



# **Disclosure Statement**

**River Landing at Sandy Ridge**

**Provider: The Presbyterian Homes, Inc. dba Brightspire**

**Date of Disclosure Statement: 12/31/2025**

**Last Date for Delivery: 6/08/2027**

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

## Financial Snapshot: Key Ratios for The Presbyterian Homes, Inc.

Fiscal Year Ended: December 31, 2025(FY)

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 <sup>th</sup> % <sup>1</sup>	NC 50 <sup>th</sup> % <sup>1</sup>	NC 75 <sup>th</sup> % <sup>1</sup>
<b>DCOH</b>	<b>DCOH</b>	887	703	725	677	696	—	—	—
<b>CUSH</b>	<b>CUSH</b>	13.15	9.08	8.54	10.64	12.35	—	—	—
<b>OR</b>	<b>OR</b>	94.08%	87.78%	86.99%	90.67%	90.10%	—	—	—
<b>NOM</b>	<b>NOM</b>	5.92%	12.22%	13.01%	9.33%	9.90%	—	—	—
<b>NOM-A</b>	<b>NOM-A</b>	20.67%	47.55%	23.02%	24.74%	25.32%	—	—	—
<b>DSCR</b>	<b>DSCR</b>	1.64	2.46	1.87	1.89	1.98	—	—	—
<b>CD</b>	<b>CD</b>	0.65	0.91	1.05	1.14	1.28	—	—	—
<b>CED</b>	<b>CED</b>	6.66	1.14	1.05	0.71	0.59	—	—	—

### Liquidity Ratios:

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

### Profitability Ratios:

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

### Capital Structure Ratios:

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

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

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

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# 1. Provider Identification and Basic Information

Item	Information
<b>Provider Name:</b>	The Presbyterian Homes, Inc.
<b>Business Address:</b>	5603 New Garden Village Drive, Greensboro, NC 27410
<b>Telephone Number:</b>	336-886-6553
<b>Legal Entity Type:</b>	Nonprofit corporation organized under the laws of North Carolina
<b>For-Profit / Nonprofit Status:</b>	Nonprofit
<b>Federal Tax Status:</b>	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
<b>Ownership Type:</b>	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
<b>Tax Filing Status:</b>	Current on all required federal and state tax filings
<b>Ownership / Control:</b>	River Landing at Sandy Ridge is an operating division of The Presbyterian Homes, Inc., doing business as Brightspire. Kintura—formed through the merger of the Brightspire and Well-Spring organizations—serves as the controlling corporate parent of each Kintura life plan community, including River Landing at Sandy Ridge.

# 2. Organizational Structure

## 2.1 Multi-Entity Organization Status

The Presbyterian Homes, Inc. dba Brightspire (formerly The Presbyterian Home, Inc. and The Presbyterian Home for the Aged, Inc.), located at 5603 New Garden Village Drive, Greensboro, NC 27410, was incorporated as a not-for-profit corporation on December 17, 1946, and began operation in January 1952. On August 16, 1984, the charter was amended to create a corporate umbrella to oversee operation of Presbyterian continuing care retirement communities throughout North Carolina. The community in Colfax is named River Landing at Sandy Ridge and is designated as an operating division of The Presbyterian Homes, Inc. dba Brightspire.

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

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

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

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

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

## **2.2 Consolidation of Financial Statements**

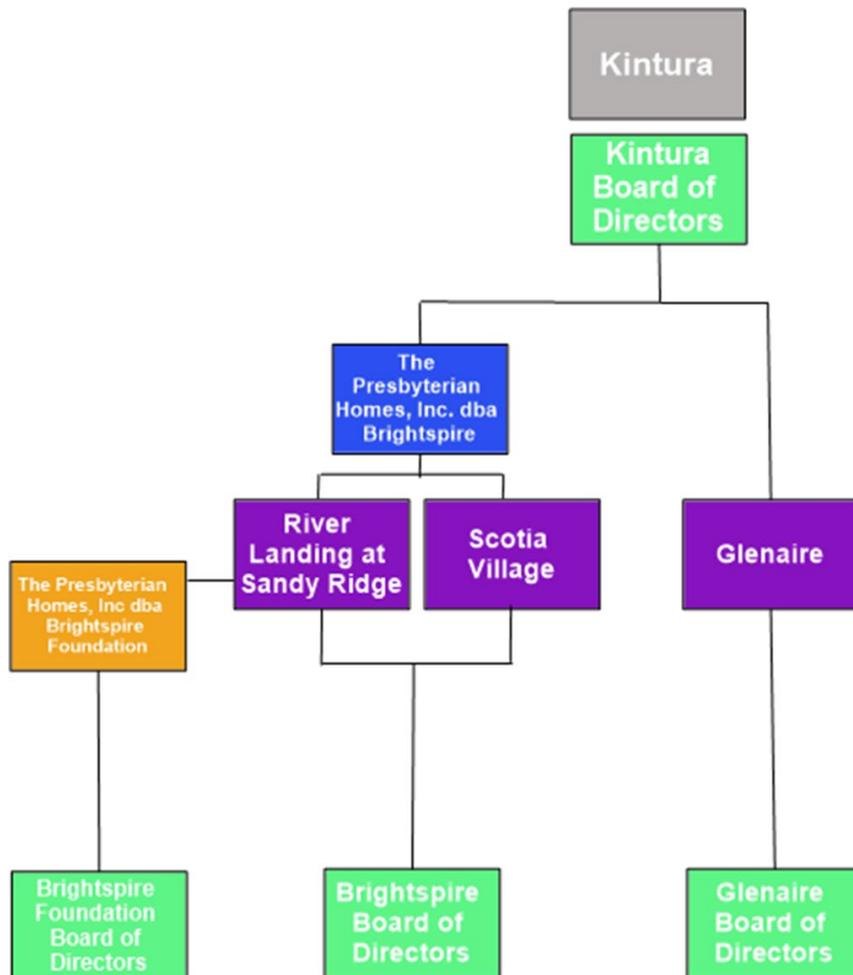
The Presbyterian Homes, Inc. dba Brightspire, along with other members of the obligated group, have changed from September 30<sup>th</sup> fiscal year end to December 31<sup>st</sup> fiscal year end. The consolidated financial statements of The Presbyterian Homes, Inc., for the fiscal year ended December 31, 2025 included in this disclosure statement are unaudited. The statements include a statement of operations and cash flow for the fifteen months from October 1, 2024 to December 31, 2025 and balance sheet as of December 31, 2025. Unaudited financial statements are prepared on a consolidated basis for the obligated group, The Presbyterian Homes, Inc. dba Brightspire, which includes River Landing at Sandy Ridge. An audit for fiscal year ended December 31, 2025 is underway by Bernard Robinson & Company, L.L.P. (Greensboro, NC). The disclosure statement will be updated and refiled with the audited financial statements when they are available.

## 2.3 Controlling Person

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

## 2.4 Company Structure Chart

The organizational structure of Kintura, The Presbyterian Homes, Inc. dba Brightspire, River Landing at Sandy Ridge and its related entities is illustrated below:



#### **Accessible Text Equivalent:**

- **Board of Directors** - The Presbyterian Homes, Inc. is governed by a Board of Directors, which serves as the organization's governing body and holds ultimate responsibility for oversight of operations, financial condition, and resident welfare. Kintura and its communities operate under a boards-in-common governance model.
- **Kintura** - not-for-profit corporation, that is the controlling corporate parent of each Kintura life plan community, including River Landing at Sandy Ridge
- **The Presbyterian Homes, Inc.** -provider of continuing care contracts; operator of **River Landing at Sandy Ridge** Retirement Community (Colfax, NC); The Presbyterian Homes, Inc. dba Brightspire (formerly The Presbyterian Home, Inc. and The Presbyterian Home for the Aged, Inc.) is a corporate umbrella organization to oversee operation of continuing care retirement communities throughout North Carolina.

### **3. Key Persons and Management**

#### **Definitions (for purposes of this Section):**

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

### 3.1 Senior Officers of The Presbyterian Homes, Inc. and Kintura

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

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

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

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

### 3.2 Community Management – River Landing at Sandy Ridge

Name / Role	Education	Experience	Length of Service
<b>Thomas “Tom” Smith– Executive Director</b>	University of Baltimore, Licensed Nursing Home Administrator	Started as Associate Director at RLSR in October 2002, became Executive Director in December 2002; prior to RLSR was Associate Director of Carriage Club of Charlotte and has over 30 years of experience in the long-term care industry	23 years
<b>Lisa Waite – Associate Director</b>	BSW, University of Wisconsin – Eau Claire	Started as Director of Resident Services at The Presbyterian Home of High Point in 1999 and transitioned to Director of Resident Services at RLSR in 2008, promoted to Associate Director in August of 2016; prior to affiliation to RLSR, served as Director of Social Services at American Lutheran Homes in Mondovi, Wisconsin and has over 30 years of experience in the long-term care industry.	27 years
<b>Megan Brown– Health Care Administrator</b>	CNA, RN, Licensed Nursing Home Administrator	Prior to RLSR, worked at Sava Senior Care for 11 years as Licensed Nursing Home Administrator and East Division Reimbursement & Clinical Consultant; has 24 years of Long-term care industry experience.	5 years

**Business Address:** 1575 John Knox Drive, Colfax, NC 27235

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

### 3.3 Board of Directors — The Presbyterian Homes, Inc. And Kintura (Board in Common Governance Model)

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

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

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

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

### **3.4 Management Entity**

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

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

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

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

## **4. Governing Body and Oversight**

### **4.1 Provider Governing Body**

River Landing at Sandy Ridge is a Kintura life plan community. Kintura serves as River Landing at Sandy Ridge's controlling corporate parent and sole member and appoints its Board of Directors.

River Landing at Sandy Ridge operates under The Presbyterian Homes, Inc., doing business as Brightspire, and follows Kintura's Board Member-in-common governance model. Under this structure, members of the Kintura Board also serve simultaneously on the Brightspire Board.

The Brightspire Board consists of 15 members, including two resident representatives, and retains decision-making authority for the community. A Kintura-appointed Board of Advisors, composed of resident representatives from each Kintura community, provides additional insight and feedback to help inform Kintura's decision-making.

The Board's primary duties include:

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

#### **4.1.1 Selection of Members**

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

#### **4.1.2 Oversight of Management and Operations**

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

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

#### **4.1.3 Committees**

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

- **Executive Committee:** The Executive Committee acts as an advisor to the CEO, provides guidance on Board agendas and presentations, and acts on behalf of the Board as circumstances require. The Committee receives confidential information related to personnel matters, risk management, strategic initiatives (including affiliations, acquisitions, and partnerships), and provides input or takes action as appropriate. All actions of the Executive Committee are reported to the full Board, and minutes of its meetings are maintained as part of the corporation's official records.

- **Finance Committee:** The Finance Committee oversees River Landing at Sandy Ridge's overall financial health and monitors compliance with board-approved financial policies. It develops and recommends policies limiting executive authority in financial matters and reviews and recommends annual operating and capital budgets. The committee also recommends policies governing investment of resources, budget planning parameters, and corporate financial performance targets, and establishes parameters for insurance coverage. Working with the President and Chief Executive Officer (or designated staff), the Finance Committee annually reviews Form 990 and submits a recommendation for approval to the full governing board prior to IRS submission. The committee oversees short- and long-term investment performance, recommends investment parameters, and periodically reviews administrative policies related to charitable contribution requests. It also recommends revisions to existing financial management policies or the development of new policies, reports on financial irregularities, concerns, or opportunities to the board, and as needed, reviews and recommends any issuance of debt.
- **Nominating Committee:** The Nominating Committee shall nominate candidates to the Board of Directors for election at each annual meeting, to fill vacancies among elected Directors, and to serve as officers of the corporation. The committee shall also review the Chairperson's proposed slate of committee members and committee chairs (excluding the Nominating Committee) and make recommendations to the Board of Directors. In addition, the Nominating Committee shall evaluate the effectiveness of the corporation's governance structure and Board performance, identify and cultivate qualified leadership candidates, and assess and support the ongoing education needs of the Board of Directors in collaboration with management.
- **Audit & Compliance Committee:** The Audit and Compliance Committee assists the Board of Directors in overseeing audit, compliance, and ethics matters, including compliance with applicable laws and regulations governing long-term health care operations. The Committee recommends the independent audit firm, reviews annual audit reports, and reports financial irregularities to the Board. It oversees the effectiveness of River Landing at Sandy Ridge's compliance and ethics program, including regulatory compliance, risk identification and mitigation, and quality-of-care standards, and periodically reviews and recommends updates to the Code of Conduct. The Committee monitors significant compliance risks and violations, evaluates regulatory and enforcement trends, and may conduct or authorize investigations within its scope. It meets at least quarterly with the Compliance Official, may request reports from management or others, maintains meeting minutes, and reports regularly to the Board.

## **4.2 Controlling Person Governing Body**

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

## **5. Related Parties**

Kintura serves as The Presbyterian Homes Inc.'s controlling corporate parent company. The Presbyterian Homes, Inc. dba Brightspire (formerly The Presbyterian Homes, Inc. and The Presbyterian Home for the Aged, Inc.) is a corporate umbrella organization to oversee operation of The Presbyterian continuing care retirement communities throughout North Carolina. Relationship explained more in Section 2.1.

