diem rate.

Projected Occupancy Levels

Projected occupancy for The Pines' Independent Living Units is based upon the historical experience of The Pines.

Occupancy of the Assisted Living Units is projected to be primarily from transfers from Independent Living Units. Nursing bed occupancy is based primarily on internal transfers from both Independent Living Units and Assisted Living Units and those entering directly from the community at large. Projected resident transfers from independent living to assisted living or nursing have been provided by Management and is based on historical experience of The Pines.

For residents under a Residence and Care Agreement, transfers to the Assisted Living Units or Nursing Units are classified as either temporary or permanent. Residents under the Residence and Care Agreement who transfer to Assisted Living Units or Nursing Units pay the following depending on the transfer classification and the date the residents executed the Residence and Care Agreement:

Temporary Transfer – Residents continue to pay the regular monthly fee in effect for their Independent Living Unit, plus a charge for three meals per day (with credit for meals included in the resident's monthly service fee) for the first 14 days annually. Subsequently those classified as temporary and who executed a Residence and Care Agreement on or after July 1, 2018, will pay the published assisted living or nursing per diem, whereas temporary residents who executed a Residence and Care Agreement prior to June 30, 2018, will pay a discounted daily rate for assisted living or nursing. In addition, the resident will be responsible for any costs associated with care, drugs, and supplies, as defined in their Residence and Care Agreement. If the resident shall occupy a Nursing Unit more than 30 days within a 90-day period following the use of the last of such 14 days, the resident has the option of surrendering the Independent Living Unit or continuing to pay the monthly independent living service fee in addition to the per diem charge for the nursing unit in accordance with their Residence and Care Agreement.

Permanent Transfer – Upon permanent transfer, the resident must give up his/her Independent Living Unit and if he or she executed a Residence and Care Agreement on or after July 1, 2018, the resident must pay the published per diem rate, or if he or she executed a Resident and Care Agreement prior to July 1, 2018, the resident will pay a discounted rate for assisted living or nursing, plus supplies and services not covered by the monthly service fee or per diem rate. If the Independent Living Unit is jointly occupied and one resident transfers to assisted living or nursing, the transferring resident will pay the per diem rate for either assisted living or nursing in accordance with their Residence and Care Agreement, while the resident remaining in the Independent Living Unit will pay the single occupancy Independent Living Unit rate.

The following tables reflect projected occupancies for the Community, as projected by Management.

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

Table 2
The Pines at Davidson
Projected Utilization of the Independent Living Units

For the Years Ending December 31,	Average number of available Independent Living Units	Average number of occupied Independent Living Units	Average occupancy percent
2025	292.0	282.0	96.6%
2026	292.0	282.0	96.6%
2027	292.0	282.0	96.6%
2028	292.0	282.0	96.6%
2029	292.0	282.0	96.6%

Source: Management

The projected double occupancy percentages in the Independent Living Units are based upon assumptions provided by Management, and are as follows for the existing Independent Living Units:

Table 3
Projected Second Person Occupancy of the Independent Living Units

Fiscal Year	Independent Living Unit Double Occupancy Percent
2025	28%
2026	27%
2027	26%
2028	25%
2029	24%

Source: Management

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

The projected Health Center Units' occupancy is as follows:

Table 4
Projected Health Center Units - Occupancy Levels

For the Years Ending December 31,	Average Number of Available Health Center Units	Average Number of Health Center Units Occupied	Average Percent Occupancy
2025	105	100	95.4%
2026	105	100	95.4%
2027	105	100	95.4%
2028	105	100	95.4%
2029	105	100	95.4%

Source: Management

Projected Entrance and Monthly Service Fees

The following tables summarize the entrance fees for the Standard Plan, monthly service fees and daily rates for The Pines, and provide the basis for formulation of revenue assumptions by Management.

Note that the facility fees in the table that follows were effective through June 30, 2025. The following table summarizes the current rates in effect at The Pines for new entrants to the Existing Facilities.

