



Disclosure Statement

The Sharon at SouthPark Continuing Care Retirement Community

Provider: The Presbyterian Home at Charlotte, Inc.

Date of Disclosure Statement: 12/31/2025

Last Date for Delivery: 6/9/27

- **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 The Presbyterian Home at Charlotte, Inc. to penalties under Article 64A.**

Financial Snapshot: Key Ratios for The Sharon at SouthPark

Table FS-1. Financial Snapshot – Key Statutory Financial Ratios

FYE December 31, 2025 (FY), with comparative historical and prospective periods

Ratio	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	572	525	496	455	479	482	—	—	—
CUSH	5.5X	5.8X	5.7X	7.7X	7.7X	8.1X	—	—	—
OR	98.1%	97.7%	96.6%	97.3%	95.7%	95.1%	—	—	—
NOM	1.8%	9.0%	6.1%	7.8%	8.3%	8.3%	—	—	—
NOM-A	25.10%	31.9%	29.8%	30.3%	32.9%	31.1%	—	—	—
DSCR	2.3X	2.5X	2.7X	2.9X	3.4X	3.3X	—	—	—
CD	46.8%	50.0%	52.0%	19.9%	22.1%	20.2%	—	—	—
CED	325%	147%	137%	209%	950%	712%	—	—	—

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 E for full statutory definitions of how ratios are derived.

¹ **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.

Table of Contents

- 1. Provider Identification..... 1
- 2. Organizational Structure2
- 3. Key Persons and Management Personnel 3
- 4. Governing Body and Oversight..... 11
- 5. Related Parties 13
- 6. Relationships with Religious, Charitable, or Other Organizations 13
- 7. Other Persons Responsible for Obligations 14
- 8. Obligated Groups 14
- 9. Debt Covenants and Compliance 14
- 10. Third-Party Management Arrangements 14
- 11. Real Property Leases 14
- 12. Endowment Funds..... 14
- 13. Description and Location of the Community..... 15
- 14. Living Units by Level of Care 15
- 15. Continuing Care at Home Program..... 16
- 16. Resident Population Served 17
- 17. Occupancy Rates 17
- 18. Semiannual Resident Meetings 17
- 19. Resident Property Rights 18
- 20. Services Provided Under the Contract..... 18
- 21. Resident Fees 21
- 22. Refundable Entrance Fee Obligations 24
- 23. Financial Hardship Policies 26
- 24. Contract Cancellation and Refund Policies 26
- 25. Re-occupancy of Units..... 28
- 26. Resident Relocation 28
- 27. Admission and Continuation Standards 29
- 28. Age and Insurance Requirements 32
- 29. Reserve Funding and Refund Security 32
- 30. Expansion and Renovation Plans 34
- 31. Audit Opinion and Timeliness 35
- 32. Audited Financial Statements..... 35

33. Five-Year Prospective Financial Statements.....	36
34. Variances from Prospective Financial Statements.....	36
35. Key Financial Metrics	38
36. Actuarial Opinion and Balance	41
37. Most Recent Department Examination Report	41
38. Other Material Information	41
39. Contract Forms and Attachments	41
Appendix A — Audited Financial Statements	44
Appendix B — Five-Year Prospective Financial Statements	45
Appendix C — Statement of Actuarial Opinion.....	46
Appendix D — Representative Contract(s).....	47
Appendix E — Statutory Ratio and Supporting Definitions.....	48

1. Provider Identification

Legal Responsibility for Continuing Care

The Presbyterian Home at Charlotte, Inc. is the entity that enters into continuing care contracts and continuing care at home contracts with residents and is legally responsible for providing continuing care and performing all obligations under those contracts. No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

Doing Business As (DBA)

The Presbyterian Home at Charlotte, Inc. conducts business under the name “The Sharon at SouthPark.” The name “The Sharon at SouthPark” is a trade name only and does not represent a separate legal entity. The Presbyterian Home at Charlotte, Inc. remains legally responsible for providing continuing care and performing all obligations under continuing care contracts and continuing care at home contracts (Early Advantage Program).

Item	Information
Legal Provider Name:	The Presbyterian Home at Charlotte, Inc.
Doing Business As (DBA):	The Sharon at SouthPark
Business Address:	5100 Sharon Road, Charlotte, NC 28210
Telephone Number:	(704) 553-1670
Legal Entity Type:	Nonprofit corporation organized under the laws of North Carolina
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	The Presbyterian Home at Charlotte, Inc. is a nonprofit corporation whose sole member is The Sharon at SouthPark, a North Carolina nonprofit corporation.

2. Organizational Structure

2.1 Multi-Entity Organization Status

The Sharon at SouthPark is not part of a multi-entity organization and is a stand-alone facility, a North Carolina nonprofit corporation.

2.2 Consolidation of Financial Statements

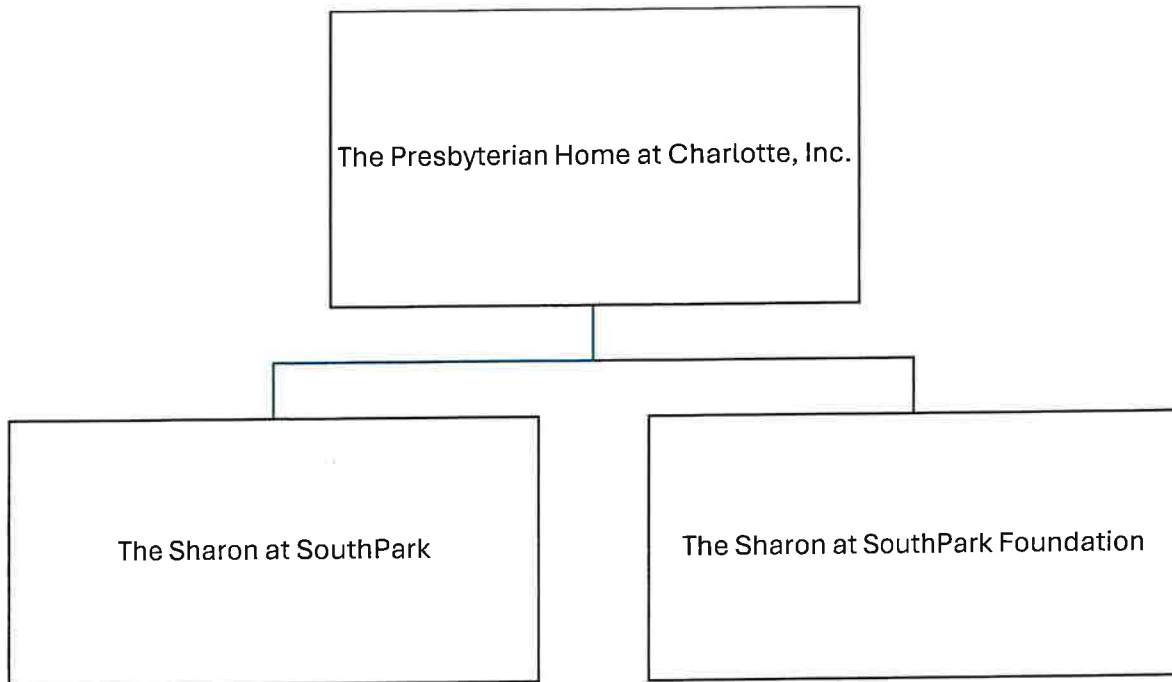
Audited financial statements are prepared on a consolidated basis with The Presbyterian Home at Charlotte, Inc. d/b/a The Sharon at SouthPark and The Sharon Foundation. Consolidating schedules within the audit present the financial position and results of operations of both The Sharon at SouthPark and The Sharon Foundation.