## **6. Relationships with Religious, Charitable, or Other Organizations**

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

## **7. Other Persons Responsible for Provider Obligations**

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

## **8. Obligated Groups**

The Presbyterian Homes, Inc., dba Brightspire is jointly obligated for the indebtedness of the Scotia Village, River Landing at Sandy Ridge and Glenaire life plan communities, within the Kintura organization. These obligations are shown throughout the financial statements.

## **9. Debt Covenants and Compliance**

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

## **10. Third-Party Management**

The Presbyterian Homes, Inc. does not contract any third-party management.

## **11. Leases of Real Property**

The Presbyterian Homes, Inc. does not lease any of the real property that makes up the River Landing at Sandy Ridge campus.

## **12. Endowment Funds**

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

## **13. Description and Location of Property**

River Landing at Sandy Ridge is located at 1575 John Knox Drive Colfax, NC 27235, in the heart of North Carolina's triad region. The site is comprised of 245 acres. A variety of community amenities are offered to its residents and guests including its regulation 9-hole golf course, walking trails, fitness center with a pool, art studio, six dining venues and more. River Landing at Sandy Ridge provides an abundance of personal services that are tailored to a quality lifestyle.

## **14. Number of Living Units**

As of December 31, 2025, the community comprises 354 independent living accommodations, 56 assisted living units, and 60 skilled nursing beds.

## **15. Continuing Care at Home Program**

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

## 16. Resident Population

As of December 31, 2025, the census at River Landing was:

- 533 residents in independent living
- 52 residents in assisted living
- 57 residents in skilled living

## 17. Occupancy Rates

The 12-month daily average occupancy rates for the River Landing at Sandy Ridge Campus for the past five fiscal years were as follows:

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

<b>Fiscal Year-End</b>	<b>Independent Living (%)</b>	<b>Assisted Living (%)</b>	<b>Skilled Nursing (%)</b>
12/31/2025	98.59%	92.86%	88.33%
12/31/2024	96.89%	98.21%	95.00%
12/31/2023	98.31%	92.86%	93.33%
12/31/2022	95.76%	91.07%	90.00%
12/31/2021	98.31%	94.64%	63.33%

## 18. Semiannual Resident Meetings

River Landing at Sandy Ridge holds meetings with residents semi-annually.

### Most Recent Meeting Dates

- October 14, 2025
- July 16, 2025

## **19. Resident Property Rights**

Residents do not hold ownership or property rights in the real estate of River Landing at Sandy Ridge. The Presbyterian Homes, Inc. retains full ownership and control of the property.

## **20. Services Provided**

River Landing at Sandy Ridge offers services under a continuing care contract. The following disclosures describe the services included in the contract, as well as those available for additional charge.

### **20.1 Health Care Services**

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

### **20.2 Continuing Care Contracts (CCRC)**

River Landing at Sandy Ridge residents receive the following services as part of their monthly fees, with additional services available at an extra charge.

#### **20.2.1 Standard Services Available**

Services provided by River Landing at Sandy Ridge and included in the monthly fees are as follows:

- Living accommodations
- A monthly meal allowance of \$400 for residents living in the apartments and \$325 for residents living outside the main building
- Utilities (excluding residences outside the main building)
- Laundry services
- Weekly housekeeping services
- Basic maintenance and repairs
- Groundskeeping
- Parking
- Access to common areas
- Transportation

- Activities
- Health Services: See Section 20.1.

### **20.2.2 Services Available at Additional Charge**

Residents will be expected to pay for physicians, medical/surgical specialists and practitioners, hospital costs, all drugs and special treatments that cannot be provided by the Health Care community. Other services available at extra charge include:

- Telephone installation charge and the cost of telephone services
- Extra meals (outside of monthly meal allowance)
- Beauty and barber services
- Transportation for special personal or group trips (an additional charge may apply)

### **20.3 Delivery of Services**

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

## **21. Resident Fees**

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

### 21.1.1 CCRC Contracts ((Residence & Care Agreement)

CCRC contracts represent the Residence & Care Agreement for residents who live at River Landing at Sandy Ridge.

**Table 21.1: Current Monthly Fees for River Landing at Sandy Ridge**

Unit Type	Single Occupant	Double Occupant
IL – Heritage, One Bedroom	\$3,979	\$5,709
IL – Players I & II, Two Bedroom	\$4,892	\$6,622
IL – Classic I & II, Three Bedroom	\$5,202	\$6,932
IL – Legends, Three Bedroom Deluxe	\$5,857	\$7,587
IL – Masters, Three Bedroom Deluxe	\$5,857	\$7,587
IL – Berg, Two Bedroom	\$5,287	\$7,017
IL – Lopez, Two Bedroom	\$5,357	\$7,087
IL – Trevino, Two Bedroom, with den	\$5,429	\$7,159
IL – Ballesteros, Three Bedroom	\$6,030	\$7,760
IL – Jones, Two Bedroom Townhome	\$4,920	\$6,650
IL – Hogan, Three Bedroom Townhome	\$5,255	\$6,985
IL – Snead, Two Bedroom Villa	\$4,989	\$6,719
IL – Nelson, Three Bedroom Villa	\$5,321	\$7,051
IL – Palmer I & II, Two Bedroom	\$5,121	\$6,851
IL – Nicklaus I & II, Three Bedroom	\$5,385	\$7,115
IL – Mickelson, Two Bedroom	\$5,386	\$7,116
IL – Crenshaw, Three Bedroom	\$5,526	\$7,256
AL – Muirfield, Studio	\$6,624	N/A
AL – Muirfield, 1 Bedroom	\$8,136	N/A
SL – St. Andrews Memory Care, Private Room	\$10,492	N/A
SL – Pebble Beach, Semi-Private Room	\$425/day	N/A
SL – Pebble Beach, Private Room	\$452/day	N/A
SL – Pebble Beach, Private Room Deluxe	\$502/day	N/A
SL – Winged Foot, Skilled/Rehab, Private Room	\$552/day	N/A

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

**Table 21.3: Historical Increases in Monthly Fees**

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2026	4.25%	\$218	Annual
9/30/2025	4.70%	\$217	Annual
9/30/2024	6.00%	\$263	Annual
9/30/2023	7.30%	\$298	Annual
9/30/2022	4.00%	\$155	Annual

**Table 21.4: Current Entrance Fees for River Landing at Sandy Ridge**

Unit Type	Entrance Fee
IL – Heritage, One Bedroom	\$165,000
IL – Players I & II, Two Bedroom	\$231,000
IL – Classic I & II, Three Bedroom	\$338,000
IL – Legends, Three Bedroom Deluxe	\$443,000
IL – Masters, Three Bedroom Deluxe	\$473,000
IL – Berg, Two Bedroom	\$427,000
IL – Lopez, Two Bedroom	\$469,000
IL – Trevino, Two Bedroom, with den	\$507,000
IL – Ballesteros, Three Bedroom	\$578,000
IL – Jones, Two Bedroom Townhome	\$298,000
IL – Hogan, Three Bedroom Townhome	\$400,000
IL – Snead, Two Bedroom Villa	\$324,000
IL – Nelson, Three Bedroom Villa	\$429,000
IL – Palmer I & II, Two Bedroom	\$389,000

Unit Type	Entrance Fee
IL – Nicklaus I & II, Three Bedroom	\$540,000
IL – Mickelson, Two Bedroom	\$524,000
IL – Crenshaw, Three Bedroom	\$638,000
AL – Muirfield, Studio	\$20,000
AL – Muirfield, 1 Bedroom	\$25,000
SL – St. Andrews Memory Care, Private Room	\$15,000
SL – Pebble Beach, Semi-Private Room	\$15,000
SL – Pebble Beach, Private Room	\$15,000
SL – Pebble Beach, Private Room Deluxe	\$15,000
SL – Winged Foot, Skilled/Rehab, Private Room	\$15,000

Refundability terms are disclosed in Section 22.

**Table 21.4: Historical Increases in Entrance Fees**

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2026	8.00%	\$31,353	Annual
12/31/2025	7.00%	\$25,706	Annual
12/31/2024	4.90%	\$17,176	Annual
12/31/2023	7.80%	\$25,118	Annual
12/31/2022	3.80%	\$11,706	Annual

## 21.2 Household Composition Changes

In the event if after paying the entrance fee but before moving in, the resident (or the resident’s spouse or roommate) dies, becomes unable to move in due to illness or incapacity, or is later found not to qualify for admission, the contract will automatically be canceled. Any eligible refund will be issued within sixty (60) days of termination.

If two current residents marry, they may choose to live in either residence but must give up the other unit. No refund will be provided for the surrendered unit. They will pay the applicable double-occupancy monthly rate for the unit they share.

If a resident marries someone who is not a current resident, the spouse may apply for residency. The spouse must meet all current admission requirements, sign the current Residence and Care Agreement, and pay an entrance fee set by River Landing at Sandy Ridge (not to exceed two-thirds of the current entrance fee for the selected unit).

If the spouse does not qualify for admission, the resident may choose to terminate the agreement.

### **21.3 Transfer Fees and Resale Fees**

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

## **22. Refundable Entrance Fees**

### **22.1 Conditions for Refunds**

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

After the first thirty days a River Landing at Sandy Ridge resident shall receive a refund of the Entrance Fee paid to River Landing at Sandy Ridge depending on the entrance fee option selected:

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

## 22.2 Refund Obligations as of December 31, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	12	\$3,735,180
Refunds currently due (including amounts 30+ days past due)	0	\$0
Resident now in non-independent living unit – unit not resold	0	\$0
Resident now in non-independent living unit – unit resold	0	\$0

As of December 31, 2025, River Landing at Sandy Ridge had \$16,460,274 in total contractual refund obligations on non-refundable contracts in the event of move-out, death, or a termination.

## 23. Policies for Residents in Financial Hardship

### 23.1 Policies for Residents Unable to Pay

It is the policy of River Landing at Sandy Ridge not to terminate the Residence & Care Agreement solely because a resident is unable to pay the monthly or other required charges due to circumstances beyond the resident's control. However, this policy does not limit River Landing at Sandy Ridge's right to terminate the Agreement in accordance with its terms.

If a resident presents facts that, in the opinion of River Landing at Sandy Ridge, justify special financial consideration, River Landing at Sandy Ridge may consider subsidizing all or part of the resident's monthly or other charges, provided doing so does not impair its ability to operate on a sound financial basis. Any financial assistance is granted at the sole discretion of River Landing at Sandy Ridge and will be outlined in a separate agreement.

At River Landing at Sandy Ridge's request, the resident agrees to apply for Medicaid, public assistance, or any other reasonably available public benefit program to help offset monthly or other charges payable under this Agreement.

## **23.2 Sources of Financial Support**

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

## **23.3 Conditions or Limitations**

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

## **23.4 Narrative**

In 2025, The Presbyterian Homes, Inc. distributed \$1,728,560 in benevolent care support to River Landing at Sandy Ridge Community residents.

## **24. Contract Cancellation and Refund Policies**

### **24.1 Provider-Initiated Cancellation**

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

- A material misrepresentation or omission by the resident in the Application for Admission, Personal Health History, or Confidential Financial Statement
- A material change in the resident's health prior to occupancy (Admission Date)
- Failure to pay any fees or charges due to River Landing at Sandy Ridge within sixty (60) days of the due date
- Failure to comply with rules and regulations adopted by PHI, as determined by PHI
- Breach of any other terms and conditions of this Agreement
- If the Agreement is terminated for any of the reasons listed above, the resident may be entitled to a partial refund of the Entrance Fee, determined and paid in accordance with the provisions outlined above.

### **24.2 Resident-Initiated Cancellation**

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

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

### **24.3 Refunds Upon Cancellation**

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

## **24.4 Refunds Upon Death**

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

## **25. Re-occupancy of Vacated Living Units**

A living unit at River Landing at Sandy Ridge is considered vacated for re-occupancy only after one of the following:

- Death of the resident
- Voluntary termination with notice
- Termination by River Landing at Sandy Ridge
- Permanent transfer to Health Center with surrender of unit

Until termination, the resident still holds occupancy rights.

### **25.1 Temporary Absences**

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

### **25.2 Refunds**

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

## **26. Resident Relocation to Another Living Unit**

Residents of River Landing at Sandy Ridge may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

### **26.1 Resident Needs**

- **Health-Related Transfer:** When a resident's medical condition requires a move to a more supportive level of care, such as assisted living or skilled nursing.

- **Safety and Accessibility:** When the current living unit no longer meets the resident's safety or accessibility needs (for example, due to mobility limitations or inability to safely navigate stairs).

## **26.2 Provider Needs**

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

## **26.3 Process**

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

## **26.4 Financial Obligations**

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

## **27. Health and Financial Admission / Continuation Standards**

### **27.1 Admission Requirements**

Admission to River Landing at Sandy Ridge is subject to both health and financial screening at the time of application.

#### **27.1.1 CCRC Contracts (Residence & Care Agreement)**

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

### **27.2 Continuation Requirements**

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

### **27.3 Changes in Condition Before Occupancy or Commencement of Services**

- In the event, after payment of entrance fee and before occupancy by resident, the resident or resident's spouse or roommate should die, or if, on account of illness, injury, or incapacity, a resident would be precluded from occupying a living unit in the community under the terms of the contract for continuing care, or if it is determined that the resident no longer qualifies for admission to River Landing at

Sandy Ridge after execution of such contract, the contract is “automatically cancelled.” Any refund due shall be paid within sixty (60) days of termination.