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

Table 5
Projected Pricing
Monthly Service Fees, Daily Assisted Living and Nursing Fees, and Entrance Fees
(Effective through June 30, 2025)

Unit Type	Rates Effective 7/1/2024 - 6/30/25		
	Monthly Service Fee (Single)	Monthly Service Fee (Couples)	Standard Entrance Fee
Independent Living:			
Apartments			
Studio	\$ 3,255	\$ 4,988	\$ 53,000
Deluxe Studio	3,413	5,143	73,000
1 Bedroom	4,056	5,956	169,500
1 Bedroom Deluxe			
2 Bedroom	4,453	6,540	280,000
2 Bedroom Suite	4,572	6,657	304,500
2 Bedroom Deluxe	4,800	6,888	315,000
Cottages			
Cottage	4,829	7,109	356,000
Large Cottage	5,212	7,496	402,000
Large Cottage/Sunroom	5,212	7,496	433,000
Large Cottage/Sunroom and Two-Car Garage	5,570	7,868	617,400
Villas			
Villa A	5,240	7,540	488,000
Villa B	5,336	7,634	528,000
Villa C	5,482	7,781	586,000
Villa D	5,555	7,830	598,000
Villas at Poplar Hill			
Villa Green	4,571	6,657	389,000
Villa Blue	5,227	7,527	489,000
Villa Red	5,322	7,620	551,000
Villa Yellow	5,336	7,634	569,000
Other			
Chartwell Residence	7,868	7,868	600,000
Shaw Property	7,868	7,868	1,000,000
			30,500
Second Person Fees (Entrance Fees)			
Assisted Living:			
Private Room Daily Fee	\$237.00	N/A	\$23,000
Existing Nursing Facility Beds:			
Brown and Purcell Neighborhoods (Private Room Daily Fee)	\$353.00	N/A	\$10,000
Maulden and Wilson Neighborhoods (Private Room Daily Fee)	\$366.00	N/A	\$10,000

Source: Management

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

The following table reflects projected rate increases. Increases in fees are generally anticipated to approximate increases in operating expenses during the Projection Period, and are subject to modification on an annual basis.

Table 6
Projected Rate Increases ⁽¹⁾
For the Years Ending December 31,

Unit Type	2025	2026	2027	2028	2029
Independent Living Entrance Fee Increases	19.7%	6.0%	6.0%	6.0%	6.0%
Independent Living Monthly Fee Increases	4.0%	4.0%	4.0%	4.0%	4.0%
Assisted Living Fee Increases	4.0%	4.0%	4.0%	4.0%	4.0%
Nursing Rate Increases	4.0%	4.0%	4.0%	4.0%	4.0%

Source: Management

Notes:

- (1) Pricing increases are generally effective on July 1 of each fiscal year. Table 5 reflects the rates in effect through June 30, 2024. Increases noted above are projected to occur July 1 of each year.

Legislation and regulations at all levels of government have affected and may continue to affect the operations of life plan communities, including revenues and expenses of facilities such as The Pines. The financial projection is based upon legislation and regulations currently in effect. If future legislation or regulations related to The Pines' operations are subsequently enacted, such legislation or regulations could have a material effect on future operations.

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

The Pines at Davidson: Early Advantage Program

In 2010, the North Carolina General Assembly enacted a new statute (§ 58-67-7) that permits Continuing Care Retirement Communities (CCRCs) licensed in the State to offer "Continuing care services without lodging." The Pines at Davidson is seeking approval from the North Carolina Department of Insurance to offer its early advantage program" (the "Early Advantage Program" or "EAP") that will offer such services, as more fully described hereinafter.

See the disclosure statement for more information regarding the contractual components of EAP and the actual contract for such services.

The Pines at Davidson project offering a residency option to those already on the wait list for The Pines at Davidson who may not want to physically reside on our campus. This program will be called the Early Advantage Program. The Early Advantage Program resident can continue to live in his/her current home but have access to The Pines at Davidson's amenities, assisted living, skilled nursing and other wellness programs. The Early Advantage Program will be offered to The Pines at Davidson's Future Residency List in North Carolina and other states.

The Early Advantage Program residency status will allow members to become a resident of The Pines at Davidson with access to campus amenities and ensures access to future health care services as needed, while remaining in his or her current home and creating a high priority position for a potential future move onto The Pines at Davidson campus at a later date. The Early Advantage Program resident may also move into The Pines at Davidson if he or she so chooses. Once one becomes a resident of The Pines at Davidson, whether living on campus or through The Early Advantage Program, he or she will have equal access to all common areas of campus and equal access to The Pines at Davidson's health care facilities. This equal standing will provide Early Advantage Program residents with priority over wait list members for contracts for continuing care; Early Advantage Program residents who wish to occupy an independent living unit in the community under the terms of the contract for continuing care will need to apply for, and upon acceptance, sign an on-campus Resident's Agreement.