2.3 Controlling Person

Item	Information
Name:	The Presbyterian Home at Charlotte, Inc.
Business Address:	5100 Sharon Road, Charlotte, NC 28210
Telephone Number:	(704) 553-1670

2.3 Company Structure Chart

The Sharon at SouthPark is a stand-alone CCRC, not part of a multi-entity organization.



- **The Presbyterian Home at Charlotte, Inc.** (parent and controlling person; nonprofit corporation)
 - **The Sharon at SouthPark** - provider of continuing care contracts; operator of The Sharon at SouthPark Continuing Care Retirement Community (Charlotte, NC)
 - **The Sharon Foundation** - nonprofit self-supporting organization managing philanthropic efforts of The Sharon at SouthPark

3. Key Persons and Management Personnel

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 Sharon at SouthPark

Name / Role	Education	Experience	Length of Service
Angela L. Rigsbee – President & Chief Executive Officer	BA Psychology UNC Greensboro, Licensed Nursing Home Administrator	32 years in healthcare and senior living including Chief Operating Officer, Director of Marketing, Director of Development.	30 years 7 months (since November 1995); serves as President & CEO of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.
Charles R. Gaskins, CPA- Chief Financial Officer	CPA,BBA Accounting, Marshall University	40 years in healthcare and senior-living including 5 years as a Medical Auditor; 10 years in Home Health Financial Operations; and 25 years in CCRC/Life Plan Financial Operations	8 years 6 months (since 12/11/2017); serves as Chief Financial Officer of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.
Milton L. McGowian- Chief Operating Officer	DBA,MBA & B.S., Liberty University; CDM, CFPP, University of Florida; MCP, Microsoft Certifications	24 years in senior living; former VP of Resident Services; former Culinary Director at multi-site life-plan systems	7 years 4 months (since 01/02/2019); serves as Chief Operating Officer of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.

Business Address: 5100 Sharon Road, Charlotte, NC 28210

Disclosure: None of the Officers have reported any Outside Interests or Adverse Disclosures.

3.2 Community Management – The Sharon at SouthPark

Name / Role	Education	Experience	Length of Service
Kristy L. Jackson – Senior Controller	B.S. Accounting, UNC Charlotte	13 + years in nonprofit healthcare finance; 2 years in for-profit service industry	1 year 11 months Senior Controller of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.

Name / Role	Education	Experience	Length of Service
Hanna C. Crum - Administrator	LNHA; MHA, Appalachian State University; BS Healthcare Administration, Pfeiffer University; AS Pharmacy Technology, Cabarrus College of Health Sciences; CPhT National Pharmacy Technician Certification	10 years in senior living nonprofit CCRCs as an Administrator; 12 years in hospital and long-term care pharmacy; 12 years in pharmacy education at the community college level	1 year 9 months as Administrator of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.
Jessica W. Bourque – Director of Vitality & Wellbeing	BS Therapeutic Recreation Belmont Abbey College, LRT-CTRS	26 + years in senior living health, wellness and operations; former Director of Community Enrichment.	26 years 4 months (since 2/16/00) serves as Director of Vitality & Well-being of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.
Maria C. Alegria – Director of Nursing	MSM-HA, Wilmington University, BSN, RN, University of Santo Tomas	30+years in healthcare and nursing clinical operations	One year and one month (since 5/1/25) as the Director of Nursing of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.
Tammy Howerton – IL Health & Homecare Manager	ASN, Western Piedmont Community College, RN	15 years in senior living/long-term care; 17 years Med Surg and Nursing Management	1 year 7 months (since 11/6/23) as IL Health & Homecare Manager of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.
Ann Marie Ladis – Director of Sales & Marketing	BA English, Brandeis University	30 + years in senior living operations; former senior living consultant to CCRCs with experience at multiple communities in 19 states.	6 years 2 months (since 4/1/20) serves as Director of Sales & Marketing of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.

Name / Role	Education	Experience	Length of Service
Chad D. Lauderbaugh – Director of Culinary Services	BPS, Culinary Institute of America; Veteran of US Airforce	20 + years leadership level experience in multiple culinary operational footprints; 15 + years in Senior Dining at multiple leadership levels with last 12 years at Director level.	4 years 4 months (since 12/29/2021) serves as Director of Culinary Services of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.
Bradley G. Aschenbrenner – Director of Environmental Services	Associate’s degree BA and Financial Management, AIB	30 years as EVS/Housekeeping Director	14 years 2 months (since 03/18/2012) serves as Director of Environmental Services of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.
Cory L. Stepanski- Director of Facilities Services	U.S.M.C	16 + years in senior-living operations	6 years 10 months (since 06/24/2019) serves as Director of Facilities Services of The Presbyterian Home at Charlotte, Inc., d/b/a The Sharon at SouthPark.
Joy-Lynn Tyler – Director of Human Resources	High School	38 years serving in Human Resources; 32 years of those years serving in Executive capacity. Delivering for “For Profit” public and non-public, national, and global organizations. One year serving for non-profit organization	1 year 2 months (since 03/24/2025) serving as Director of Human Resources of The Presbyterian Home at Charlotte, d/b/a The Sharon at SouthPark.

Business Address: 5100 Sharon Road, Charlotte, NC 28210

Disclosure: None of those listed as Community Management has reported any Outside Interests or Adverse Disclosures.