## **28. Age and Insurance Requirements for Admission**

### **28.1 Age Requirements**

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

### **28.2 Insurance Requirements**

Applicants for CCRC contracts must:

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

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

### **28.3 Special Conditions**

- None

## **29. Reserve Funding and Refund Security**

### **29.1 Cash and Investments**

As of December 31, 2025, The Presbyterian Homes, Inc. held \$185,229,000 in unrestricted cash and investments.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 725 days, representing approximately twenty-four months of projected operating expenses without new revenues.

## 29.2 Investment Management and Oversight

- **Oversight Body:** Finance Committee of the Board of Directors
- **Day-to-Day Management:** Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO) and Executive Director (ED)
- **Experience:** Management has over 171 combined years of experience in senior living. CEO and CFO have combined over 60 years of experience as CPA.
- **Policy and Controls:** Investments are managed under a Board-approved policy. The policy recognizes that the strategic allocations of Portfolios assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability. Diversification across and within asset classes is the primary means by which the Committee expects the Portfolios to avoid undue risks of large losses over long time periods. To protect the Portfolios against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations.

## 29.3 Statutory Operating Reserve Requirement

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

**Table 29.3.1: Statutory Operating Reserve Calculation (as of December 31, 2025)**

Component	Amount
Total projected operating expenses	\$123,132
Add: Debt service (principal and interest)	\$10,543
Less: Depreciation and amortization	(\$21,566)
Less: Debt Service provided	(3,826)
Less: Commissioner approved extraordinary items (Foundation operating expenses of \$54,000 have been deducted from the total	(54)

Component	Amount
operating expenses because the communities are not liable for these)	
<b>Projected operating costs</b>	<b>\$108,229</b>
Applicable reserve percentage based on occupancy	25%
<b>Required operating reserve</b>	<b>\$27,058</b>

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

## 29.4 Refund Security (Entrance Fee Refunds)

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

- \$158,171,000 of unrestricted liquidity above the statutory operating reserve.

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

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

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

Category	Amount	Notes
Total unrestricted cash & investments	\$185,229,000	All liquid balances (cash and investments)
Less: Required operating reserve	(\$27,058,000)	Must be maintained; release requires regulatory approval
<b>Excess unrestricted cash and investments above operating reserve and board designated refund reserve</b>	<b>\$158,171,000</b>	Available for operations and refund needs (outside of designated reserves)

## 30. Expansion or Renovation Plans

River Landing at Sandy Ridge does not have any current plans to expand or renovate its campus in 2026.

### **31. Audit Opinion and Timeliness**

Presbyterian Homes, Inc., along with other members of the obligated group, including River Landing at Sandy Ridge, have changed from September 30<sup>th</sup> fiscal year end to December 31<sup>st</sup> fiscal year end. The consolidated financial statements of Presbyterian Homes, Inc., for the fiscal year ended December 31, 2025 included in this disclosure statement are unaudited. The statements include a statement of operations and cash flow for the fifteen months from October 1, 2024, to December 31, 2025, and balance sheet as of December 31, 2025.

An audit for fiscal year ended December 31, 2025, is underway by Bernard Robinson & Company, L.L.P. (Greensboro, NC). The disclosure statement will be updated and refiled with the audited financial statements when those are available.

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

### **32. Unaudited Financial Statements**

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

### **33. Five-Year Prospective Financial Statements**

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

### **34. Explanation of Variances from Projections**

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

The Presbyterian Homes, Inc., along with other members of the obligated group have changed from a September 30 fiscal year end to December 31 fiscal year end. The consolidated financial statements of The Presbyterian Homes, Inc., for the fiscal year ended December 31, 2025, included in this disclosure statement are unaudited. The fiscal

year ending December 31, 2025 is for the fifteen months from October 1, 2024 to December 31, 2025. These results are compared below to the projected fiscal year ending September 30, 2025 which was for the twelve months from October 1, 2024 to September 30, 2025.

The following material variances were identified:

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

<b>Category</b>	<b>Projected Amount (in millions)</b>	<b>Actual Amount (in millions)</b>	<b>Variance (in millions)</b>	<b>Explanation +/- 2 million</b>
Property and equipment, net	25.3	27.9	2.6	Renovation of dining and administrative areas occurred faster than projected
Assets without donor restrictions	21.4	24.3	2.9	Greater than projected income due to 15 month period vs. 12 month period as well as investment income.
Resident fees	14.9	19	4.1	Greater than projected income due to 15 month period vs. 12 month period. 15 months annualized is in line with projection. Services fees for all levels of care were separated out in forecast and combined in the audit.
Other	0	2.1	2.1	Support from Foundation for renovation of dining and administrative areas
Purchase of property and equipment	0.8	3.7	2.9	Renovation of dining and administrative areas occurred faster than projected

## 35. Key Financial Metrics

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

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

**Full statutory text of definitions is provided in Appendix D.**

### 35.1 Liquidity Ratios

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

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

**Table 35.1: Liquidity Ratios – Community Only**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	772	974	1001	911	908	948
CUSH	6.48	8.11	7.33	9.04	9.60	22.37

#### Narrative – Community Only:

DCOH increased from 772 in FY-2 and remains in the 900-1000 range. CUSH varies year to year due to entry fee collections, renovation/construction projects and debt structure.

**Table 35.1A: Liquidity Ratios – Obligated Group**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	887	703	725	677	696	704
CUSH	13.15	9.08	8.54	10.64	12.35	13.92

#### Narrative – Obligated Group:

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

## 35.2 Profitability Ratios

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

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

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

**Table 35.2: Profitability Ratios – Community Only**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	82.21%	74.42%	81.13%	85.62%	85.09%	84.94%
NOM	17.79%	25.58%	18.87%	14.38%	14.91%	15.06%
NOM-A	31.38%	34.99%	29.95%	30.24%	30.79%	31.04%

### Narrative – Community Only:

OR remains in the 75-85% range for the six-year period. NOM is strong due to strong occupancy and expense control. NOM-A varies year-to-year based on entry fee collection.

**Table 35.2A: Profitability Ratios – Obligated Group**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	94.08%	87.78%	86.99%	90.67%	90.10%	89.84%
NOM	5.92%	12.22%	13.01%	9.33%	9.90%	10.16%
NOM-A	20.67%	47.55%	23.02%	24.74%	25.32%	25.63%

### Narrative – Obligated Group:

OR improved from 94.08% in FY-2 to 86.99% in FY, stabilizing around 90% in later years. NOM strengthened to 13.01% by FY, then remained near 10% thereafter. NOM-A spiked in FY-1, due to entry fee collection, normalizing thereafter.

## 35.3 Capital Structure Ratios

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

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

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

**Table 35.3: Capital Structure Ratios – Community Only**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	1.30	1.79	2.19	2.07	2.16	2.25
CD	0.84	1.15	1.48	1.69	2.01	2.31
CED	0.55	0.76	0.84	1.20	1.11	1.27

**Narrative – Community Only:**

DSCR varies based on entry fee collection and debt structure. CD remains strong and increases due to entry fee collection and debt structure. CED reflects reinvestment in property, plant & equipment on the campus.

**Table 35.3A: Capital Structure Ratios – Obligated Group**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	1.64	2.46	1.87	1.89	1.98	2.10
CD	0.65	0.91	1.05	1.14	1.28	1.41
CED	6.66	1.14	1.05	0.71	0.59	0.62

**Narrative – Obligated Group:**

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

**35.4 Overall Summary**

Both the community, River Landing at Sandy Ridge, and the obligated group, The Presbyterian Homes, Inc., show solid liquidity and profitability, with performance that compares well to industry benchmarks. Their capital structure is also strong, positioning them well to take on additional debt in the future if needed.

**36. Actuarial Opinion and Balance**

River Landing at Sandy Ridge has never had an actuarial report completed.

## **37. Most Recent Examination Report**

The North Carolina Department of Insurance has not conducted an examination of The Presbyterian Homes, Inc. or River Landing at Sandy Ridge pursuant to Article 64A of the North Carolina General Statutes.

## **38. Other Material Information**

Management has reviewed whether any additional facts, circumstances, risks, or events could reasonably be expected to influence a prospective or current resident's decision to enter into a contract with The Presbyterian Homes, Inc. or its divisions, including River Landing at Sandy Ridge. Other than the information disclosed in prior sections of this Disclosure Statement, management has determined that there is no additional material information requiring disclosure at this time.

## **39. Continuing Care Contract**

River Landing at Sandy Ridge only offers one continuing care contract, known as the Residence and Care Agreement, attached hereto as Appendix C.

### **39.1 Continuing Care Contracts**

River Landing at Sandy Ridge offers one continuing care contract, known as the Residence and Care Agreement. The contract offers the following recission of the Residence and Care Agreement:

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

## **40. Appendix Index**

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

40.1 Appendix A – Unaudited Financial Statements

40.2 Appendix B – Five-Year Prospective Financial Statements

40.3 Appendix C – Representative Continuing Care Contract

40.4 Appendix D – Statutory Ratio and Supporting Definitions

## 40.1 Appendix A – Unaudited Financial Statements

THE PRESBYTERIAN HOMES, INC.  
dba BRIGHTSPIRE

COMBINED FINANCIAL STATEMENTS

FIFTEEN MONTH PERIOD ENDED DECEMBER 31, 2025

UNAUDITED

**THE PRESBYTERIAN HOMES, INC DBA BRIGHTSPIRE**  
**Combined Statements of Financial Position**  
**December 31, 2025**

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<u>Assets</u>	<u>2025</u>
Current Assets:	
Cash and cash equivalents	\$ 11,600,021
Assets limited as to use, required for current liabilities	1,831,462
Accounts receivable, net of allowance for doubtful accounts of <b>\$653,169</b>	<b>2,793,726</b>
Other receivables	1,069,541
Unconditional promises to give, net	100,000
Other	2,207,215
Total current assets	<u>19,601,965</u>
Assets limited as to use, net of amount required for current liabilities:	
Under bond agreement	3,137
Reserves required by state statute	27,058,000
By donors for permanent endowment funds	5,573,627
Residents' cash deposits	20,093
	<u>32,654,857</u>
Investments and other assets:	
Investments	152,145,587
Other assets	68,536
Interest rate swap agreement	963,554
	<u>153,177,677</u>
Property and Equipment:	
Land, buildings and equipment	566,530,970
Construction-in-progress	19,898,672
	<u>586,429,642</u>
Less accumulated depreciation	171,209,426
	<u>415,220,216</u>
Total assets	<u><u>\$ 620,654,715</u></u>

**THE PRESBYTERIAN HOMES, INC DBA BRIGHTSPIRE**  
**Combined Statements of Financial Position (Continued)**  
**December 31, 2025**

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<u>Liabilities and Net Assets</u>	
	<u>2025</u>
Current Liabilities:	
Current maturities of long-term debt	\$ 10,445,731
Accounts payable	1,587,198
Accrued payroll and related expenses	4,016,115
Accrued interest	1,460,173
Other accrued expenses	619,525
Estimated refundable entrance fees	1,613,393
Total current liabilities	<u>19,742,135</u>
 Long-term debt, less current maturities and unamortized deferred financing costs	 <u>165,737,178</u>
 Deferred revenue and other liabilities:	
Deferred revenue from entrance fees - nonrefundable	80,112,974
Deferred revenue from entrance fees - refundable	65,260,050
Refundable entrance fees	17,636,531
Admission deposits	4,928,749
Other accrued expenses	1,532,100
Residents' cash deposits	20,094
	<u>169,490,498</u>
 Total liabilities	 <u>354,969,811</u>
 Net Assets:	
Assets without donor restrictions	260,111,277
Assets with donor restrictions	5,573,627
Total net assets	<u>265,684,904</u>
  Total liabilities and net assets	  <u>\$ 620,654,715</u>

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

	<u>2025</u>
Changes in net assets without donor restrictions:	
Operating revenues:	
Resident fees	\$ 116,362,325
Amortization of entrance fees	27,109,156
Food service income	1,004,994
Reimbursed medical	3,585,775
Golf course revenue	140,427
Management fee	-
Contributions	2,729,303
Investment income, net	16,669,464
Net assets released from restrictions	-
Other	446,469
Total operating revenues	<u>168,047,913</u>
Operating expenses:	
Routine services	29,791,923
Special services	2,541,618
Dining services	22,808,090
Environmental services	6,592,584
Maintenance	13,190,715
Project and development	-
Marketing	1,890,351
Administrative	24,196,805
Depreciation and other charges	20,085,228
Bond and note interest, and amortization	8,523,596
Purchased medical services	3,789,652
Golf course and grounds expense	1,696,953
Miscellaneous, net	1,603,675
Total operating expenses	<u>136,711,190</u>
Increase in net assets without donor restrictions from operations	<u>31,336,723</u>
Nonoperating gains (losses):	
Net unrealized appreciation of investments	2,189,895
Change in fair value of interest rate swap agreement	(299,116)
Capital contribution to Kintura	(1,500,000)
Gain (Loss) on disposal of property and equipment	-
Total nonoperating gains	<u>390,779</u>
Change in net assets without donor restrictions	<u>\$ 31,727,502</u>