Early Advantage Program Policies

Admission

Health Criteria: To be accepted as a resident, the applicant's health must be such that the applicant's care requirements are appropriate to and can be met within the level of care to which the person is requesting admission. A person applying for admission to the Early Advantage Program will be considered an independent living resident and will need to be ambulatory, mentally alert, and able to meet his or her personal care needs without assistance or supervision. The Residency agreement projected to be entered into between The Pines at Davidson and resident will state that at the time of the execution of the agreement, the agreement shall provide that it will be necessary for the member of the program to meet The Pines at Davidson's health and financial qualifications for membership. At the time he or she becomes a physical resident of the facility, subject to the understanding that if at that time the person is not mentally or physically qualified to occupy a residential unit of the type contemplated under the agreement, but is qualified to live in an adult care home (assisted living) unit or in the Health Center (skilled nursing) of The Pines at Davidson, he or she will be entitled to such accommodations in the facility most appropriate to his or her situation and needs. Once physically admitted to The Pines at Davidson,

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

a resident, from the standpoint of health, may continue to reside at The Pines at Davidson so long as the facilities and services available can, in the opinion of the facility's medical advisers, provide the level of care needed by the resident. As a resident's needs for care increase, the resident may be required to move to a higher level of care provided by The Pines at Davidson in order to continue the right of residency at the facility.

Financial and Insurance Criteria: To be accepted as a resident of The Early Advantage Program and in order for residency to continue, an applicant must agree to pay the entry fee and monthly fees and charges associated with The Early Advantage Program. The Pines at Davidson requires applicants to provide a financial statement. Applicants with inadequate financial resources to carry them through their projected life expectancy are nevertheless considered for admission if family members provide guaranties of payment or if the applicant qualifies for financial assistance within the limit of The Pines at Davidson's ability to provide such assistance. Residents whose resources are depleted during residency may remain as residents under the following circumstances: (a) If members of resident's family or other interested parties provide guaranties of payment acceptable to The Pines at Davidson; or (b) if The Pines at Davidson's financial assistance resources are such as to enable the facility to provide the amounts needed. Residents whose financial resources are diverted to other persons or causes, thereby creating a financial need, are not eligible for consideration for financial assistance.

Applicants whose resources are marginal or inadequate to cover their projected residency fees may be encouraged to consider purchase of long-term care insurance as a method of increasing available income once the applicant becomes a resident of a licensed level of care. A resident is responsible for carrying both Medicare Part A and Medicare Part B insurance coverage, or a substitute policy acceptable to The Pines at Davidson. Residents must also carry a supplemental insurance policy acceptable to The Pines at Davidson, which adequately covers the hospital, medical, and skilled nursing deductibles and co-payments required of the resident's primary insurance plan.

Age Requirements: Management has projected that a person must be 65 years of age to become a resident of the Early Advantage Program. In the case of a married couple, if one spouse is 65, the minimum age for the other spouse will also need to be 62 or older.

Changes of Condition of Resident Prior to Occupancy/Refund(s)Applicable/Not Applicable/Time Frame of Refund(s): Between the date of entering into The Early Advantage Program residency agreement and the date of initial physical occupancy on campus, the applicant is required to submit a new financial statement. Improvement in the applicant's financial position may alter previous commitments by The Pines at Davidson to provide financial assistance. A decline in the applicant's capacity to pay the previously agreed upon periodic fees and charges may require reassessment of the applicant's ability to reside at The Pines at Davidson and whether The Pines at Davidson is in a position to provide financial assistance. If the applicant is unable to move into The Pines at Davidson for any reason, the applicant is entitled to an entry fee refund to the extent of and in accordance with the provisions of the agreement.