3.3 Board of Directors (Executive Board Members) - The Sharon at SouthPark

Name / Role	Education	Experience	Length of Service
Cookie F. Parnell – Chair	Graduate NSCU	Admissions and	2010-2016
		Financial Aid Officer at Duke Law School. Volunteered 40 years at Children’s Theatre President in 1973, President & Secretary of Symphony Guild for over 40 years, Treasurer Trinity Presbyterian Church past ten years.	2024-2026
Keith G. Butler – Vice Chair	BS (Accounting) UNC; American Institute of CPA’s; NC Association CPA’s; NCSU Poole School of Management; Harvard Business School; Duke University Fuqua School of Business	SVP & Security Officer, Chief Ethics & Compliance Officer, Chief Risk Officer, VP & Controller, COO and CFO Duke Energy Corporation for 32 years - Retired	2023-2026
Richard D. Williams – Treasurer, Finance & Investments Chair	Sewanee: The University of The South BA Economics; Goizueta Business School MBA Finance	37 Years with Bank of	2021-2023
		America. Served in finance & client management roles in areas including commercial banking, corporate finance, capital markets & commercial estate financing	2024-2026

Name / Role	Education	Experience	Length of Service
Edith M. Hall – Secretary, Planning & Governance Chair	Mary Baldwin College; Furman University BA; Medical University of South Carolina MD	Practiced Internal Medicine for 41 years, serving as Clinical Instructor, Clinical Associate Professor UNC School of Medicine and Professor of Medicine & Professor of Medicine Emeritus CMC	2021-2023 2024-2026
Robert T. Dooley – Past Chair	Undergraduate NC State; MBA Wake Forest University	Commercial Construction Business for 35 years – RT Dooley Construction & Barringer Construction	2022-2024 2025-2026
William A. Nichols, Jr. - Facilities & Programs Chair	Bachelor of Architecture University of Virginia	Architecture Business for 40+ years; President of Nichols Architecture past 8 years.	2022-2024 2024-2026

Business Address: 5100 Sharon Road, Charlotte, NC 28210

Disclosure: None of the directors of The Sharon at SouthPark have reported any Outside Interests or Adverse Disclosures.

3.4 Board of Directors — (General Board Members) – The Sharon at SouthPark

Name / Role	Education	Experience	Length of Service
Evelyn C. Gerdes- Planning & Governance Committee	BS, MAE Postgraduate	30 years with CMS-teacher, curriculum specialist, curriculum director, principal, area superintendent. 26 years (part time) Davidson College	2025-2026

Name / Role	Education	Experience	Length of Service
James J. Harris- Finance & Investments Committee	UNC BA English	adjunct education professor. Retired 30 years in commercial lending & management with Bank of America, First Citizens & Park National Bank President & CEO of Piedmont Trust offering investment, trust, tax & financial planning services with clients in over 35 states.	2024-2026
Ray A. Killian, Jr. – Facilities & Programs Committee	Four-year college degree in Business	52 years in real estate investments, RE commercial & residential development & construction, land acquisition & development, commercial RE brokerage. Managed & owned company for 21 years.	2024-2026
Ronald W. Lamberth – Finance & Investments Committee	BS Accounting- University SC	43 years in public accounting, CPA. Retired as a partner at Cherry Bekaert	2026
Anne S. McQuiston- Planning & Governance Committee	BA St. Andrews Presbyterian College	Former Western Regional Director UCP NC, Retired Developmental Disabilities Consultant, Retired Program Developer InReach	2024-2026

Name / Role	Education	Experience	Length of Service
B. Parthenia Richardson – Planning & Governance Committee	BA Wingate College,	44 Years Internist,	2022-2024
	BS Wake Forest University, MD Wake Forest University Medical School, Bowman Gray School of Medicine	Gastroenterologist, Private practice and Atrium Health	2025-2026
Tate K. Sterrett – Planning & Governance Committee	BA Social Science Davidson College, JD University of VA.	Attorney for 53 years.	2025-2026
Worth W. Wilson – Facilities & Programs Committee	BS in Education Bowling Green State University	Retired – 30+ Years as Head of HR for a bank, manufacturing firm and recruiting firm.	2024-2026
Jonathan C. Windham - Finance & Investments Committee	BA Business Administration, MA Accounting, JD UNC	Attorney for 23 years	2024-2026

Business Address: 5100 Sharon Road, Charlotte, NC 28210

Disclosure: None of the directors of The Sharon at SouthPark have reported any Outside Interests or Adverse Disclosures.

3.5 Management Entity — The Sharon at SouthPark

N/A

3.6 10% + Ownership Interests

(Individuals holding ten percent (10%) or more equity or beneficial interest in the provider or any controlling person)

The Sharon at SouthPark is organized as a nonprofit corporation and therefore has no equity ownership interest. No individual holds a ten percent (10%) or greater beneficial interest in the entity.

4. Governing Body and Oversight

4.1 Provider Governing Body

The Sharon at SouthPark is governed by a Board of Directors consisting of 12 to 16 members. The Board is responsible for the overall direction and oversight of The Sharon at SouthPark's operations, financial condition, and resident welfare. Its duties include:

- Reviewing and approving budgets and financial reports.
- Ensuring compliance with applicable laws, regulations, and contractual obligations.
- Overseeing the quality of resident care and services, including safety and satisfaction.
- Monitoring risks to The Sharon at SouthPark's solvency and operations.

4.1.1 Selection of Members

Directors are elected by The Presbytery of Charlotte and serve three-year terms, on a staggered term basis beginning January 1 following their election by The Presbytery and may be reappointed for one additional three-year term. Officers of the Board (Chair, Vice Chair or Past Chair, Treasurer and Secretary) are elected annually by the Board from among its members.

4.1.2 Oversight of Management and Operations

The Board delegates day-to-day operations of The Sharon at SouthPark to the President & CEO and senior management of The Sharon at SouthPark. The Board maintains oversight through:

- Regular review of financial and operating reports.
- Approval of major contracts, capital budgets, and debt issuances.
- Quarterly board meetings and committee reports.
- Evaluation of management performance and compliance.

4.1.3 Committees

The Sharon at SouthPark Board maintains standing committees for:

- **Finance & Investments:** budget review, financial performance monitoring.
- **Facilities & Programs:** review, evaluate, update and recommend implementation of the campus master plan. Monitor all aspects of building & grounds including, but not limited to, property acquisition, security, emergency preparedness, energy use, new construction and renovation of existing buildings.
- **Planning & Governance:** strategic planning, board governance, policy & regulatory compliance, risk management & strategy.

4.2 Controlling Person Governing Body

The Sharon at SouthPark is governed by its own Board of Directors. That board is responsible for system-level strategy and oversight, including:

- Defining, approving and periodically reviewing a statement of mission and purpose to ensure that it articulates the organization's goals, means and primary constituents served.
- Selecting the President & CEO and sets the executive's compensation.
- Providing financial oversight and evaluation of financial controls.
- Establishing and reviewing existing governance policies for the effective management of the organization.
- Creating and updating an effective organizational strategic plan.
- Recruiting and orienting new board members.

4.2.1 Selection of Members

The Board of Directors of the Sharon at SouthPark is self-perpetuating. Directors are elected by The Presbytery of Charlotte and serve one three-year term, with eligibility for reappointment for an additional three-year term. Officers (Chair, Vice Chair, Treasurer, and Secretary) are elected annually by the Board from among its members.

4.2.2 Oversight of Management and Operations

The Sharon at SouthPark Board of Director's responsibility is to oversee the hiring and job duties of the President/CEO. The President & CEO is responsible for the day-to-day operations of the facility. The board also is responsible for:

- Reviewing and approving budgets and financial reports.
- Ensuring compliance with applicable laws, regulations, and contractual obligations.
- Overseeing the quality of resident care and services, including safety and satisfaction.
- Monitoring risks to The Sharon at SouthPark's solvency and operations.