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

	<u>2025</u>
Changes in net assets with donor restrictions:	
Contributions	\$ -
Contributions in perpetual endowment	-
Net unrealized appreciation of investments	-
Net realized investment income	-
Net assets released from restrictions	-
Increase in net assets with donor restrictions	<u>-</u>
Changes in net assets	<b>31,727,502</b>
Net assets, beginning	<u>233,957,402</u>
Net assets, ending	<u><b>\$ 265,684,904</b></u>

**THE PRESBYTERIAN HOMES, INC DBA BRIGHTSPIRE**  
**Combined Statements of Cash Flows**  
**For the Fifteen Month Period ended December 31, 2025**

	2025
Cash flows from operating activities:	
Changes in net assets	\$ 31,727,502
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Entrance fees received	20,786,711
Entrance fees received - initial units	-
Amortization of entrance fees	(27,109,156)
Forfeitures recognized	(750)
Depreciation and amortization	19,341,521
Change in fair value of interest rate swap agreement	299,116
Realized and unrealized gains on investments and investment income	(12,388,694)
Net realized investment income	(6,470,665)
Investment in perpetual endowment	-
Changes in working capital components:	
(Increase) decrease in:	
Trade and other receivables	1,499,937
Other assets	(971,718)
Increase (decrease) in:	
Accounts payable and accrued expenses	(4,667,069)
Residents' cash deposits	-
Net cash provided by (used in) operating activities	22,046,735
Cash flows from investing activities:	
Purchases of property and equipment	(21,181,319)
Transfer of assets between communities	1,323,187
Redemption of investments, net of proceeds	10,530,870
Net cash provided by (used in) investing activities	(9,327,262)
Cash flows from financing activities:	
Investment in perpetual endowment	-
Proceeds from issuance of long-term debt	-
Principal payments of long-term debt	(13,175,179)
Refunds of refundable fees	-
Net cash provided by (used in) financing activities	(13,175,179)
Net increase (decrease) in cash and cash equivalents	(455,706)
Cash and cash equivalents, beginning	12,055,727
Cash and cash equivalents, ending	\$ 11,600,021

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

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities and Control**

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

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

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

**Principles of Combination**

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

**Cash and Cash Equivalents**

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

**Assets Limited As To Use**

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

**Investments and Fair Value**

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

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

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Accounts Receivable**

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

**Property and Equipment**

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

**Paid Time Off**

PTO time may be earned by regular-time employees who work at least 60 hours per pay period. For the first three years of employment, employees may earn up to 23 days of PTO each year, after three years and through five years employees may earn 28 days of PTO each year, after five years and through 16 years employees may earn 33 days of PTO each year and after sixteen years employees may earn 36 days annually. Unused PTO can carry over year to year, up to a maximum of 288 hours. Any hours over 288 at the end of the year are forfeited.

At December 31, 2025, the total liability for PTO was \$1,692,582, respectively, and is recorded as accrued payroll and related expenses.

**Deferred Financing Costs**

Financing costs relative to the permanent financing of the facilities have been deferred and are being amortized using the effective interest method to bond and note interest and amortization on the combined statements of operations and changes in net assets over the terms of the loans. For the 15 month period ending December 31, 2025, amortization expense for deferred financing costs was

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

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Deferred Financing Costs (Continued)**

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

Years Ending December 31,	
2026	\$ 141,408
2027	130,049
2028	119,277
2029	109,617
2030	99,434
Thereafter	<u>1,067,742</u>
	<u>\$ 1,667,527</u>

**Bond Premiums and Discounts**

Bond premiums and discounts are being amortized to bond and note interest, and amortization on the combined statements of operations and changes in net assets over the terms of the loans. For the 15 month period ending December 31, 2025, the net amortization expense for bond discounts was

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

Years Ending December 31,	
2026	\$ 902,002
2027	893,724
2028	774,488
2029	768,718
2030	762,998
Thereafter	<u>7,000,871</u>
	<u>\$ 11,102,801</u>

**Interest Rate Swap Agreement**

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

## THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE

### Notes to the Combined Financial Statements

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

##### **Classification of Net Assets**

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

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

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

##### **Changes in Assets Without Restrictions**

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

##### **Revenue Recognition**

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

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

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

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

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

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Income Tax Status**

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

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the combined financial statements. No material uncertain tax positions were identified for the 15 month period ending December 31, 2025.

**Resident Fees**

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

**Obligation to Provide Future Services**

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

**Estimated Third-Party Payor Settlements**

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

**Entrance Fees**

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

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

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Property Tax Exemption**

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

**Benevolent Assistance**

The Communities have a policy of providing benevolent assistance to residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since the Communities do not expect to collect the normal charges for services provided, estimated charges for benevolent assistance are not included in revenue. Costs associated with services provided were approximately \$6,779,854 for the 15 month period ending December 31, 2025.

**Social Accountability**

The Communities provide building space to several religious and charitable organizations and a reduced rental rate to a childcare center. The dollar amount of space provided based upon local fair market value rental rates is approximately \$1,206,046 for the 15 month period ending December 31, 2025. The Communities also provide numerous charity benefits in the amounts of approximately \$548,782 for the 15 month period ending December 31, 2025. These contribution amounts are reflected in the combined statements of operations and changes in net assets.

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, receivables and other assets approximate fair value. Investments are reported at fair value as of the date of the combined financial statements. The carrying amount of accounts payable, accrued expenses and other liabilities approximate fair value. The interest rate swap agreement is reported at fair value as of the date of the combined financial statements. Fixed-rate long-term debt is carried at cost net of any unamortized premiums or discounts. The fair value of the fixed-rate long-term debt is approximately \$13,900,000 less than the carrying value.

**Use of Estimates**

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

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

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NOTE B - INVESTMENTS

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

	<u>2025</u>
Investments:	
Mutual funds:	
Equity funds	\$ 16,412,781
Fixed-income funds	46,731,940
Tangible assets	1,764,559
Equity securities	117,162,935
Government bonds	-
	<u>182,072,215</u>
Less assets classified as assets limited as to use:	
Operating reserves required by state statute	<u>27,058,000</u>
	<u>\$ 155,014,215</u>
Investments included in assets limited as to use:	
Under bond agreement:	
Government and corporate bonds	\$ -
Cash and cash equivalents	<u>1,834,598</u>
	1,834,598
Less assets limited as to use:	
Required for current liabilities	<u>1,831,461</u>
	<u>\$ 3,137</u>
Permanent endowment funds:	
Equity funds	\$ 1,728,065
Fixed-income funds	948,133
Tangible assets	41,767
Equity securities	<u>2,717,836</u>
	<u>\$ 5,435,801</u>

Net realized investment income consists of \$10,198,799 of realized gains/(losses), and \$6,470,665 of interest and dividends for the 15 month period ending December 31, 2025.

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

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## NOTE B - INVESTMENTS (Continued)

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

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

## NOTE C - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	<u>2025</u>
Land	\$ 18,940,401
Land improvements	7,578,934
Buildings	514,069,064
Equipment, furniture, and other	25,942,570
Construction-in-progress	19,898,673
	<u>\$ 586,429,642</u>

## NOTE D - LONG-TERM DEBT

Long-term debt as of December 31, 2025:

	<u>2025</u>
North Carolina Medical Care Commission Series 2015 first revenue refunding bonds at a fixed rate of 3.42% per annum due July 1, 2031.	<u>\$ 3,724,395</u>
North Carolina Medical Care Commission Series 2016A first mortgage revenue bonds at a variable rate of 82.65% of one-month TERM SOFR plus 1.103% per annum due April 1, 2027 swapped to a fixed rate of 2.395%.	<u>2,733,976</u>
North Carolina Medical Care Commission Series 2016B tax-exempt bonds at a variable rate of 82.65% of one-month TERM SOFR plus 0.984% per annum due October 1, 2027 swapped to a fixed rate of 2.176%.	<u>10,657,502</u>

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

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NOTE D - LONG-TERM DEBT (Continued)

Long-term debt as of December 31, 2025:

	<u>2025</u>
North Carolina Medical Care Commission Series 2016C tax-exempt bonds with the following maturities and rates:	
Term bonds at 4% due October 1, 2031 priced to yield 2.770%.	\$ 10,000,000
Term bonds at 5% due October 1, 2031 priced to yield 2.470%.	15,770,000
Term bonds at 3% due October 1, 2036 priced to yield 3.125%.	1,000,000
Term bonds at 5% due October 1, 2036 priced to yield 2.710%.	2,450,000
	<u>29,220,000</u>

North Carolina Medical Care Commission Series 2020A tax-exempt bonds with the following maturities and rates:

Serial bonds at 4% due October 1, 2031 priced to yield 1.60%.	5,345,000
Term bonds at 4% due October 1, 2035 priced to yield 2.47%.	3,820,000
Term bonds at 4% due October 1, 2040 priced to yield 3.03%.	7,000,000
Term bonds at 5% due October 1, 2040 priced to yield 2.73%.	14,950,000
Term bonds at 4% due October 1, 2045 priced to yield 3.23%.	10,000,000
Term bonds at 5% due October 1, 2045 priced to yield 2.93%.	18,670,000
Term bonds at 4% due October 1, 2050 priced to yield 3.33%.	10,000,000
Term bonds at 5% due October 1, 2050 priced to yield 3.03%.	26,250,000
	<u>96,035,000</u>

Total North Carolina Medical Care Commission  
non-taxable bonds

142,370,873

Construction loan of \$34,574,000 payable to a bank, with interest only payments through July 1, 2020, and interest and principle payments beginning on August 1, 2020 through maturity on July 1, 2035. The loan was drawn down as spent from the date of issuance on June 28, 2018. The Organization entered into a forward rate swap agreement on June 28, 2018, effective July 1, 2020 at a rate of 4.152% through July 1, 2035.

	<u>24,376,762</u>
	166,747,635
Less unamortized deferred financing costs	1,667,527
Less unamortized bond premium	(11,102,801)
Less current maturities	10,445,731
	<u>\$ 165,737,178</u>

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

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## NOTE D - LONG-TERM DEBT (Continued)

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

<u>Years Ending December 31,</u>	
2026	\$ 10,445,731
2027	13,429,726
2028	9,122,954
2029	9,517,419
2030	1,009,918
Thereafter	<u>114,221,887</u>
	<u>\$ 157,747,635</u>

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

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

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

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

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

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

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

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NOTE D - LONG-TERM DEBT (Continued)

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

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

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

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

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

To reduce the impact of changes in interest rates on its variable rate bonds payable, the Organization entered into interest rate swap agreements for the 2016 bonds. Under these agreements, interest is payable at a fixed rate of 1.307% - 4.152% based on the outstanding balance of the related bonds and is effective April 1, 2027 through July 1, 2035. The annual gain or loss on the fair value of the swap agreements are reported as revenue or expense in the combined statement of activities and changes in net assets. The interest rate swap agreements have a combined notional principal amount of \$37,941,880 and a fair value of \$963,554 at December 31, 2025, which is recorded as an asset on the combined statements of financial position. The fair value of these interest swap agreements were derived from proprietary models as of a given date, supplied by the swap advisor. The valuation is calculated on a mid market basis and does not include bid/offered spread that would be reflected in an actual price quotation. This model relies on certain assumptions regarding past, present and future market conditions.

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

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## NOTE E - REFUNDABLE FEES

The Communities offer three alternative entrance fee plans which provide refunds to residents from re-occupancy proceeds. Under the standard entrance fee option, prior to 48 months of occupancy, the resident would receive a refund equal to the entrance fee, less 2% per month of occupancy less a 4% non-refundable fee. The 50% refundable plan offers the resident a refund equal to 50% of the entrance fee after 23 months of occupancy. Prior to 23 months of occupancy, the resident is entitled to a refund of the entrance fee, less 2% per month of occupancy, less a 4% non-refundable fee. The 90% refundable plan offers the resident a refund equal to 90% of the entrance fee after 6 months of occupancy. Prior to 6 months of occupancy, the resident is entitled to a refund of the entrance fee, less 1% per month of occupancy, less a 4% non-refundable fee. The estimated amount of entrance fee that is expected to be refunded to current residents is shown on the combined statements of financial position as refundable fees. This amount is estimated using an average of the last five years' refunds. The total amount of contractual refund obligations under existing contracts totaled approximately \$89,438,723 at December 31, 2025, and is included in deferred revenue from entrance fees, net of the estimated amount to be refunded to current residents, on the combined statements of financial position.

## NOTE F - NET ASSETS

Net assets without donor restrictions contain \$41,387,430 in board-designated amounts at December 31, 2025. Of these amounts, \$95,116 is designated for special maintenance projects as of December 31, 2025. The remaining portion relates to resident assistance in the amount of \$41,292,314 as of December 31, 2025.