Cancellation/Termination - Refund(s) Applicable/Not Applicable/Time Frame of Refund(s): The applicant contracting with the provider (The Pines at Davidson) may rescind this Agreement within 30 days following the later of execution of this Agreement or receipt of a Disclosure Statement. In such event, the portion of the Entry Fee paid to that date will be refunded to Resident within 30 days following such rescission, without interest less: (a) the amount of the application fee (to the extent the application fee does not exceed \$1,000), (b) the cost of the medical examination or other costs incurred by Resident,

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

and (c) a reasonable service charge not to exceed the greater of one thousand (\$1,000) or two percent (2%) of the Entry Fee. A resident may terminate residency upon sixty (60) days written notice. The Pines at Davidson may terminate one's residency if:

1. Resident does not pay monthly fees and other charges on a timely basis; or
2. Resident's behavior (or that of resident's family members, responsible parties, or others specified in the residency agreement) is detrimental to the spirit of The Pines at Davidson; or
3. Resident requires treatment or care other than that which The Pines at Davidson is licensed or staffed to provide.

Termination of residency by The Pines at Davidson occurs only "as a last resort," when it becomes clear that termination is necessary, and after the resident and/or the resident's responsible party has an opportunity to be heard. On termination of residency any monthly fees paid in advance are prorated and any appropriate refund is made thereof within sixty (60) days. Provisions relating to entry fee refunds upon termination of residency are set out in residency agreements. Subject to the statutory refund provisions which apply in the event of rescission of the agreement within thirty (30) days or preclusion, by death, illness, injury, or incapacity, from occupying a unit under the terms of the agreement, then the entry fee is refundable on a declining basis according to the following schedule, with no part of the entry fee being refundable after a person has participated in The Early Advantage Program with The Pines at Davidson for three hundred and sixty-five (365) or more days.

Management has assumed the following refundability of the EAP Entry Fee:

First 30 days	100%
31 - 60 days	95%
61 - 90 days	90%
91-120 days	85%
121-150 days	80%
151-180 days	75%
181-210 days	70%
211-240 days	65%
241-270 days	60%
271-300 days	55%
301-330 days	50%
331-365 days	40%
After 365 days	0%

Management has projected that the calculation and payment of any refund to a person who has become a resident will be made in the same manner whether termination of residency is voluntary, is at the request of The Pines at Davidson, or is occasioned by death.

1. If a resident dies while a participant in the Early Advantage Program or before occupying a living unit in the facility, or if, on account of illness, injury, or incapacity it is assumed that the resident would be precluded from occupying a living unit in the facility under the terms of the contract for continuing care, and the contract will be automatically cancelled. The Pines at Davidson will refund entry fees paid, as projected in the residency agreement. The refund

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

will be provided within sixty (60) days of receipt by The Pines at Davidson of all billable costs incurred by the resident.

2. In the event of the death of a resident as a participant of the Early Advantage Program, The Pines at Davidson will refund the entry fee, less the \$1,000 non-refundable portion as projected in the residency agreement, and under the projected prorated refund policy, with no part of the entry fee projected to be refundable after three hundred and sixty-five (365) or more days of residency. It is projected that upon receiving payment of an entry fee in The Early Advantage Program, The Pines at Davidson will pay the refund to the resident or the resident's estate.
3. Entry fees paid to The Pines at Davidson under the Early Advantage Program will be counted toward any future entry fee payable to The Pines at Davidson for a residence should the Early Advantage Program participant elect to move into the physical campus.

Inability to Pay: It is projected that if a resident should encounter financial difficulty while participating in the Early Advantage Program with The Pines at Davidson, there are guaranty agreements that could be entered into between The Pines at Davidson and members of a resident's family which could make it possible for the resident's continued participation in the program.

Services

Management has projected the following standard services will be provided by The Pines at Davidson, as projected to be included in the Resident Agreement, while participating in the Early Advantage Program. An overview of the benefits assumed are listed below:

- An annual wellness assessment conducted by qualified staff of The Pines at Davidson. The assessment is designed to identify opportunities and strategies for achieving and maintaining the highest possible quality of overall well-being.
- Access to recreational, educational, cultural and spiritual life programs. Most recreational offerings are projected to be available without an additional charge. Early Advantage Program residents who desire to participate in outings, trips or other programs that require additional charges may have these costs applied to their residency account.
- Access to Medicare beds with the same priority as on-campus residents who have a contract for continuing care.
- Access to limited in-patient temporary care in The Pines at Davidson skilled nursing facility's non-Medicare beds with the same priority as on-campus residents who have a contract for continuing care. The Pines at Davidson nursing and continuing care staff will assist with admission to and discharge from The Pines at Davidson's licensed facilities, including skilled nursing and assisted living. Early Advantage Program residents are assumed to pay the same per diem rate for non-Medicare temporary stays as on-campus residents, beginning on the day of admission.
- Early Advantage Program residents may use the licensed facilities for recuperation and rehabilitation. Physical, occupational and speech therapy are available on an in-patient or out-patient basis. Some costs for therapy may be covered by Medicare and/or other health insurance, otherwise the EAP resident will be responsible for the charges.
- Complete access to The Pines at Davidson Fitness Center, consultation with wellness staff,