4.2.3 Committees

The Sharon at SouthPark Board maintains standing committees for:

- **Finance & Investments:** budget review, financial performance monitoring.
- **Facilities & Programs:** review, evaluate, update and recommend implementation of the campus master plan. Monitor all aspects of building & grounds including, but not limited to, property acquisition, security, emergency preparedness, energy use, new construction and renovation of existing buildings.

- **Planning & Governance:** strategic planning, board governance, policy & regulatory compliance, risk management & strategy.

4.3 Division of Responsibilities

To avoid duplication and ensure effective oversight:

- The President/CEO focuses on resident-level matters, including community operations, quality of care, resident satisfaction, and financial performance.
- The Sharon at SouthPark Board focuses on system-level matters, including appointment of President/CEO, financial oversight, debt covenant compliance, and long-term strategic planning.

5. Related Parties

The Sharon at SouthPark has a relationship with a related party under common control with The Presbyterian Home at Charlotte, Inc. The arrangement exceeded \$5,000 in FY2025 and is therefore disclosed below. For purposes of this section, Actual/Probable Cost refers to the cost incurred by The Sharon at SouthPark.

5.1 The Sharon at SouthPark Foundation

- **Nature of Relationship:** Nonprofit self-supporting organization, controlled by The Presbyterian Home at Charlotte, Inc. organized as Public Charity, not a Private Foundation. The Foundation can only legally support The Sharon at SouthPark.
- **Goods/Leases/Services Provided:** Administers the Residents' Assistance program for residents unable to meet monthly service fees, funded by donor contributions and endowment earnings. Distributions are applied directly to resident accounts. This support is provided under the Foundation's board-approved Residents' Assistance policy and is not a contractual obligation. The Sharon Foundation exists for the sole benefit of The Sharon at SouthPark.
- **Actual/Probable Cost:** The Sharon at SouthPark paid for approximately \$52,000 in operating expenses related to The Sharon Foundation. In addition, The Sharon at SouthPark made a contribution of \$500,000 to support The Sharon Foundation as provided for in the Master Trust Indenture.

6. Relationships with Religious, Charitable, or Other Organizations

The disclosures in this section address organizational relationships and are distinct from the related-party transactions reported in Section 5.

The Presbyterian Home at Charlotte, Inc. d/b/a The Sharon at SouthPark was organized as a result of three Presbyterian Churches in the Charlotte who saw a need. The Sharon at SouthPark's board of directors are appointed by the Presbytery of Charlotte, who is a member of the Presbyterian Church (U. S. A.). There is no financial obligation to or liability from the Presbyterian Church or the original churches who organized the company.

7. Other Persons Responsible for Obligations

The Sharon at SouthPark has no other person or entity responsible for the financial or contractual obligations of The Sharon at SouthPark.

8. Obligated Groups

The Sharon at SouthPark is a member of an obligated group created under the terms of bond indentures and related financing agreements. Membership in the obligated group creates joint liability among the members solely for repayment of bonded indebtedness and for compliance with related bond covenants.

As of December 31, 2025, the obligated group consisted of:

- The Presbyterian Home at Charlotte, Inc. d/b/a The Sharon at SouthPark

Participation in the obligated group consists only of The Sharon at SouthPark. The bonded debt of the member is supported by the financial resources of the member only. The Sharon Foundation is not part of the obligated group.

The audited consolidated financial statements of The Sharon at SouthPark, and its subsidiaries include consolidating schedules that present the financial position and results of operations of the obligated group. These schedules also show The Sharon at SouthPark's stand-alone financial information, allowing residents and prospective residents to evaluate the provider separately from the group. The audited consolidated financial statements are located in Appendix A.

9. Debt Covenants and Compliance

The Sharon at SouthPark and the obligated group are subject to covenants contained in bond indentures and related debt agreements, including requirements for minimum debt service coverage, liquidity, and restrictions on additional borrowing.

As of December 31, 2025, The Sharon at SouthPark was in full compliance with all covenants contained in debt agreements.

10. Third-Party Management Arrangements

The Sharon at SouthPark does not employ a third-party manager to operate The Sharon at SouthPark Continuing Care Retirement Community. Day-to-day operations are carried out by the President/CEO and senior management employed by The Sharon at SouthPark.

11. Real Property Leases

The Sharon at SouthPark does not lease from another person or entity any of the real property of the continuing care retirement community.

12. Endowment Funds

The Sharon at SouthPark maintains endowment funds directly and currently has only one donor restricted endowment fund with a value at 12/31/25 of \$2,281,087 and known as The

Conger C. Stroupe and Dorothea B. Stroupe Residents' Assistance Endowment. The earnings from this fund are to be used to support the Resident's Assistance Fund to subsidize Entrance Fees and Monthly Service Fees for Residents unable to meet the full cost of care from their own resources.

The Resident's Assistance Fund is set up as a revocable trust made up of The Stroupe Endowment and The Resident's Assistance Fund. The Resident's Assistance Fund portion has been restricted by Board action to serve as the Operating Reserve required by the North Carolina General Statutes. Unrestricted funds may be used for general operating purposes of The Sharon at SouthPark. Endowment funds that are restricted by donor intent follow board policy to Residents' Assistance care or other designation.

13. Description and Location of the Community

The Presbyterian Home at Charlotte, Inc., a not-for-profit corporation organized in 1964 under the laws of the state of North Carolina, owns and operates a continuing care facility and currently provides health related services to approximately 410 persons aged 60 or over. Its facilities are known as "The Sharon at SouthPark", located at 5100 Sharon Road, Charlotte, NC.

The Sharon at SouthPark maintains one ten-story, three six story, one five story and two three-story residential towers surrounded by freestanding or paired cottages on approximately 28 wooded acres in southeast Charlotte.

The Sharon at SouthPark is known for its financial stability, excellent location and quality of care. The Sharon at SouthPark opened the East Tower (now referred to as Heritage East) and 22-bed Health Care Center in 1969. West Tower (now referred to as Heritage West), South Wing and additional nursing beds were added in 1974 and 1985; cottages have been added over the years; the North Terrace opened in 1999, and South Terrace opened in 2003. The first of two Magnolia Villas opened in January of 2017 with the second Villa opening in February of 2018. The Deerwood opened in 2022.

Two 20-bed assisted living units, licensed as "Adult Care," were opened in November 1994, and May 1996, respectively in the Heritage West. Together, the two assisted living units are known as Azalea West.

The Sharon at SouthPark maintains an open Certificate of Need for 62 of its 96 Nursing Facility Beds, allowing direct admission of non-residents to these beds. Nineteen of these 62 beds are Medicare certified and used for short-term rehabilitation of The Sharon at SouthPark's residents and members of the community. The remaining 34 Nursing Facility Beds are closed to direct admissions and must follow certain admissions policies.