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

	<u>2025</u>
Subject to expenditures for specified purposes or passage of time:	
Principal amount:	
Special maintenance project	<u>\$ 1,909,805</u>
	<u>1,909,805</u>
Investment activity:	
Net unrealized appreciation (depreciation) of investments whose income is restricted for resident assistance and special maintenance projects	<u>1,649,085</u>
Undistributed realized appreciation of investments whose income is restricted as to purpose including dividends interest	<u>3,528,230</u>
	<u>7,087,120</u>

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

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## NOTE F - NET ASSETS (Continued)

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

	<u>2025</u>
Subject to the Organization's spending policy and appropriation to support:	
Resident subsidies	\$ 3,909,046
Maintenance of rose garden	65,291
Healthcare equipment	29,588
Employee scholarship	1,329,546
Any activities of the Organization	240,156
	<u>5,573,627</u>
	<u>\$ 12,660,747</u>

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

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

Purpose restrictions accomplished:	<u>2025</u>
Special maintenance expenses	\$ 1,674,424
Resident assistance	286,074
	<u>\$ 1,960,498</u>

## NOTE G - ENDOWMENTS

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

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

**THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**

**Notes to the Combined Financial Statements**

NOTE G - ENDOWMENTS (Continued)

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

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

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

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

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

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Board-designated endowment funds	\$ 42,241,673	\$ -	\$ 42,241,673
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	5,573,627	5,573,627
Accumulated investment gains	1,159,289	5,177,314	6,336,603
	<u>\$ 43,400,962</u>	<u>\$ 10,750,941</u>	<u>\$ 54,151,903</u>

NOTE G - ENDOWMENTS (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning	\$ 42,241,673	\$ 9,552,325	\$ 51,793,998
Contributions	884,081	340,885	1,224,966
Investment income	4,449,085	974,442	5,423,527
Net appreciation	228,615	181,310	409,925
Appropriated	(4,402,492)	(298,020)	(4,700,512)
Endowment net assets, ending	<u>\$ 43,400,962</u>	<u>\$ 10,750,942</u>	<u>\$ 54,151,904</u>

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

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NOTE H - CREDIT RISK

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

In addition to providing services to private pay residents, the Communities also serve residents covered under various third-party payor programs including Medicaid and Medicare programs. As of December 31, 2025, approximately 2% of the Communities' unreserved accounts receivable were due from these programs.

NOTE I - COMMITMENTS

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

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

NOTE J - FAIR VALUE MEASUREMENTS

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

**THE PRESBYTERIAN HOMES, INC. DBA BRIGHTSPIRE**

**Notes to the Combined Financial Statements**

NOTE K - FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

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

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

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

	<b>2025</b>			
	Level 1	Level 2	Level 3	Fair Value
Investments:				
Equity securities:				
U.S.	\$ 101,244,462	\$ 18,140,846	\$ -	\$ 119,385,308
International	18,636,309	-	-	18,636,309
Fixed-income:				
Asset-backed	-	3,603,329	-	3,603,329
Certificates of deposit	-	2,730,801	-	2,730,801
Corporate bonds	-	40,242,178	-	40,242,178
Government bonds	-	-	-	-
Cash and cash equivalents	4,744,689	-	-	4,744,689
	<u>\$ 124,625,460</u>	<u>\$ 64,717,154</u>	<u>\$ -</u>	<u>\$ 189,342,614</u>

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

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## NOTE L - ASSETS LIQUIDITY

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

Financial assets, at year end	\$ 202,195,464
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	5,573,627
Assets limited as to use	1,854,692
Board designations: Quasi-endowment fund for long-term investing	<u>43,400,962</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 151,366,183</u>

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

## NOTE M - RETIREMENT PLAN

The Organization offers a 401(k) plan to their employees to promote tax-deferred savings. The plan covers substantially all employees who are age 21 or older. The Organization contributes 100 percent of the first 3 percent, plus 50 percent of the next 2 percent of the participant's contribution to the plan. The Organization's contributions relating to the plan were approximately \$1,202,570 for the 15 month period ending December 31, 2025

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

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes, Inc.	Glenaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	Combining Entries	Total
<b>Assets</b>									
<b>Current Assets:</b>									
Cash and cash equivalents	\$ 1,193	\$ 5,124,233	\$ (140,220)	\$ 4,985,206	\$ 3,368,444	\$ 3,246,371	\$ 11,600,021	\$ -	\$ 11,600,021
Assets limited as to use, required for current liabilities	105,018	776,038	-	881,056	950,406	-	1,831,462	-	1,831,462
Accounts receivable, net	1,194,443	792,702	-	1,987,145	806,581	-	2,793,726	-	2,793,726
Other receivables	77,055	608,632	15,238	700,925	368,616	-	1,069,541	-	1,069,541
Unconditional promises to give, net	-	-	-	-	-	100,000	100,000	-	100,000
Other	389,483	1,012,170	-	1,401,653	805,562	-	2,207,215	-	2,207,215
Due from other divisions	92,367	-	374,284	466,651	593,835	-	1,060,486	(1,060,486)	-
Total current assets	<u>1,859,559</u>	<u>8,313,775</u>	<u>249,302</u>	<u>10,422,636</u>	<u>6,893,444</u>	<u>3,346,371</u>	<u>20,662,451</u>	<u>(1,060,486)</u>	<u>19,601,965</u>
<b>Assets limited as to use, net of amount required for current liabilities:</b>									
Under bond agreement	364	2,117	-	2,481	656	-	3,137	-	3,137
Reserves required by state statute	4,411,000	11,071,000	-	15,482,000	11,576,000	-	27,058,000	-	27,058,000
By donors for permanent endowment funds	-	304,407	-	304,407	-	5,269,220	5,573,627	-	5,573,627
Residents' cash deposits	18,563	-	-	18,563	1,530	-	20,093	-	20,093
	<u>4,429,927</u>	<u>11,377,524</u>	<u>-</u>	<u>15,807,451</u>	<u>11,578,186</u>	<u>5,269,220</u>	<u>32,654,857</u>	<u>-</u>	<u>32,654,857</u>
<b>Investments and other assets:</b>									
Investments	6,300,385	78,817,351	-	85,117,736	16,302,199	50,725,652	152,145,587	-	152,145,587
Other assets	23,425	18,079	-	41,504	27,032	-	68,536	-	68,536
Interest rate swap agreement	19,530	923,803	-	943,333	20,221	-	963,554	-	963,554
	<u>6,343,340</u>	<u>79,759,233</u>	<u>-</u>	<u>86,102,573</u>	<u>16,349,452</u>	<u>50,725,652</u>	<u>153,177,677</u>	<u>-</u>	<u>153,177,677</u>
<b>Property and Equipment:</b>									
Land, buildings and equipment	52,948,294	200,717,601	-	253,665,895	312,865,075	-	566,530,970	-	566,530,970
Construction-in-progress	3,332,834	3,520,954	-	6,853,788	13,044,884	-	19,898,672	-	19,898,672
	<u>56,281,128</u>	<u>204,238,555</u>	<u>-</u>	<u>260,519,683</u>	<u>325,909,959</u>	<u>-</u>	<u>586,429,642</u>	<u>-</u>	<u>586,429,642</u>
Less accumulated depreciation	28,411,575	75,356,507	-	103,768,082	67,441,344	-	171,209,426	-	171,209,426
	<u>27,869,553</u>	<u>128,882,048</u>	<u>-</u>	<u>156,751,601</u>	<u>258,468,615</u>	<u>-</u>	<u>415,220,216</u>	<u>-</u>	<u>415,220,216</u>
Total assets	<u>\$ 40,502,379</u>	<u>\$ 228,332,580</u>	<u>\$ 249,302</u>	<u>\$ 269,084,261</u>	<u>\$ 293,289,697</u>	<u>\$ 59,341,243</u>	<u>\$ 621,715,201</u>	<u>\$ (1,060,486)</u>	<u>\$ 620,654,715</u>

See Independent Auditor's Report on Supplementary Information

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

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes, Inc.	Glenaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	Combining Entries	Total
<b>Liabilities and Net Assets</b>									
Current Liabilities:									
Current maturities of long-term debt	\$ 981,166	\$ 7,926,510	\$ -	\$ 8,907,676	\$ 1,538,055	\$ -	\$ 10,445,731	\$ -	\$ 10,445,731
Accounts payable	354,385	745,889	(21,428)	1,078,846	508,352	-	1,587,198	-	1,587,198
Accrued payroll and related expenses	738,404	1,664,897	-	2,403,301	1,612,814	-	4,016,115	-	4,016,115
Accrued interest	25,201	306,854	-	332,055	1,128,118	-	1,460,173	-	1,460,173
Other accrued expenses	1,019,433	240,580	-	1,260,013	-	419,998	1,680,011	(1,060,486)	619,525
Estimated refundable entrance fees	274,178	477,295	-	751,473	861,920	-	1,613,393	-	1,613,393
Due to other divisions	-	-	-	-	-	-	-	-	-
Total current liabilities	<u>3,392,767</u>	<u>11,362,025</u>	<u>(21,428)</u>	<u>14,733,364</u>	<u>5,649,259</u>	<u>419,998</u>	<u>20,802,621</u>	<u>(1,060,486)</u>	<u>19,742,135</u>
Long-term debt, less current maturities and unamortized debt issuance costs	<u>2,626,252</u>	<u>56,057,419</u>	<u>-</u>	<u>58,683,671</u>	<u>107,053,507</u>	<u>-</u>	<u>165,737,178</u>	<u>-</u>	<u>165,737,178</u>
Deferred revenue and other liabilities:									
Deferred revenue from entrance fees - nonrefundable	6,608,288	31,760,272	-	38,368,560	41,744,414	-	80,112,974	-	80,112,974
Deferred revenue from entrance fees - refundable	3,046,597	12,247,799	-	15,294,396	49,965,654	-	65,260,050	-	65,260,050
Refundable entrance fees	-	3,735,181	-	3,735,181	13,901,350	-	17,636,531	-	17,636,531
Admission deposits	550,596	2,189,203	-	2,739,799	2,188,950	-	4,928,749	-	4,928,749
Other accrued expenses	-	1,532,100	-	1,532,100	-	-	1,532,100	-	1,532,100
Residents' cash deposits	18,564	-	-	18,564	1,530	-	20,094	-	20,094
	<u>10,224,045</u>	<u>51,464,555</u>	<u>-</u>	<u>61,688,600</u>	<u>107,801,898</u>	<u>-</u>	<u>169,490,498</u>	<u>-</u>	<u>169,490,498</u>
Total liabilities	<u>16,243,064</u>	<u>118,883,999</u>	<u>(21,428)</u>	<u>135,105,635</u>	<u>220,504,664</u>	<u>419,998</u>	<u>356,030,297</u>	<u>(1,060,486)</u>	<u>354,969,811</u>
Net Assets:									
Assets without donor restrictions	24,259,315	109,144,174	270,730	133,674,219	72,785,033	53,652,025	260,111,277	-	260,111,277
Assets with donor restrictions	-	304,407	-	304,407	-	5,269,220	5,573,627	-	5,573,627
Total net assets	<u>24,259,315</u>	<u>109,448,581</u>	<u>270,730</u>	<u>133,978,626</u>	<u>72,785,033</u>	<u>58,921,245</u>	<u>265,684,904</u>	<u>-</u>	<u>265,684,904</u>
Total liabilities and net assets	<u>\$ 40,502,379</u>	<u>\$ 228,332,580</u>	<u>\$ 249,302</u>	<u>\$ 269,084,261</u>	<u>\$ 293,289,697</u>	<u>\$ 59,341,243</u>	<u>\$ 621,715,201</u>	<u>\$ (1,060,486)</u>	<u>\$ 620,654,715</u>

See Independent Auditor's Report on Supplementary Information

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

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes Inc.	Glennaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	Combining Entries	Total
Changes in net assets without donor restrictions:									
Operating revenues:									
Resident fees	19,000,013	45,819,439	-	64,819,452	51,542,873	-	116,362,325	-	116,362,325
Amortized entry fees	2,062,900	8,856,188	-	10,919,088	16,190,068	-	27,109,156	-	27,109,156
Food service income	101,024	559,604	-	660,628	344,366	-	1,004,994	-	1,004,994
Reimbursed medical	728,759	951,824	-	1,680,583	1,905,192	-	3,585,775	-	3,585,775
Golf course revenue	-	140,427	-	140,427	-	-	140,427	-	140,427
Management fee	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	2,729,303	2,729,303	-	2,729,303
Investment income, net	864,818	7,374,812	-	8,239,630	2,802,050	5,627,784	16,669,464	-	16,669,464
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
Other	2,097,330	1,906,224	500,000	4,503,554	992,690	(5,049,775)	446,469	-	446,469
Total operating revenues	24,854,844	65,608,518	500,000	90,963,362	73,777,239	3,307,312	168,047,913	-	168,047,913
Operating expenses:									
Routine services	7,007,828	10,700,110	-	17,707,938	12,083,985	-	29,791,923	-	29,791,923
Special services	599,364	840,439	-	1,439,803	1,101,815	-	2,541,618	-	2,541,618
Dining services	2,646,540	8,078,890	-	10,725,430	12,082,660	-	22,808,090	-	22,808,090
Environmental services	1,250,993	2,069,858	-	3,320,851	3,271,733	-	6,592,584	-	6,592,584
Maintenance	2,254,336	4,616,826	-	6,871,162	6,319,553	-	13,190,715	-	13,190,715
Project and development	-	-	-	-	-	-	-	-	-
Marketing	438,132	780,199	-	1,218,331	672,020	-	1,890,351	-	1,890,351
Administration	4,266,233	9,633,612	-	13,899,845	10,296,960	-	24,196,805	-	24,196,805
Depreciation and other charges	1,888,437	7,320,760	-	9,209,197	10,876,031	-	20,085,228	-	20,085,228
Bond and note interest, and amortization	166,398	3,109,902	-	3,276,300	5,247,296	-	8,523,596	-	8,523,596
Purchased medical services	957,101	978,424	-	1,935,525	1,854,127	-	3,789,652	-	3,789,652
Golf course expense	-	1,696,953	-	1,696,953	-	-	1,696,953	-	1,696,953
Miscellaneous, net	339,768	664,476	-	1,004,244	525,046	74,385	1,603,675	-	1,603,675
Total operating expenses	21,815,130	50,490,449	-	72,305,579	64,331,226	74,385	136,711,190	-	136,711,190
Increase (decrease) in net assets without donor restrictions from operations									
	3,039,714	15,118,069	500,000	18,657,783	9,446,013	3,232,927	31,336,723	-	31,336,723