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

a variety of exercise and wellness classes and development of a personal health and fitness plan.

- The Pines at Davidson dining and on-site catering facilities - No monthly fee is projected to be required. Each member is projected to pay only for any room rental fees plus food and alcohol purchased.
- Residents continue to pay the regular Early Acceptance monthly fee plus a charge for three meals per day for the first 14 days of health care services annually.

Early Advantage Fees

The Early Advantage Program Entry Fee: It is projected that the entire amount of the entry fee paid may be applied to the amount of any future entry fee payable to The Pines at Davidson in the event the Early Advantage Program resident elects to physically move to The Pines at Davidson campus.

The Early Advantage Program Monthly Fee: This monthly fee is assumed to cover costs associated with utilization of programs, services, facilities and amenities, support staff and dining. It is projected to not include the cost of any meals.

The following table summarizes the monthly service fees and membership fees for the Early Advantage Program in 2025 dollars, the opening year of the Early Advantage Program.

Table 7
The Early Advantage Program
Fee Schedule (2025 Dollars)

	Advance Fee	Monthly Fee
Early Advantage Member - Per Person	\$ 40,000	\$ 700
Early Advantage Member - Assisted Living		\$ 7,209
		Per Diem
Early Advantage Member - Skilled Nursing		\$ 366

Source: Management

Projected usage of the Early Advantage Program is based upon Management's assumed fill schedule for the program. Management has assumed that the average Early Advantage Program during the Projection Period would be as follows:

Table 8
The Early Advantage Program Projected Utilization

For the Years Ending December 31,	2025	2026	2027	2028	2029
Average Early Advantage Occupant	8	55	105	140	150

Source: Management

Management has not projected inflationary increases on monthly fees or entrance fees for the Early Advantage residents during the Projection Period.

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenue (continued)

Entrance Fee Receipts

Entrance fee receipts and refunds are based on information provided by Management based on historical experience, as well as Management's assumptions relating to occupancy during the Projection Period as well as the Eardly Advantage Program. The following table reflects entrance fees received and refunds paid during the Projection Period, as projected by Management.

Table 9					
Projected Entrance Fee and Deposit Receipts, Net of Refunds					
Independent Living Units					
For the Years Ending December 31,					
	2025	2026	2027	2028	2029
Projected Unit Turnover	24	25	26	27	28
Entrance fee receipts - Early Advantage Program	1,200,000	2,000,000	2,000,000	800,000	-
Entrance fee receipts - turnover	6,625,277	8,337,175	9,531,174	10,977,218	11,671,718
Entrance fee refunds	(364,004)	(401,340)	(427,381)	(462,990)	(496,377)
Net Entrance Fee Receipts	7,461,273	9,935,835	11,103,793	11,314,228	11,175,341

Source: Management

Investment Income

As it relates to unrestricted assets and assets whose use is limited, as well as board designated funds, the investment goals of The Pines are to a) preserve principal and maximize the safety of The Pines investments and b) to minimize interest rate risk, which limits investments to high quality bond portfolios and accounts collateralized by treasury and government agency debt securities, but not equity securities.

Donor restricted funds have slightly different investment goals that emphasize a balance between preserving principal and achieving a higher interest rate and permit investment in equity securities.

Investment income consists of interest earned on available cash, board designated funds, investments, and assets limited as to use. Management has estimated that its annual investment income yield on all investment producing assets would increase from 2.22 percent in 2025 to 3.86 percent by 2029.

Other Revenue Items

Other revenue items include food service income from additional meals, guest meals, etc., and have been projected based on historical experience.

Contributions- Net Assets With Donor Restrictions

Management has projected annual contributions with donor restrictions of approximately \$350,000 annually throughout the Projection Period based on historical experience.