In 2006, the Corporation began purchasing certain single-family parcels contiguous to its property as they became available to provide future campus expansion opportunities.

14. Living Units by Level of Care

As of December 31, 2025, The Sharon at SouthPark included:

- 248 independent living units plus 64 proposed units

- 38 assisted living units
- 96 skilled nursing beds

15. Continuing Care at Home Program

The Sharon at SouthPark is licensed to operate a Continuing Care at Home (CCaH) program known as the Early Advantage Program under the name The Sharon at SouthPark. This program allows individuals to contract for future continuing care services while continuing to reside in their own homes rather than relocating immediately to The Sharon at SouthPark.

15.1 Program Description

The Early Advantage Program is a residency option for individuals who wish to remain in their own homes while becoming official residents of The Sharon at SouthPark, gaining a high priority position for a future move to the community plus use of common areas, amenities, community-based fitness programs, wellness programs, culinary services, social offerings, and access to The Sharon at SouthPark’s assisted living and healthcare center at on-campus resident rates if a higher level of care is needed in the future. See Section 20 —Services Provided Under the Contract.

Participation requires meeting standard age, health, and financial qualifications, along with payment of an entrance fee and monthly fee. The entrance fee is refundable on a declining basis during the first year and may be applied in full toward a future on-campus residence.

If a participant later desires to move on campus, they must meet admission requirements at that time and enter into a Resident’s Agreement for Continuing Care then in effect.

15.2 Geographic Areas Served

The Sharon at SouthPark Early Advantage Program is currently available to residents of the United States.

15.3 Enrollment

As of December 31, 2025, The Sharon at SouthPark had 54 enrolled participants.

15.4 Staffing and Resources

The program utilizes existing staff from all departments of The Sharon at SouthPark and does not require additional support at this time, as all services are delivered on The Sharon at SouthPark campus. A licensed RN or LPN from The Hicks Wellness Clinic is scheduled to conduct initial assessments. Ongoing, the Vitality and Well-being staff on site are available to conduct yearly wellness assessments.

The Early Advantage Program is actuarially integrated with The Sharon at SouthPark’s continuing care obligations.

16. Resident Population Served

As of December 31, 2025, the resident population served by The Sharon at SouthPark Continuing Care Retirement Community under continuing care contracts was as follows:

- 310 residents in independent living plus approximately 100 in 2029 with expansion
- 34 residents in assisted living
- 81 residents in skilled nursing

In addition, as disclosed in Section 15, 54 participants were enrolled in The Sharon at SouthPark Early Advantage Program as of December 31, 2025.

As of December 31, 2025, the community also maintained a waitlist (“Future Residency Program”) for admission to The Sharon a SouthPark consisting of 659 households. Households on the Future Residency Program list are prospective applicants and are not residents of the community unless and until they have executed a continuing care contract and commenced residency or become members of the Early Advantage Program.

To be placed on the Future Residency Program list, prospective applicants are required to submit a financial statement, a \$1,000 deposit per household, plus a non-refundable \$100 processing fee per person. The Future Residency Program deposit is fully refundable and is not considered an entrance fee. If the applicant later enters into a continuing care contract, the Future Residency Program deposit is applied toward the required entrance fee at that time.

Placement on the Future Residency Program list does not guarantee admission to the community and does not create contractual rights unless expressly provided in a continuing care contract.

17. Occupancy Rates

The 12-month daily average occupancy rates for The Sharon at SouthPark for the past five fiscal years were as follows:

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

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
12/31/2025	96.9%	86.4%	75.5%
12/31/2024	96.3%	88.6%	75.1%
12/31/2023	95.0%	90.8%	57.0%
12/31/2022	95.0%	94.7%	52.0%
12/31/2021	92.5%	96.6%	58.8%

18. Semiannual Resident Meetings

The Sharon at SouthPark holds meetings with residents of The Sharon at SouthPark at least twice each year, as required by law.

Fiscal Year 2025 Meeting Dates

- May 21, 2025
- November 19, 2025

A governing member of the Board was present on May 21, 2025 (Evelyn Gerdes and Worth Wilson). An independent member of the provider's board of directors was present on November 19, 2025 (Cookie Parnell and Richard Williams) and governing members (Evelyn Gerdes and Worth Wilson).

19. Resident Property Rights

Residents do not hold any ownership or property rights in the real estate of The Sharon at SouthPark. Residency and access to services are governed solely by the continuing care contract.

20. Services Provided Under the Contract

The Sharon at SouthPark offers services under two distinct types of agreements: 1) Continuing Care Retirement Community ("CCRC") Resident contracts (on-campus residency with access to a continuum of care and 2) Continuing Care at Home ("CCaH") contracts (Early Advantage Program; off-campus participation without lodging). These agreements differ materially in scope, setting, and financial responsibility for services.

The following disclosures describe the services included in each contract type, as well as those available for additional charge.

20.1 Health Care Services

The Sharon at SouthPark has a Wellness Clinic, assisted living, memory support and skilled nursing on campus. Health services available range from 24-hour nursing, medication management, outpatient and inpatient rehabilitative therapies to coordination with residents' personal physicians.

Continuing Care Retirement Community (CCRC) Contract residents have access to a continuum of care that includes independent living, assisted living, skilled nursing care and outpatient and rehabilitative services. Health services are coordinated by The Sharon at SouthPark and provided on campus. Access is structured within the contract and does not require separate admission agreements for each level of care.

CCACH Contracts (Early Advantage Program) participants do not receive ongoing health care services as part of their monthly fee. Instead, they are provided: access (not coverage) to the Health Center, priority access to Medicare-certified beds, access to non-Medicare skilled nursing stays at discounted per diem rates and admission and discharge coordination when services are provided at the community. Participants pay all health care costs at prevailing rates, may receive therapy services on an inpatient or outpatient basis. The Sharon at SouthPark does not provide medical or personal care services in the participant's home.

While not a continuing care contract, The Sharon at SouthPark offers a Direct Admit Contract for direct admission to the Health Care Center only. Residents receive 24-hour nursing care and supervision, medical oversight by a physician, and rehabilitative and supportive care services. This agreement is limited exclusively to skilled nursing care, provides no access to independent living or assisted living and does not include priority or rights to enter the continuum of care. Admission requires physician orders, clinical assessment and approval, and compliance with nursing facility regulations.

20.2 Continuing Care Retirement Community (CCRC) Contracts

Residents living on The Sharon at SouthPark campus receive the following services as part of their monthly fees, with additional services available at an extra charge.