See Independent Auditor's Report on Supplementary Information

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

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes Inc.	Glenaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	Combining Entries	Total
Nonoperating gains (losses):									
Net unrealized appreciation of investments	201,777	1,588,557	-	1,790,334	(46,670)	446,231	2,189,895	-	2,189,895
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
Capital contribution to Kintura	311,354	389,968	(2,883,410)	(2,182,088)	682,088	-	(1,500,000)	-	(1,500,000)
Change in fair value of interest rate swap agreement	(46,558)	(197,419)	-	(243,977)	(55,139)	-	(299,116)	-	(299,116)
Gain (loss) on disposal of property and equipm	-	-	-	-	-	-	-	-	-
Total nonoperating gains	466,573	1,781,106	(2,883,410)	(635,731)	580,279	446,231	390,779	-	390,779
Change in net assets without donor restrictions	3,506,287	16,899,175	(2,383,410)	18,022,052	10,026,292	3,679,158	31,727,502	-	31,727,502
Changes in net assets with donor restrictions:									
Contributions	-	-	-	-	-	-	-	-	-
Contributions in perpetual endowment	-	-	-	-	-	-	-	-	-
Net unrealized appreciation of investments	-	-	-	-	-	-	-	-	-
Net realized investment income	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-
Change in net assets	3,506,287	16,899,175	(2,383,410)	18,022,052	10,026,292	3,679,158	31,727,502	-	31,727,502
Net assets, beginning	20,753,028	92,549,406	2,654,140	115,956,574	62,758,741	55,242,087	233,957,402	-	233,957,402
Net assets, ending	\$ 24,259,315	\$ 109,448,581	\$ 270,730	\$ 133,978,626	\$ 72,785,033	\$ 58,921,245	\$ 265,684,904	\$ -	\$ 265,684,904

See Independent Auditor's Report on Supplementary Information

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

	Scotia Village	River Landing	Management Services Office	The Presbyterian Homes, Inc.	Glennaire, Inc.	Presbyterian Homes Foundation, Inc.	Obligated Group	Combining Entries	Total
Cash flows from operating activities:									
Change in net assets	\$ 3,506,287	\$ 16,899,175	\$ (2,383,410)	\$ 18,022,052	\$ 10,026,292	\$ 3,679,158	\$ 31,727,502	\$ -	\$ 31,727,502
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:									
Entrance fees received	2,111,007	9,679,665	-	11,790,672	8,996,039	-	20,786,711	-	20,786,711
Entrance fees received - initial units	-	-	-	-	-	-	-	-	-
Amortization of entrance fees	(2,062,900)	(8,856,188)	-	(10,919,088)	(16,190,068)	-	(27,109,156)	-	(27,109,156)
Forfeitures recognized	-	-	-	-	(750)	-	(750)	-	(750)
Depreciation and amortization	1,880,880	7,111,584	-	8,992,464	10,349,057	-	19,341,521	-	19,341,521
Change in fair value of interest rate swap agreement	46,558	197,419	-	243,977	55,139	-	299,116	-	299,116
Realized and unrealized losses on investments and investment income	(697,063)	(5,834,310)	-	(6,531,373)	(1,749,681)	(4,107,640)	(12,388,694)	-	(12,388,694)
Net realized investment income	(369,532)	(3,129,059)	-	(3,498,591)	(1,005,699)	(1,966,375)	(6,470,665)	-	(6,470,665)
Investment in perpetual endowment	-	-	-	-	-	-	-	-	-
Changes in working capital components:									
(Increase) decrease in:									
Trade and other receivables	(230,195)	1,234,817	167,217	1,171,839	408,098	(80,000)	1,499,937	-	1,499,937
Other assets	(294,328)	(618,178)	508,771	(403,735)	(567,983)	-	(971,718)	-	(971,718)
Due from other divisions	-	-	-	-	-	-	-	-	-
Increase (decrease) in:									
Accounts payable	777,011	(171,000)	(2,095,622)	(1,489,611)	(2,228,507)	(948,951)	(4,667,069)	-	(4,667,069)
Accrued expenses	-	-	-	-	-	-	-	-	-
Residents' cash deposits	-	-	-	-	-	-	-	-	-
Due to other divisions	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	4,667,725	16,513,925	(3,803,044)	17,378,606	8,091,937	(3,423,808)	22,046,735	-	22,046,735
Cash flows from investing activities:									
Purchases of property and equipment	(3,753,546)	(6,172,572)	-	(9,926,118)	(11,255,201)	-	(21,181,319)	-	(21,181,319)
Payments of issuance costs	-	-	-	-	-	-	-	-	-
Transfer of assets between communities	-	(1,419,865)	2,743,052	1,323,187	-	-	1,323,187	-	1,323,187
Redemption of investments, net of proceeds	190,251	1,662,567	-	1,852,818	5,038,563	3,639,489	10,530,870	-	10,530,870
Net cash provided by (used in) investing activities	(3,563,295)	(5,929,870)	2,743,052	(6,750,113)	(6,216,638)	3,639,489	(9,327,262)	-	(9,327,262)
Cash flows from financing activities:									
Investment in perpetual endowment	-	-	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-	-	-
Principal payments of long-term debt	(1,213,593)	(9,814,192)	-	(11,027,785)	(2,147,394)	-	(13,175,179)	-	(13,175,179)
Refunds of refundable fees	-	-	-	-	-	-	-	-	-
Net cash used in financing activities	(1,213,593)	(9,814,192)	-	(11,027,785)	(2,147,394)	-	(13,175,179)	-	(13,175,179)
Net increase (decrease) in cash and cash equivalents	(109,163)	769,863	(1,059,992)	(399,292)	(272,095)	215,681	(455,706)	-	(455,706)
Cash and cash equivalents, beginning	110,356	4,354,370	919,772	5,384,498	3,640,539	3,030,690	12,055,727	-	12,055,727
Cash and cash equivalents, ending	\$ 1,193	\$ 5,124,233	\$ (140,220)	\$ 4,985,206	\$ 3,368,444	\$ 3,246,371	\$ 11,600,021	\$ -	\$ 11,600,021

See Independent Auditor's Report on Supplementary Information

## 40.2 Appendix B - Five-Year Prospective Financial Statements

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



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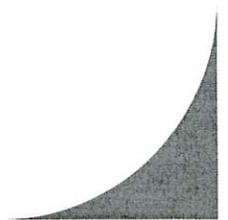
To the Board of Directors  
Brightspire  
Greensboro, North Carolina

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

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

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

Greensboro, North Carolina  
February 19, 2026



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

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

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

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

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

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

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

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

## **BRIGHTSPIRE**

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

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#### NOTE 1 - BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

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## NOTE 2 - BACKGROUND OF THE ORGANIZATION

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

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

**Principles of Combination**

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

## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS

**Classification of Net Assets**

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

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

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

**Changes in Assets Without Restrictions**

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

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

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## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

**Cash and Cash Equivalents**

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

**Accounts Receivable**

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

**Assets Limited As To Use**

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

**Resident Fees**

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

**Estimated Third-Party Payor Settlements**

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

**Investments**

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

## **BRIGHTSPIRE**

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

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#### NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

##### **Investments (Continued)**

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

##### **Property and Equipment**

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

##### **Deferred Financing Costs**

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

##### **Income Tax Status**

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

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

##### **Revenue Recognition**

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

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

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

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## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

**Revenue Recognition (Continued)**

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

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

**Entrance Fees**

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

**Refundable Fees**

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

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

**Obligation to Provide Future Services**

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

## **BRIGHTSPIRE**

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

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#### NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

##### **Paid Time Off**

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

##### **Property Tax Exemption**

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

##### **Fair Value of Financial Instruments**

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

##### **Benevolent Assistance**

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

##### **Social Accountability**

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

##### **Revenues**

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

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

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

## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

**Revenues (Continued)**

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

**Glenaire, Inc.**

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

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

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

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

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

## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

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

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

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

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

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

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

## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

**Revenues (Continued)****Scotia Village**

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

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

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

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

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

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## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (Continued)

**Other Revenues**

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

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

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

**Expenses**

Operating expenses are projected to increase approximately 4% annually.

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

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

**Nonoperating Gains**

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

**Funds Held by Trustee**

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

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

## **BRIGHTSPIRE**

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

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#### NOTE 4 - LONG-TERM DEBT

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

Long-term debt, consists of the following:

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

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

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

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

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

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

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

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## NOTE 4 - LONG-TERM DEBT (Continued)

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

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

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

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

**Series 2015**

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

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

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

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

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

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

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

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

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## NOTE 6 - CURRENT ASSETS AND CURRENT LIABILITIES

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

## NOTE 7 - PROPERTY AND EQUIPMENT

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

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

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

(In Thousands of Dollars)

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

#### 40.3 Appendix C - Representative Continuing Care Contract



A Division of The Presbyterian Homes, Inc.

## RESIDENCE AND CARE AGREEMENT

THIS RESIDENCE AND CARE AGREEMENT (“Agreement”), is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_ residents of \_\_\_\_\_ County, State of \_\_\_\_\_, hereinafter referred to as “Resident” (if husband and wife, or two other persons enter into this Agreement, the term “Resident” shall apply to them collectively unless the context otherwise requires) and THE PRESBYTERIAN HOMES, INC., a North Carolina non-profit corporation, hereinafter referred to as “PHI.”

### WITNESSETH:

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

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

WHEREAS, PHI, in consideration of the foregoing and the execution of this agreement by Resident, agrees that the Resident may occupy a Living Accommodation (as hereafter defined) for residential purposes only at the continuing care retirement community known as “River Landing at Sandy Ridge” located at 1575 John Knox Drive, Colfax, North Carolina (hereafter "RLSR") and Resident may use and enjoy the facilities, programs and services provided at RLSR subject to the terms and conditions of this Agreement; and

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

NOW, THEREFORE, Resident and PHI agree as follows:

### 1. ACCOMMODATIONS AND SERVICES

Subject to the terms and conditions set forth in this Agreement including PHI’s right to change such Living Accommodation as provided herein, PHI agrees to provide the Resident the Living Accommodation, services and programs at RLSR described as follows:

(a) **Living Accommodation.**

Type: \_\_\_\_\_

Residence Number: \_\_\_\_\_

Description: \_\_\_\_\_

- (b) **Utilities.** PHI will furnish heating, air conditioning, water, sewer, electricity, and trash removal to all Residents in apartment buildings. Residents in cottages, villas, and town homes will be responsible for the cost of heating, air conditioning, and electricity. The Resident is responsible for all television, telephone, and internet installation charges and all related monthly service charges (collectively “Communication Services”) whether provided by independent third party providers or provided by PHI on behalf of residents. If any Communication Services are provided by PHI on behalf of Resident, Resident agrees to pay PHI’s standard monthly service charges applicable for such services which Resident agrees are subject to adjustment from time to time. Any Communication Services not included within PHI’s standard package shall be the sole responsibility of Resident.
- (c) **Furnishings.** PHI will provide standard flooring in the Living Accommodation, a television system, emergency signal equipment, and other fixtures and appliances as described in the literature published by PHI regarding RLSR. All other furniture and furnishings for the Living Accommodation shall be provided by the Resident.
- (d) **Meals.** PHI will make available to Residents three nutritionally well-balanced meals each day. PHI provides a meal allowance to each Resident in Independent Living which is subject to change from time to time as determined by PHI. The meal allowance is included in the Monthly Charge. The amount of the meal allowance for each Resident may vary depending on where the Resident resides in Independent Living. The meal allowance will be charged each month based on meals consumed by the Resident at the current prevailing meal prices as published or posted for Residents. If Resident exceeds the meal allowance in any given month, the additional cost incurred by Resident above the current meal allowance will be added to Resident’s next monthly statement in addition to the standard Monthly Charge. Any unused portion of the meal allowance remaining at the end of any month is forfeited and cannot be carried over to subsequent months. An extra charge may be made at PHI’s discretion for special dietary meals.

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

- (e) **Housekeeping Services.** PHI will provide housekeeping services such as vacuum cleaning, dusting, cleaning of baths and kitchens, and trash removal on a weekly basis.
- (f) **Laundry.** PHI will change Resident’s bed and bath linens on a regular basis. Convenient laundry facilities will be provided free of charge for personal laundry.
- (g) **Maintenance and Repairs.** PHI will maintain and keep in repair the improvements, furnishings and equipment owned by PHI. The Resident will be responsible for the cost

of repairing any damage to property of PHI caused by the negligence or other act of the Resident or any guest or invitee of the Resident, ordinary wear and tear excepted. Any structural or physical change or redecoration of any kind to the Living Accommodation will require the written approval of PHI.