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Expenses

Operating Expenses

Operating expenses have been projected to be recognized during the month incurred. Management has projected operating expenses based upon Management's operating plans for The Pines, as well as historical operations. In general, operating expenses are projected to increase approximately 5 percent for labor, 3.5 percent for dining, and 3 percent for other costs each year of the Projection Period.

Management has projected operating expenses for the Early Advantage Program based upon Management's operating plans and has increased these expenses in part based on inflationary increases as well as increases from increased occupancy levels.

The specific basis for major expense items were formulated by Management and are discussed below.

Salaries and Benefits

Management has projected its salaries and benefits based on its historical experience and based on its anticipated staffing plan and assumptions relating to benefit levels and wages, which have also been based on historical experience. Salaries and benefits are included in the departments that follow.

Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, 403(b) employer contribution expense, incentives and other miscellaneous benefits for the entire facility. These benefit costs are assumed to approximate 25.0% of wages during the Projection Period based on Management's historical experience.

Management has projected that it will operate with approximately 259.6 full time equivalents during the Projection Period.

Administrative

Non-salary related costs of general and administrative include costs for supplies, professional fees, insurance, property taxes, and other miscellaneous costs. The Corporation has projected that it is exempt from property taxes for the land and building used in operating its retirement community, while it does project property taxes on undeveloped land that is not used in operating its retirement community. Management has also projected various voluntary contributions to governmental entities. These costs are included in administrative costs.

Marketing and Development

Non-salary related costs of marketing and development include costs for supplies, marketing collateral, advertising, and other miscellaneous costs.

Dining

Non-salary related costs of dining include costs for raw food and dietary supplies and other such costs and are based on the historical operating experience of Management.

Nursing

Non-salary healthcare costs include the costs of operating the assisted living and nursing units. These non-salary costs include costs for supplies, stock drugs, supplements, medical director and other required

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Expenses

contract fees, and other miscellaneous costs incurred in the provision of healthcare services. The healthcare costs are based upon Management's historical operating experience.

Laundry

Non-salary related costs of laundry services include costs for supplies, chemicals and other miscellaneous costs associated with providing laundry services to residents. Laundry costs are based on Management's historical operating experience.

Housekeeping

Non-salary related costs of housekeeping services include costs for supplies, chemicals and other miscellaneous costs associated with providing housekeeping services to residents. Housekeeping costs are based on Management's historical operating experience.

Facility Services

Non-salary related costs in this department include electricity, water and sewer, gas, sanitation, and cable television. Management assumes that these costs would vary with changes in occupancy levels. In addition, these costs include the costs of maintaining the campus and grounds keeping as well as security costs. Costs are based on Management's historical operating experience.

Resident Services

Non-salary related costs include costs for items such as resident entertainment, functions, transportation, and other such costs and are based on the historical operating experience of Management.

Depreciation

Property and equipment are projected to be depreciated over their estimated useful lives using the straight-line method.

Interest Expense

Interest expense is assumed to be related to the debt service requirements of the existing long-term indebtedness and the amortization of original issue premium and deferred financing costs.

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projected of Other Items

Cash and Cash Equivalents

Cash and cash equivalent balances for the Projection Period are based on the results of the projected consolidated statements of cash flows.

Accounts Receivable

Accounts receivable, net of allowance for non-collectible accounts, are projected based on historical levels.

Interest Receivable

Interest receivable is projected to remain at historical levels throughout the Projection Period.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are projected to approximate historical levels throughout the Projection Period.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are projected based on historical levels.

Interest Payable

Interest payable has been calculated based on interest requirements of outstanding debt.

Cash and Investments Whose Use is Limited

A narrative description of the assets limited as to use follows.

Held by Trustee pursuant to the trust agreements:

Bond Funds — The Bond Funds represent amounts held by the trustee reflecting payments of bond principal and interest made by the Corporation to the trustee relating to the Series 2013 Bonds, Series 2015 Bonds, and Series 2019 Bonds, each further defined hereinafter. The funds held in the Bond Funds will be used by the trustee to make the annual principal payments and the semi-annual or monthly, as applicable, interest payments to the owners of the outstanding bonds when due.