20.2.1 Services Included in Monthly Fees

- Occupancy of an independent living or assisted living accommodation.
- Monthly meal allowance for independent living. Three meals per day for assisted living and skilled nursing.
- Weekly housekeeping and linen service
- Parking for one vehicle in independent living (covered for some areas)
- Basic utilities, including electricity, water, heating, air conditioning, landline telephone, basic cable and Internet access
- Washer and dryer available for personal laundry (Independent Living)
- Use of community amenities (wellness center, library, multi-purpose rooms, gardens, walking trails)
- Social, cultural, educational, fitness and recreational programming
- Maintenance of buildings, systems and grounds
- Maintenance of standard appliances in accommodations where they have been supplied by The Sharon at SouthPark
- Access to assisted living, outpatient care and skilled nursing
- Coordination of care transitions
- Use of Health Center services subject to contract terms

20.2.2 Services Available at Additional Charge

- Guest meals and groceries or resident meals beyond the basic allowance
- Additional housekeeping or laundry services beyond standard schedule
- Expanded television, Internet, and telephone packages
- Salon and barber services
- Special transportation outside scheduled routes

- Concierge services and private duty care
- Homecare and wellness clinic services
- Therapy and medical services not covered by insurance
- Additional resident parking, if available

20.3 Continuing Care at Home (CCaH) Contracts

Participants in The Sharon at SouthPark Early Advantage Program receive limited, access-based services while continuing to reside in their own homes, with additional services available at an extra charge. Participants remain fully responsible for their residence and all external services.

The entrance fee is a transferrable credit toward future on-campus residency.

20.3.1 Services Included in Monthly Fees

- Initial and annual wellness assessments
- Consultation and development of a personal wellness plan
- Participation in educational, social, cultural, spiritual and recreational activities on The Sharon at Southpark campus
- Access to the fitness center and wellness programming
- Ability to dine on campus at resident rates
- Access to assisted living or skilled nursing at The Sharon at SouthPark Continuing Care Retirement Community with the same priority as residents with an on-campus Continuing Care contract
- Priority consideration for independent living units

20.3.2 Services Available at Additional Charge

- Participation in select activities that occasionally require an additional fee, such as special outings and event tickets
- Meals at The Sharon at SouthPark
- Stays in assisted living or skilled nursing at The Sharon at SouthPark Continuing Care Retirement Community
- Therapy and rehabilitation services
- Concierge services and private duty care

20.4 Delivery of Services

Core residential, home care, assisted living, and skilled nursing services are provided directly by The Sharon at SouthPark. Certain therapies (physical, occupational, and speech) are furnished under contract with independent third parties.

CCRC contract services are delivered on campus and health care services are coordinated within the continuum of care.

CCAH Early Advantage services are delivered on campus and health care services are delivered only when the participant is admitted to or treated within The Sharon at SouthPark facilities. Services obtained outside the community are not coordinated or paid for by The Sharon at SouthPark.

21. Resident Fees

Nonancillary fees at The Sharon at SouthPark (including both the campus-based community and the Early Advantage Program) consist of required, ongoing fees such as entrance fees and monthly service fees. The following tables show The Sharon at SouthPark’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 are also included.

21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at The Sharon at SouthPark Continuing Care Retirement campus.

Table 21.1: Current Monthly Fees (CCRC Contracts)

Unit Type	Single Occupant	Double Occupant
Independent Living – Heritage Apartment	\$3,517 - \$5,016	\$6,841 - \$7,521
Independent Living – Cottage	\$4,893 - \$6,908	\$7,398 - \$9,413
Independent Living – Terrace	\$4,864 - \$5,937	\$7,369 - \$8,442
Independent Living – Villa	\$4,795 - \$5,820	\$7,300 - \$8,325
Independent Living – Deerwood	\$4,466 - \$6,619	\$6,971 - \$8,452
Assisted Living	\$7,144 - \$10,684	\$14,873
Skilled Nursing	\$10,835 - \$12,070	N/A
	(\$274 - \$496 per day)	

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 21.2: Historical Increases in Monthly Fees (CCRC contracts)

Fiscal Year-End	Average % Increase IL/AL/SNF	Average \$ Increase IL/AL/SNF	Frequency
12/31/2026	4.25%/5.00%/5.00%	\$262/\$424/\$540	Annual

Fiscal Year-End	Average % Increase IL/AL/SNF	Average \$ Increase IL/AL/SNF	Frequency
12/31/2025	4.5%/4.5%/4.5%	\$265/\$366/\$465	Annual
12/31/2024	7.5%/7.5%/10.5%	\$478/\$567/\$1,155	Annual
12/31/2023	7.5%/7.5%/7.5%	\$427/\$528/\$626	Annual
12/31/2022	3.9%/5.75%/5.75%	\$197/\$382/\$454	Annual

Table 21.3: Current Entrance Fees (CCRC Contracts)

Unit Type	Entrance Fee (Single)	Entrance Fee (Double)
Independent Living – Heritage Apartment	\$51,600 - \$423,200	\$156,300 - \$456,200
Independent Living – Cottage	\$370,900 - \$907,300	\$403,900 - \$940,300
Independent Living – Terrace	\$368,500 - \$675,200	\$401,500 - \$708,200
Independent Living – Villa	\$483,500 - \$732,800	\$516,500 - \$765,800
Independent Living – Deerwood	\$362,800 - \$861,900	\$395,800 - \$894,900

Refundability terms vary by contract and are disclosed in Section 22.

Table 21.4: Historical Increases in Entrance Fees (CCRC contracts)

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2026	7.04%	\$35,231	Annual
12/31/2025	7.15%	\$36,900	Annual
12/31/2024	18.14%	\$77,350	Annual
12/31/2023	3.56%	\$14,679	Annual
12/31/2022	1.66%	\$6,243	Annual

21.2 CCaH Contracts

Early Advantage Program contracts represent continuing care at home contracts for participants who reside in their own homes and receive services through The Sharon at SouthPark Early Advantage Program.

The entrance fee is a transferrable credit toward future on-campus residency.

Table 21.5: Current Monthly Fees (CCaH Contracts)

CCaH (EAP) Plan	Monthly Fee (Single)	Monthly Fee (Double)
Basic	\$443	N/A

Monthly fees are subject to annual adjustment to reflect health care costs and service delivery expenses.

Table 21.6: Historical increases in Monthly Fees (CCaH contracts)

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2026	4%	\$18	Annual
12/31/2025	0%	\$0	Annual

Table 21.7: Current Entrance Fees (CCaH Contracts)

CCaH (EAP) Plan	Entrance Fee (Single)	Entrance Fee (Double)
Basic	\$26,000	N/A

Table 21.8 - Historical Increases in Entrance Fees (CCaH contracts)

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2026	4%	\$1,000	Annual
12/31/2025	0%	\$0	Annual

21.3 Household Composition Changes

If a resident marries or otherwise increases the number of people residing in a living unit, an additional entrance fee is required for the new resident, based on the applicable fee schedule at the time of entry. The monthly fee is adjusted to the two-person rate. If the additional resident does not meet admission requirements, they may not be admitted under a continuing care contract.