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

- (h) **Groundskeeping**. PHI will furnish basic groundskeeping service for the grounds of RLSR, including lawn, tree, and shrubbery care. Subject to approval by PHI, Resident may plant and maintain certain areas designated by PHI for such purpose.
- (i) **Parking**. PHI will provide parking areas for the Residents' personal vehicle (limited to one vehicle for each individual Resident) and parking for guests.
- (j) **Common Facilities**. PHI will provide common facilities for the use and benefit of all Residents such as a central dining room, central kitchen, living room, post office, multi-purpose room, Chapel, lounges, and sitting areas.
- (k) **Transportation**. PHI will provide limited local transportation for residents on a regular, scheduled basis. Certain charges may apply depending on the destination. Additional charges may be made for transportation for special, personal, or group trips.
- (l) **Activities**. Social, recreational, spiritual, educational, and cultural activities will be planned for the Residents.
- (m) **Nursing and Health Care**. PHI will provide nursing and health care for each Resident as follows:
  - (i) A Health Center will be provided for the benefit of the Residents. The Health Center will consist of accommodations, equipment, and staffing necessary for assisted living and skilled nursing care. PHI will use its best efforts to provide private accommodations when the Resident requires assisted living care. Depending on availability, private or semi-private accommodations will be provided when the resident requires skilled nursing care. Notwithstanding the foregoing, PHI reserves the right from time to time to temporarily place Resident in reasonably comparable healthcare facilities outside of River Landing in the event either assisted living or skilled nursing accommodations are not currently available due to demand.
  - (ii) A twenty-four (24) hour nursing staff will be maintained in the Health Center.

The Health Center is staffed to provide general duty nursing care which means that nurses and other staff must attend to multiple residents with various needs. The nursing care is not intended to provide individual attention to any one specific Resident on a regular basis or for prolonged periods of time. The Resident, subject to approval of PHI, is responsible for acquiring (hiring, termination, and compensation) the assistance of private duty sitters or nurses if the Resident requires or prefers individual and/or full-time care and assistance. Private duty sitters, nurses, or other third parties hired by Resident must abide by all rules and regulations of PHI and PHI reserves the right to bar any such parties from PHI's facilities at any time.

- (iii) The overall coordination and provision of health care services by PHI will be provided by a Medical Director who will be a licensed physician selected by PHI.
- (iv) Charges for Health Care accommodations and services in this Paragraph shall be set forth in Paragraph 2(e). of this Agreement. Other health care services will be made available to the Resident at the Resident's expense including, but not limited to, pharmacy services, laboratory tests, physical therapy, occupational therapy, and rehabilitative treatments.
- (v) RLSR has open staff privileges and a Resident may select a duly licensed physician of their choice; however, a Medical Director is provided by the facility for those wishing to use their services. Resident is responsible for all charges for services provided by the Medical Director or any other physicians.
- (vi) Residents have the right by law (NC General Statute 90-21.16(6)) to elect the officially recognized "Do Not Resuscitate Order" as certified by the Resident's attending physician.

**2. FINANCIAL ARRANGEMENTS**

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

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

3. 90% Refundable	\$ _____	1% per month for 6 months less a 4% non-refundable fee. Refund never less than 90%, except for those possible offsets and reductions described in this Agreement.
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Resident agrees to pay PHI an Entrance Fee deposit of \$ \_\_\_\_\_ which shall be ten percent (10%) of the required Entrance Fee as designated above. The Entrance Fee deposit will be due and payable upon signing of this Agreement. The balance of the Entrance Fee will be due and payable no later than ten (10) days prior to Residents projected Admission Date. Residents projected Admission Date is \_\_\_\_\_, 20\_\_\_\_. Resident must take occupancy of the Living Accommodation no later than **thirty (30)** days after the projected Admission Date.

- (b) **Monthly Charge.** In addition to the Entrance Fee and any other charges provided for under this Agreement, Resident agrees to pay a monthly charge during the term of this Agreement which shall be payable in advance by the 15<sup>th</sup> day of each month ("Monthly Charge"). As of the date of this Agreement, PHI 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 PHI prior to occupancy of the Living Accommodation by the Resident if changes in the projected costs of providing the services at RLSR so require. The Monthly Charge is also subject to change during the term of this Agreement as described in Paragraph 2(c) below.
- (c) **Adjustments in the Monthly Charge.** The Monthly Charge is assessed to provide the Living Accommodations, facilities, meals, programs and services described in this Agreement and is intended to meet the cost of insurance, maintenance, administration, staffing, and other expenses including debt service associated with the operation and management of PHI and RLSR. PHI shall have the authority to adjust the Monthly Charge from time to time during the term of this Agreement as PHI in its discretion deems necessary in order to reflect changes in the costs of providing the facilities, programs and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. PHI shall have the right to adjust the Monthly Charge pursuant to this Agreement notwithstanding Resident's voluntary or involuntary absence from the facility. In the event that it should be determined that PHI is required to pay ad valorem taxes upon its property, the Monthly Charge may be adjusted to reflect the amount of such taxes. Any increase in the Monthly Charge may be made by PHI upon thirty (30) days written notice to the Resident. In the event Resident resides outside of PHI's facilities for a period of fourteen (14) or more consecutive days, PHI shall provide credit for meals. The amount of credit shall be determined by PHI in its sole discretion.

- (d) **Monthly Statement.** PHI will furnish the Resident with a monthly statement on or about the tenth of the month showing the total amount of fees and other charges owed by the Resident, which shall be payable by the 15<sup>th</sup> day of the month. PHI may charge interest at the rate of 1½% per month (18% APR) or the maximum annual rate as allowed by law on any unpaid balance owed by the Resident thirty (30) days after the monthly statement is furnished.
- (e) **Health Center Fees and Charges**
- (i) PHI shall establish and publish per diem rates for accommodations and services in the Health Center, such rates will take into account rates being charged in other comparable nursing centers and the costs of operation of RLSR.
- (ii) If a Resident is transferred to the Health Center for nursing care, Resident shall continue to pay the Monthly Charge associated with the type of Living Accommodation described in Paragraph 1(a) of this Agreement for the first 14 days (whether or not consecutive) of occupancy (to be known as “grace days”) in the Health Center each year (the term “year” as used herein means each applicable calendar year during the continuance of this Agreement). During such 14-day period (“grace days”), the Resident will not be required to pay a per diem charge for occupancy in the Health Center but shall pay for other services not normally covered by the Monthly Charge or by the per diem charge for Residents. Credit for any unused portion of the 14 “grace days” per year may not be carried forward to successive years. However, in those circumstances where Resident has insurance (including but not limited to Medicare) that will pay the per diem charge for occupancy in the Health Center, Resident shall first be required to use all applicable insurance benefits to satisfy the customary per diem charge for occupancy prior to the application of any grace days in any given year.
- (iii) In the event that a Resident shall occupy an accommodation for nursing care within the Health Center for more than 14 “grace days” in any year, then upon the expiration of such 14 “grace days”, Resident shall thereafter pay 80 percent of the amount of the published per diem rate for nursing care accommodation occupied by the Resident, plus charges for other services not included in such per diem rate. Following the 14 “grace days”, the Resident shall have the option of surrendering the Living Accommodation, at which time the Monthly Charge shall be terminated. If the Living Accommodation is not surrendered, the Resident shall be responsible for both the Living Accommodation Monthly Charge and the applicable per diem rate for the nursing care accommodations. The Resident shall have no right to occupy the Living Accommodation more than ninety (90) days after the expiration of the 14 “grace days” without the approval of PHI and Resident agrees to surrender the Living Accommodation to PHI upon request on or after such ninety (90) day period unless otherwise approved by PHI. If required to vacate the Living Accommodation, as determined in the sole discretion of PHI, Resident agrees to

fully cooperate in relocating his/her personal property and effects from such residence. Should PHI subsequently determine upon the opinion of the Medical Director and the Executive Director of RLSR that Resident can resume occupancy in a residential living accommodation, the Resident will have priority to a comparable accommodation, as determined by PHI, as soon as it becomes available. When one of two Residents occupying the same Living Accommodation is transferred to the Health Center, the Resident remaining in the Living Accommodation shall continue to pay the Monthly Charge in effect associated with such Living Accommodation based on single occupancy.

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

### 3. **ADMISSIONS REQUIREMENTS**

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

- (a) **Age.** The admission requirements for residence at RLSR are nondiscriminatory except as to age, and RLSR is open to both married and single men and women of all races and religions and without regard to place of former residence. Admission is restricted to persons sixty-two (62) years of age or older, except that in the case of a married couple or roommates, one spouse/roommate must have attained the age of at least sixty-two (62) years old and the other spouse/roommate must have attained the age of at least fifty-five (55) years old.
- (b) **Personal Interview.** Resident agrees to interview with representatives of RLSR prior to consideration for residency at RLSR. Upon review of all information required to be furnished under this Agreement, additional personal interviews may be requested by PHI and Resident agrees to fully cooperate with PHI's representatives and employees during such process.
- (c) **Application, Health History, and Financial Statement.** Resident shall submit within 30 days of execution of this Agreement for review by the Admissions Committee appointed by PHI, an Application for Admission, a Personal Health History, and a Confidential Financial Statement, all on forms furnished by PHI. During the term of this Agreement, PHI reserves the right to require Resident and Resident agrees to provide PHI with an updated Confidential Financial Statement within 60 days upon written request, provided however, PHI will not require Resident to provide an updated

Confidential Financial Statement more than one time in any 12 month period.

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

#### 4. **TERMS OF RESIDENCY**

- (a) **Rights of Resident.** The Resident has the right to occupy and enjoy the Living Accommodation described in Paragraph 1(a) of this Agreement subject to Resident's transfer to the Health Center pursuant to Paragraphs 2(e) and 5(a), or the termination provisions of this Agreement, or any other term or condition of this Agreement. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by PHI other than the right to use or occupy the Living Accommodation in accordance with the terms hereof. The Resident agrees that the rights of the Resident under this Agreement are subject to and subordinate to the rights of a lender under any mortgage or deed of trust now or hereafter executed by PHI or its

affiliates creating a lien on any property of PHI.

- (b) **Rules and Regulations.** The Resident will abide by PHI's rules and regulations and such reasonable amendments, modifications, and changes of the rules and regulations as may hereafter be adopted by PHI in the exercise of its sole discretion. Resident acknowledges that PHI has a "Tobacco Free Campus Policy" which prohibits the use of tobacco products anywhere on PHI's campuses including Resident's Living Accommodation.
- (c) **Changes in Living Accommodations.** PHI has the right to change the Living Accommodation to meet the requirements of any applicable statutes, laws, rules or regulations. The Living Accommodation may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.
- (d) **Visitors.** Except for short term visitors or guests, no person other than the Resident may reside in the Living Accommodation without the written approval of PHI.
- (e) **Loss of Property.** PHI shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. It is understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss.
- (f) **Occupancy by Two Residents.** In the event that two Residents occupy a Living Accommodation under the terms of this Agreement, upon the permanent transfer to the Health Center or the death of one such Resident, or in the event of the termination of this Agreement with respect to one of such Resident, the Agreement shall continue in effect as to the remaining or surviving Resident. The remaining Resident may request a transfer to another type of living accommodation, subject to availability, pursuant to Paragraph 5(e) of this Agreement. The remaining or surviving Resident will thereafter pay the Monthly Charge for one Resident associated with the independent Living Accommodation occupied by the Resident.
- (g) **Medical Insurance.** The Resident shall maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to PHI with evidence of such coverage to be provided to PHI upon execution of this Agreement and thereafter from time to time upon request.
- (h) **Marriage During Occupancy.** If a Resident while occupying a Living Accommodation marries another Resident or elects to share a Living Accommodation with a person who is also a Resident, the two Residents may occupy the Living Accommodation of either Resident and shall surrender the Living Accommodation not to be occupied by them. No refund will be payable with respect to the Living Accommodation surrendered. Such Residents will pay the Monthly Charge for double occupancy associated with the Living Accommodation occupied by them. In the event that a Resident shall marry or elect to share a Living Accommodation with a person

who is not a Resident of RLSR, the non-resident spouse/cohabitant may become a Resident if such spouse/cohabitant meets all of the then current requirements for admission to RLSR, enters into a then current version of the Residence and Care Agreement with PHI and pays an Entrance Fee in an amount determined by PHI in its discretion but in any event no more than two-thirds (2/3) of the then current Entrance Fee associated with the type of Living Accommodation to be occupied by the Resident and non-resident spouse/cohabitant. If the Resident's spouse/cohabitant shall not meet the requirements of RLSR for admission as a Resident, the current Resident may terminate this Agreement pursuant to Paragraph 7.

- (i) **Right of Entry.** Resident hereby authorizes PHI, including its employees and agents of RLSR, to enter the Living Accommodation for purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency.