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projected of Other Items (continued)

Operating Reserve — Section 58-64-33 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64-33) (or 25 percent of the total operating costs if such facilities maintain an occupancy level in excess of 90 percent and the North Carolina Commissioner of Insurance so approves) projected for the twelve-month period covered by the most recent annual statement filed with the North Carolina Department of Insurance. Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance.

The following table summarizes Management's projection of the North Carolina statutory operating reserve:

Table 10 Projected Operating Reserve Calculation Occupancy at December 31, Financial Information For the Years Ending December 31,					
	2025	2026	2027	2028	2029
Statutory Operating Reserve Calculation:					
Available Units:					
Independent living units, less guest unit	292.00	292.00	292.00	292.00	292.00
Assisted living units	30.00	30.00	30.00	30.00	30.00
Total Available Units	322.00	322.00	322.00	322.00	322.00
Occupied Units:					
Independent living units, less guest unit	282.00	282.00	282.00	282.00	282.00
Assisted living units	28.70	28.70	28.70	28.70	28.70
Total Occupied Units	310.70	310.70	310.70	310.70	310.70
Occupancy at Year End	96.5%	96.5%	96.5%	96.5%	96.5%
	2025	2026	2027	2028	2029
Operating Expenses	\$ 36,811,411	\$ 38,924,392	\$ 40,797,409	\$ 42,582,889	\$ 44,395,837
Add: Principal Payments	1,430,000	1,470,000	1,515,000	1,560,000	1,605,000
Total Operating Expenses	38,241,411	40,394,392	42,312,409	44,142,889	46,000,837
Less:					
Depreciation & Amortization Expense	(6,141,972)	(6,864,481)	(7,346,313)	(7,680,355)	(7,949,310)
Total Adjusted Expenses	\$ 32,099,439	\$ 33,529,911	\$ 34,966,096	\$ 36,462,534	\$ 38,051,527
Required Reserve	25%	25%	25%	25%	25%
Required Operating Reserve at December 31	\$ 8,024,860	\$ 8,382,478	\$ 8,741,524	\$ 9,115,634	\$ 9,512,882
Source: Management					

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projected of Other Items (continued)

Property and Equipment

Property and equipment balances, net of accumulated depreciation, are projected based on costs of routine property and equipment during the Projection Period, reduced by estimated annual depreciation.

The following table presents capital expenditures during the Projection Period:

Table 11
Capital Expenditures
For the Years Ending December 31,

	2025	2026	2027	2028	2029
Property and Equipment, Beginning	\$ 169,300,693	\$ 174,800,693	\$ 181,800,693	\$ 188,662,954	\$ 195,360,106
Routine Additions	5,500,000	7,000,000	6,862,261	6,697,152	6,817,855
Accumulated Depreciation	(72,576,663)	(79,395,937)	(86,698,287)	(94,335,960)	(102,243,905)
Projected Property and Equipment, Net	\$ 102,224,030	\$ 102,404,756	\$ 101,964,667	\$ 101,024,146	\$ 99,934,056

Source: Management

The following table presents the major categories of property and equipment throughout the Projection Period:

Table 12
Property and Equipment
For the Years Ending December 31,

(In Thousands of Dollars)	2025	2026	2027	2028	2029
Land and Land Improvements	\$ 20,836,293	\$ 20,976,533	\$ 21,142,069	\$ 21,293,073	\$ 21,453,511
Buildings and Building Improvements	128,257,000	134,008,367	139,863,618	145,754,239	149,487,334
Equipment, Furniture and Fixtures	22,531,500	23,639,893	24,481,367	25,136,894	28,061,216
Construction in Process	3,175,900	3,175,900	3,175,900	3,175,900	3,175,900
	174,800,693	181,800,693	188,662,954	195,360,106	202,177,961
Accumulated Depreciation	(72,576,663)	(79,395,937)	(86,698,287)	(94,335,960)	(102,243,905)
Projected Property, Plant, and Equipment, Net	102,224,030	102,404,756	101,964,667	101,024,146	99,934,056

Source: Management

See Accompanying Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projected of Other Items (continued)

Long-Term Debt and Interest Expense

On September 1, 2013, the North Carolina Medical Care Commission issued \$14,645,000 Health Care Facilities Revenue Bonds ("Series 2013 Bonds") for the benefit of the Corporation. The Series 2013 Bonds were issued in order to fund construction of the 24 villa apartments that comprise the Hickory Crest Villas. The Series 2013 Bonds bear interest at a fixed rate of 2.8% through January 1, 2029 and mature on January 1, 2040. Interest on the Series 2013 Bonds is payable semiannually.