21.3.1 MARRIAGE OF TWO RESIDENTS

If one resident marries another resident and they desire to occupy a Living Accommodation currently occupied by one of them, no additional Entrance Fee shall be due and the double occupancy Monthly Service Fee shall apply. Upon the subsequent death of either one of the residents, it will not be necessary for the survivor to move from the Living Accommodation. The monthly fee will become the current single person fee for a unit of that size.

If residents who marry desire to move to a type of Living Accommodation not previously occupied by one of them, no additional Entrance Fee will be due from either of them if the Entrance Fee deemed paid by each of them individually (excluding any amount attributable to a deceased Initial Joint Resident) equals or exceeds the then-applicable Entrance Fee with respect to such Living Accommodation. If their combined Entrance Fee, including any amount(s) attributable to a deceased Initial Joint Resident(s), exceeds the then current Entrance Fee for the new unit, no refund shall be made.

21.3.2 MARRIAGE OF A RESIDENT TO A NONRESIDENT

If a resident marries a nonresident, the nonresident shall not reside at The Sharon at SouthPark unless such person satisfies the then-existing admissions criteria of The Sharon at SouthPark and until such person has been admitted through the normal application and admissions and orientation policies and procedures. In the event such person is admitted to The Sharon at SouthPark, such person shall pay the Entrance Fee then applicable for a studio apartment plus the then current Second Person Entrance Fee. Once the person is admitted and has paid the applicable Entrance Fee and second person monthly fee and is permitted to occupy the spouse's Living Accommodation or another available residence, such person shall be treated as a resident who marries another resident.

21.4 Transfer Fees and Resale Fees

Unless otherwise specifically agreed and set forth in writing in an addendum attached to the Resident's Agreement for Continuing Care, the Resident shall have no right to move from one independent living accommodation to another. However, if Resident(s) request for such a move is approved by The Sharon at SouthPark, Resident(s) shall cover administrative costs and pay to The Sharon at SouthPark a one-time transfer fee of \$5,000 plus any expenses incurred by The Sharon at SouthPark with respect to said move, including moving expenses and the cost of any resident requested upgrades made to the new accommodation, such as paint, carpet, wallpaper, etc. No resale fees are charged because residents do not hold ownership rights in their living units.

22. Refundable Entrance Fee Obligations

22.1 Conditions for Refunds

Certain continuing care contracts at The Sharon at SouthPark Continuing Care Retirement Community include a 50% or 90% refund provision. Refundable entrance fees are subject to availability and calculated based on the Resident's life expectancy using actuarial tables and assumed investment return. The incoming resident must be moving to an independent living accommodation and be aged 80 or less at admission.

Under these contracts, a portion of the original entrance fee is refundable when a resident permanently vacates the community, provided that (1) the accommodation has been resold to a new resident who is new to the community and has paid their entrance fee in full and (2) all other contractual conditions for a refund have been satisfied. Refunds are payable within 30 days after these conditions are met. For clarity, refunds are only made upon the complete withdrawal or move-out by the Resident from The Sharon at SouthPark,

whether voluntarily, involuntarily or by death. There is no refund upon a resident’s permanent transfer to assisted living or the health center, and there is no partial refund upon the move or transfer to a smaller residence or a residence with a lesser entrance fee.

In addition, The Sharon at SouthPark offers standard declining-balance contracts under which the refundable portion of the entrance fee decreases on a monthly basis and amortizes to 0% after a one-year period. Once the amortization period has elapsed, no refund is payable upon termination of the contract or the death of the resident. These contracts therefore do not create refundable entrance fee obligations beyond the initial amortization period.

The Early Advantage Agreement is a standard declining-balance contract under which the refundable portion of the entrance fee decreases on a monthly basis beginning on day 31 and amortizes to 0% after day 365 as per Section VIII.D. of the Early Advantage Agreement. Once the amortization period has elapsed, no refund is payable upon termination of the contract or the death of the resident. These contracts therefore do not create refundable entrance fee obligations beyond the initial amortization period.

22.2 Refund Obligations as of December 31, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met (“Refundable Entrance Fees” per audited balance sheet at 12/31/25)	8	\$4,877,778
Refunds currently due (including amounts 30+ days past due) Less than 30 days. Amount included in Deferred Revenue on audited balance sheet at 12/31/25	1	\$25,000
Resident now in non-independent living unit – unit not resold	0	0
Resident now in non-independent living unit – unit resold (Included in Refundable Entrance Fee amount on line 1 of table)	2	\$1,026,925

As of December 31, 2025, The Sharon at SouthPark had \$4,902,778 in total refundable entrance fee obligations. No refunds were contractually due or past due at year-end (one at \$25,000 due within 30 days). Obligations will be satisfied in accordance with contract terms as independent living units are resold and replacement entrance fees are received; however, the timing of refund payments depends on the pace of independent living unit turnover and resale activity.

23. Financial Hardship Policies

23.1 Policies for Residents Unable to Pay

It is the policy of The Sharon at SouthPark to permit residents to remain in the community if they become unable to pay monthly fees through no fault of their own, provided they have first fully applied their available assets and income. Residents are not discharged or relocated solely due to financial hardship once admitted under a continuing care contract.

23.2 Sources of Financial Support

- **The Sharon Foundation:** A related-party nonprofit supporting organization that administers a benevolent care program funded by donor contributions and endowment earnings. Distributions are applied directly to resident accounts at The Sharon at SouthPark.
- **Refundable Entrance Fees:** Residents contractually entitled to a refundable entrance fee may, subject to the approval of The Sharon at SouthPark, apply available refundable amounts toward unpaid monthly fees. Such applications reduce the remaining refund obligation and do not accelerate contractual payment of refunds.

23.3 Conditions or Limitations

- Eligibility for benevolent care is determined through a confidential financial review conducted by The Sharon at SouthPark with oversight from the board of directors.
- Assistance is subject to the availability of funds and is not guaranteed.
- Residents must annually recertify financial need to continue receiving assistance.

23.4 Narrative

In 2025, The Sharon at SouthPark distributed \$1,392,573 in Residents' Assistance to The Sharon at SouthPark Continuing Care Retirement Community residents. As of December 31, 2025, The Sharon at South Park maintained net assets of \$17.4 million designated for benevolent care, subject to donor restrictions and the discretion of the board.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

The Sharon at SouthPark may terminate a continuing care or a continuing care at home contract (Early Advantage Program):

- Before occupancy or commencement of services, if:
 - The applicant fails to meet health or financial eligibility requirements at the time of application;
 - The applicant provided materially false or misleading information during the application process; or

- Admission would pose a direct threat to the health and safety of others.
- After occupancy or commencement of services, if:
 - Persistent nonpayment of monthly fees occurs;
 - The resident commits a material breach of contract terms; or
 - The resident engages in disruptive or harmful conduct that materially impairs the rights of other residents or the orderly operation of the community.
 - The resident's condition cannot be safely managed within program parameters.