## 5. TRANSFER OR CHANGES IN LEVELS OF CARE

- (a) **Transfer to Health Center.** The Resident agrees that PHI shall have the authority to determine whether the Resident should be transferred from the Resident's Living Accommodation to the Health Center or from one level of care to another level of care within the Health Center. Such determination shall be based on the professional opinion of RLSR's Medical Director and the Executive Director of RLSR and shall be made only after consultation to the extent practical with the Resident, a representative of the Resident's family or the sponsor of the Resident, and Resident's attending physician.
- (b) **Transfer to Hospital or Other Facility.** If it is determined that the Resident needs care beyond that which can be provided by the facility and personnel of RLSR, the Resident may be transferred to a hospital, center or institution equipped to give such care, which care will be at the expense of the Resident. Such transfer of the Resident will be made upon orders from RLSR's Medical Director after consultation to the extent possible with the Resident, a representative of the Resident's family or the sponsor of the Resident, and the Resident's attending physician.
- (c) **Surrender of Living Accommodation.** If a determination is made by PHI that any transfer described in Paragraph 5(a) or 5(b) is permanent, the Resident agrees to surrender the Living Accommodation or the accommodation in the Health Center occupied by the Resident upon 30 days prior written notice from PHI to Resident. If PHI subsequently determines upon the opinion of the Medical Director and the Executive Director that the Resident can resume occupancy in accommodations comparable to those occupied by the Resident prior to such transfer, the Resident shall have priority to such accommodations as soon as they become available.
- (d) **No Refund for Changes in Levels of Care.** Resident acknowledges and agrees that any transfer from one level of care to another within RLSR (including without limitation a transfer from Resident's current Living Accommodation to assisted or skilled nursing)

shall not be deemed a termination of this Agreement nor entitle Resident to a refund or partial refund of their Entrance Fee.

- (e) **Requests for Moves Within Independent Living.** PHI will evaluate and consider a Resident's request to move from one Living Accommodation to another within Independent Living. The determination to allow a Resident to move is within the sole discretion of PHI.

## 6. **RIGHT OF RESCISSION**

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

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

## 7. **TERMINATION AND REFUND PROVISIONS**

- (a) **Termination After Rescission Period, Prior to Occupancy.** This Agreement may be terminated by Resident at any time for any reason prior to Resident taking occupancy at RLSR and after the Rescission Period as set forth in Paragraph 6 by Resident giving written notice to PHI. This Agreement may be terminated by PHI at any time prior to the date that the Resident takes occupancy if PHI determines that the Resident does not meet

the physical, mental, or financial requirements for admission. In the event of such termination, Resident shall receive a refund of the Entrance Fee paid by the Resident, less four percent (4%) of the total Entrance Fee as described in Paragraph 2(a) which is the nonrefundable portion of the Entrance Fee: However, if the Resident or the Resident's spouse or roommate dies prior to occupancy, or if on account of illness, injury, incapacity, or financial reversal is precluded from occupying the living accommodation, the contract is automatically terminated. In the event of such termination the full amount of the Entrance Fee paid will be refunded. Any refund due under this paragraph 7(a), shall be paid within sixty (60) days of termination of this Agreement.

- (b) **Termination During Residency Trial Period.** The first sixty (60) days of residency at RLSR will be considered to be on a trial basis. During such sixty (60) day period, the Resident will have the right to terminate this Agreement by giving PHI written notice of such termination and Resident shall receive a refund of the Entrance Fee paid less four percent (4%) thereof as a non-refundable fee. During such sixty (60) day period, PHI shall have the right to terminate this Agreement based on PHI's determination that Resident's physical or mental condition or emotional adjustment will not permit adaptation to the living environment at RLSR. In the event of such termination by PHI as previously described, PHI will refund the full Entrance Fee paid to PHI within sixty (60) days after the Living Accommodation has been vacated.
- (c) **Termination After Trial Period.** At any time after the expiration of the first sixty (60) days of residence at RLSR, the Resident may terminate the Agreement by giving PHI thirty (30) days prior written notice of such termination. In the event of such termination, the Resident may be entitled to receive a partial refund. Any partial refund shall be determined and paid as follows: Resident shall receive a refund in an amount equal to the Entrance Fee paid to PHI less the applicable Amortization percentage set forth in Paragraph 2(a) for the type of Entrance Fee Option selected by Resident thereof for each full calendar month or portion thereof which has elapsed from Resident's Admission Date to the effective date of termination and less four percent (4%) which is the nonrefundable portion of the Entrance Fee. For avoidance of doubt, all Entrance Fee refunds are calculated assuming and based upon full calendar months. Any portion of a calendar month (whether relating to the month of Resident's Admission Date or the month of Resident's termination date of this Agreement) shall be deemed to be full and separate calendar months for purposes of calculating any Entrance Fee refund.

The refund shall be made in accordance with the terms set forth in Paragraph 7(f) below. Subject to Paragraph 7(g), Residents who selected the 50% or 90% Refund Option shall receive a refund of no less than 50% or 90%, as applicable, of the Entrance Fee paid to PHI.

- (d) **Termination Upon Death.** This Agreement shall automatically terminate upon the death of the Resident, provided, however, in the event that two Residents occupy a Living

Accommodation under the terms of this Agreement, the Agreement shall continue in effect as to the remaining or surviving Resident. A refund, if applicable, shall be determined in accordance with Paragraph 7(c) above and shall be paid to the Estate of the Resident in accordance with Paragraph 7(f) below.

- (e) **Termination By PHI.** PHI may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History or Confidential Financial Statement; if a material change in the Resident's health takes place before occupancy (Admission Date); if the Resident fails to make payment to PHI of any fees or charges due RLSR within sixty (60) days of the date when due; if the Resident does not abide by the rules and regulations adopted by PHI as determined by PHI; or Resident breaches any of the terms and conditions of this Agreement. In the event of termination for any of such causes the Resident may be entitled to a partial refund of the Entrance Fee paid by the Resident determined in accordance and paid in the same manner as provided in Paragraph 7(c) above.
- (f) **Refund After Living Accommodation Reserved.** Any refund due the Resident under Paragraphs 7(c), 7(d), or 7(e) above will be made at such time as such Resident's Living Accommodation shall have been reserved by a prospective Resident and such prospective Resident shall have paid to PHI such prospective Resident's Entrance Fee. No interest shall be due or payable on any amount refunded pursuant to this Paragraph 7.
- (g) **Monthly Charge & Nonstandard Costs.** Resident's refund under Paragraphs 7(a) through 7(e) shall be reduced and offset by the amount of all unpaid Monthly Charges and other amounts due and owing PHI applicable for the period Resident occupied his/her Living Accommodation. Resident's refund shall also be reduced by any nonstandard costs, if any, specifically incurred by PHI at the request of Resident consistent with terms and conditions of this Agreement. Notwithstanding the termination of this Agreement, Resident (including a deceased Resident) shall be deemed to occupy their Living Accommodation so long as Resident's possessions remain in their Living Accommodation and Resident's Monthly Charge shall continue to accrue as normal. In the event of the death of a Resident, Resident's family or sponsor shall have no more than sixty (60) days to remove Resident's possessions from the Living Accommodation.
- (h) **Condition of Accommodation.** At the effective date of termination of this Agreement, the Resident shall vacate the Living Accommodation and shall leave it in good condition except for normal wear and tear. The Resident shall be liable to PHI for any cost incurred in restoring the Living Accommodation to good condition, except for normal wear and tear, and such cost may at the election of PHI be offset against any refund due, if any.
- (i) **Additions and/or Renovations to Facility; Facility Closing.** From time to time, PHI may require additions and/or renovations to the RLSR facility. PHI will use reasonable efforts to minimize the disturbance to its residents, provided however, Resident agrees to

cooperate with PHI in such efforts and if necessary relocate to substantially comparable living accommodations under the terms and conditions of this Agreement. In addition, if it shall become necessary to close or otherwise cease ordinary operations at the RLSR facility, as determined in the sole discretion of PHI's management, Resident agrees to allow PHI to relocate Resident to substantially comparable facilities managed by PHI within the same general locality and Resident agrees that this Agreement shall remain in full force and effect with respect to such continuing care retirement facility. Resident agrees that any transfer of residency under this paragraph 7(i) shall not cause a termination of this Agreement nor entitle Resident to a full or partial refund of their Entrance Fee.

## 8. FINANCIAL ASSISTANCE

- (a) **Policy.** PHI declares that it is the policy of PHI that this Agreement will not be terminated solely because of the Resident's financial inability to continue to pay the Monthly Charge or other charges payable hereunder by reasons of circumstances beyond the Resident's control, provided, however, this declaration shall not be construed as qualifying the right of PHI to terminate this Agreement in accordance with the terms hereof. In the event that a Resident presents facts which in the sole opinion of PHI justify special financial consideration, PHI will give careful consideration to subsidizing in whole or in part the Monthly Charge and other charges payable by the Resident hereunder so long as such subsidy can be made without impairing the ability of PHI to attain its objectives while operating on a sound financial basis. Any determination by PHI with regard to the granting of financial assistance shall be within the sole discretion of PHI as set forth under a separate written agreement between PHI and the Resident regarding such financial assistance. If PHI requests, Resident agrees to apply for Medicaid, public assistance, or any other reasonably available public benefit program to offset Resident's Monthly Charge or other charges payable hereunder.
- (b) **Endowment.** PHI has an endowment fund, the income of which will be used to assist Residents who would otherwise not be able to live at RLSR because of financial considerations. The income from such fund may be used for the purposes of providing financial assistance in accordance with the provision of this section.

## 9. MISCELLANEOUS PROVISIONS

- (a) **Will, Durable Power of Attorney.** Resident is responsible for having made and executed a valid will providing for the distribution of his/her assets and personal effects, such will or other document of instruction shall include adequate provisions regarding proper burial or cremation. Resident shall notify the Executive Director of RLSR as to the name, address, and telephone number of his/her personal representative. Resident further agrees to execute a valid continuing durable Power-of-Attorney and a health care

Power-of-Attorney. Resident shall notify the Executive Director as to the name, address, and telephone number of such designated Attorney(s)-in-Fact.

- (b) **Assignment**. The rights and privileges of the Resident under this Agreement to the facilities, services and programs of RLSR are personal to the Resident and may not be transferred or assigned by the Resident or otherwise. PHI reserves the right to transfer or assign this Agreement without the consent of Resident. Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of PHI and the heirs, executors, personal representatives, any Attorney-In-Fact, and administrators of the Resident.
- (c) **Management of RLSR**. The absolute rights of management of RLSR are reserved by PHI, its Board of Directors and its administrators as delegated by said Board of Directors. PHI reserves the right to accept or reject any person for residency. Residents do not have the right to determine admissions or terms of admission of any other Resident.
- (d) **Entire Agreement**. This Agreement constitutes the entire agreement between PHI and Resident relating to the subject matter hereof and supersedes all prior negotiations and agreements relative thereto. This Agreement may not be modified or amended except in writing signed by each of the parties. PHI shall not be liable or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent PHI, unless such statements, representations or promises are set forth in this Agreement.
- (e) **Waiver**. Any provision herein may be waived only in writing signed by the party or parties against whom or which enforcement of such waiver is sought. The failure of either party at any time to require the performance by the other party of any provision shall in no way affect the full right to require such performance at any time thereafter, nor shall the waiver by either party of a breach of any provision be taken or held to be a waiver of any succeeding breach of such provision or a waiver of the provision itself or a waiver of any other provision of this Agreement.
- (f) **Guardianship**. If the Resident becomes legally incompetent, or is unable to properly care for himself or herself or his or her property, and if the Resident has made no other designation of a person or legal entity to serve as his or her guardian, then the Resident hereby agrees that PHI or its designee may initiate legal proceedings relating to Resident's competence and may act as Resident's legal guardian when qualified according to law. Resident agrees to pay to PHI and its designee any attorneys' fees and other expenses incurred in connection with any such guardianship upon demand.
- (g) **Transfer of Property**. The Resident agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident

unable to meet such obligations.

- (h) **Attorney's Fees, Costs of Collection.** Resident acknowledges and agrees that he/she shall be obligated to reimburse PHI for all costs associated with collection of any charges or fees due pursuant to this Agreement, including the cost of reasonable attorney's fees incurred by PHI as allowed by applicable law.
- (i) **Savings Clause.** If any provision of this Agreement in any way contravenes the laws of any state or jurisdiction, such provision shall be deemed not to be a part of this Agreement in that jurisdiction, and Resident agrees to remain bound by all remaining provisions. If any portion of this Agreement shall be deemed to be illegal or should it violate public policy, it is agreed that it shall be interpreted to be legally binding and enforceable to the maximum reasonable extent allowed by law.
- (j) **Survival.** The termination of this Agreement shall not affect the rights and remedies of PHI and the obligations of Resident under this Agreement incurred prior to such termination, all of the foregoing shall survive such termination including but not limited to all payment obligations of Resident.
- (k) **Governing Law; Venue.** This Agreement shall be governed by the laws of the State of North Carolina. Resident agrees that venue for any legal action or proceeding relating to this Agreement shall be solely in the state or federal courts sitting in Guilford County, North Carolina, and Resident hereby knowingly and voluntarily submits to the jurisdiction of each such court in any such action or proceeding.
- (l) **Notices.** Any notices, consents, or other communications to PHI or RLSR (collectively "notices") shall be in writing and addressed as follows:

The Presbyterian Homes, Inc.  
Attn: President  
2109 Sandy Ridge Road  
Colfax, NC 27235

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

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

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

**THE PRESBYTERIAN HOMES, INC.**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

River Landing at Sandy Ridge,  
an operating division of  
The Presbyterian Homes, Inc.

\_\_\_\_\_  
Witness

RESIDENT(S):

\_\_\_\_\_  
(Seal)

Print Name: \_\_\_\_\_

\_\_\_\_\_  
Witness

RESIDENT(S):

\_\_\_\_\_  
(Seal)

Print Name: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Current Address (Number and Street)

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

#### 40.4 Appendix D - Statutory Ratio and Supporting Definitions

## **Appendix D— Statutory Ratio and Supporting Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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