During 2015, the Corporation refinanced the previously issued Series 2006 Bonds through the issuance of \$11,125,000 of North Carolina Medical Care Commission Health Care Facilities Refunding Revenue Bonds ("Series 2015 Bonds"). The Series 2015 Bonds bear interest at a fixed rate of 2.87% through maturity with semi-annual interest payments. The Series 2015 Bonds have annual principal payments with a final maturity of January 1, 2030.

During 2019, the Corporation issued par value bond proceeds of \$54,630,000 with a net bond premium of \$2,945,241, which were generated from the issuance of the Series 2019 Bonds ("Series 2019 Bonds"). The Series 2019 Bonds were issued in order to fund construction of a capital expansion.

The Series 2019 Bonds consists of:

Series 2019A Bonds ("Series 2019A Bonds"):

- \$900,000 of tax-exempt fixed rate serial bonds (the "2021-2030 Serial Bonds") issued with varying fixed rates ranging from 3.00% to 3.50%, maturing annually beginning January 1, 2021 and ending January 1, 2030. Interest on the 2021-2030 Serial Bonds is payable January 1 and July 1 beginning July 1, 2019.
- \$4,700,000 of tax-exempt fixed rate term bonds (the "2034 Term Bonds") issued with a fixed interest rate of 5.00%, maturing January 1, 2034. Interest on the 2034 Term Bonds is payable January 1 and July 1 beginning July 1, 2019 and principal is payable pursuant to mandatory annual sinking fund requirements beginning January 1, 2031.
- \$1,325,000 of tax-exempt fixed rate serial bond (the "2035 Serial Bond") issued with a fixed interest rate of 3.625%, maturing January 1, 2035. Interest on the 2035 Serial Bond is payable January 1 and July 1 beginning July 1, 2019.
- \$4,370,000 of tax-exempt fixed rate term bonds (the "2038 Term Bonds") issued with a fixed interest rate of 5.00%, maturing January 1, 2038. Interest on the 2038 Term Bonds is payable January 1 and July 1 beginning July 1, 2019, and principal is payable pursuant to mandatory annual sinking fund requirements beginning January 1, 2036.
- \$5,820,000 of tax-exempt fixed rate term bonds (the "2041 Term Bonds") issued with a fixed interest rate of 4.00%, maturing January 1, 2041. Interest on the 2041 Term Bonds is payable January 1 and July 1 beginning July 1, 2019, and principal is payable pursuant to mandatory annual sinking fund requirements beginning January 1, 2039.
- \$25,610,000 of tax-exempt fixed rate term bonds (the "2049 Term Bonds") issued with a fixed interest rate of 5.00%, maturing January 1, 2049. Interest on the 2049 Term Bonds is payable January 1 and July 1 beginning July 1, 2019, and principal is payable pursuant to mandatory annual sinking fund requirements beginning January 1, 2042.

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Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projected of Other Items (continued)

Projected principal payments on the Corporation's debt are as follows.

Table 13					
Projected Principal Payments (in \$000s) ⁽¹⁾					
Fiscal Year	Series 2013	Series 2015	Series 2019A	Total	
	Bonds	Bonds	Bonds		
2025	\$ 530,000	\$ 815,000	\$ 85,000	\$	1,430,000
2026	545,000	835,000	90,000		1,470,000
2027	560,000	860,000	95,000		1,515,000
2028	575,000	885,000	100,000		1,560,000
2029	590,000	910,000	105,000		1,605,000
2030	605,000	935,000	110,000		1,650,000
2031	625,000	-	1,085,000		1,710,000
2032	640,000	-	1,145,000		1,785,000
2033	660,000	-	1,205,000		1,865,000
2034	660,000	-	1,205,000		1,865,000
Thereafter	4,500,000	-	37,185,000		41,685,000
Totals	\$ 10,490,000	\$ 5,240,000	\$ -	\$ 42,410,000	\$ 58,140,000

Source: Management

Note: (1) This schedule does not include any bond premiums, discounts or issuance costs that have been netted with debt in Management's projected consolidated balance sheets.

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