24.2 Resident-Initiated Cancellation

A resident may cancel a contract under the following circumstances:

- **Before occupancy or commencement of services:**

A resident may cancel at any time. The entrance fee and any prepaid monthly fees are refunded, less a non-refundable \$100 per person application or processing fee retained by The Sharon at SouthPark to cover administrative costs, and less the applicable cancellation fees outlined in the Reservation Agreement, such as the Service Fee and cost of custom upfits.

- **After occupancy or commencement of services:**

A resident may voluntarily cancel by providing 60 days' written notice. If any portion of the entrance fee is eligible for refund it will be returned in accordance with Section 22 once all contractual conditions are satisfied, including resale and re-occupancy of the living unit when applicable.

24.3 Refunds Upon Cancellation

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fee Obligations.
- Nonrefundable portions of entrance fees are retained by The Sharon at SouthPark.
- Prepaid monthly fees are prorated to the date the living unit is vacated or services cease, and any remaining balance is refunded.

24.4 Refunds Upon Death

- **Before occupancy or commencement of services:**

If a resident dies before moving into the community or beginning continuing care at home services, the entrance fee is refunded in full, less the nonrefundable \$100 application or processing fee and the cost of any custom upfits.

- **After occupancy or commencement of services:**

Refunds are made according to the standard refundable entrance fee provisions described in Section 22. Prepaid monthly fees are prorated to the date of death and refunded.

25. Re-occupancy of Units

A living accommodation at The Sharon at SouthPark Continuing Care Retirement Community may be reassigned to a new resident under the following circumstances:

25.1 Resident-Initiated Vacating

- **Voluntary termination:** When a resident cancels their continuing care contract and permanently vacates the living unit.
- **Transfer to a higher level of care:** When a resident moves from independent living to assisted living or skilled nursing, and the contract permits the original living unit to be reassigned.

25.2 Provider-Initiated Vacating

- **Contract termination by provider:** When a contract is terminated by the provider under the circumstances described in Section 24 – Contract Cancellation and Refund Policies.
- **Persistent nonpayment:** When a resident fails to meet contractual payment obligations and the provider declares the contract terminated.

25.3 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.

25.4 Refunds

Refunds associated with the vacating of a living accommodation are handled in accordance with Section 22 – Refundable Entrance Fee Obligations. Refunds are contingent upon re-occupancy by a new resident, and the timing of repayment may vary depending on market demand and the pace of living unit turnover.

26. Resident Relocation

Residents of The Sharon at SouthPark may be required to relocate from their current living accommodation to another living accommodation 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. Resident may move to the Health Center in the future if the need arises, on a temporary or permanent basis at the prescribed fee rate. Health Center fees for assisted living and skilled care would apply.
- **Safety and Accessibility:** When the current living unit no longer meets the resident's safety or accessibility needs.

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

- Relocation decisions are made in consultation with the resident, the resident's family (if applicable), and appropriate health professionals, including The Sharon at SouthPark's Medical Director.
- The provider makes reasonable efforts to relocate the resident to a comparable living unit within the community, meaning one of similar size, type, and monthly fee level whenever possible.
- If relocation is required for renovation or construction purposes, the provider will inform the resident in advance and clarify whether the move is temporary or permanent.

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. Admission and Continuation Standards

27.1 Admission Requirements

Admission to The Sharon at SouthPark is subject to both health and financial screening at the time of application.

27.1.1 CCRC Contracts (Campus-Based)

- **Financial Standards:** Applicants must demonstrate sufficient resources to cover the entrance fee and projected monthly fee for the chosen living accommodation. It is, however, the policy of The Sharon at SouthPark, that financial assistance be considered for Residents who, because of their financial condition, become unable to pay the full cost of their care at The Sharon at SouthPark.

The Sharon at SouthPark strives to give financial assistance equal to five percent (5%) of annual revenue. Nevertheless, while the above policies are the goals of The Sharon at SouthPark, implementation of the policies is specifically conditional upon the availability of resources for these purposes and the continued financial stability of The Sharon at SouthPark.

The Sharon at SouthPark reserves the right to require periodic financial statements from Residents for the purpose of ascertaining future needs for assistance.

NOTE: The above-described criteria may be modified at any time by the Board of Directors or their designated representative(s) of The Sharon at SouthPark, and all Residents should expect to pay the charges incurred for their care unless specifically modified by The Sharon at SouthPark.

- **Health Standards:** Applicants for independent living must be capable of living safely and independently at the time of entry, with or without reasonable accommodations. A current medical history and health assessment completed by the applicant's physician is required, as well as an assessment conducted by a healthcare professional from The Sharon at SouthPark. Applicants requiring immediate assisted living or skilled nursing are not eligible for independent living entry.

27.1.2 CCaH Contracts (Continuing Care at Home)

- **Financial Standards:** Applicants must demonstrate sufficient resources to cover the entrance fee and ongoing monthly fees under the Early Advantage Program contract.
- **Health Standards:** An applicant must be mentally alert and able to meet his or her personal care needs without assistance or supervision. A current medical history and health assessment completed by the applicant's physician is required, as well as an assessment conducted by a healthcare professional from The Sharon at SouthPark. Applicants requiring immediate assisted living or skilled nursing are not eligible for The Sharon at SouthPark Early Advantage Program.

27.2 Continuation Requirements

- **CCRC Contracts:** 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 – Financial Hardship Policies. Residents may be required to relocate to a higher level of care (see Section 26 – Resident Relocation) if their health needs can no longer be met safely in their current living unit.

- **CCAH Contracts:** Participants may continue in the Early Advantage Program regardless of changes in health status, provided they continue to comply with the terms of the contract. If Resident is deemed eligible for financial assistance through The Sharon at SouthPark, The Sharon at SouthPark, to the extent of its available resources dedicated for financial assistance, will attempt to furnish financial assistance when it is needed. Termination of residency for Resident's inability to fulfill the financial obligations incurred under this Agreement shall be an option exercised as necessary to assure the financial viability of The Sharon at SouthPark and of its financial assistance program.
- **Direct Admission to the Health Center Contracts:** 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 – Financial Hardship Policies.

27.3 Changes in Condition Before Occupancy or Commencement of Services

- **CCRC Contracts:** If a resident's health materially declines between signing a contract and the date of initial occupancy, the provider may re-evaluate eligibility for independent living and may require admission to a higher level of care, if available. If no suitable accommodation is available or if the applicant no longer meets entry requirements, the contract may be canceled and the entrance fee refunded in accordance with Section 24 – Contract Cancellation and Refund Policies. If a material change in financial condition occurs before occupancy (such as loss of income or assets needed to pay monthly fees), the provider will re-evaluate eligibility. If standards are no longer met, the contract may be canceled and entrance fees refunded.
- **CCAH Contracts:** If a participant experiences a material decline in health before commencement of the Early Advantage Agreement such that they require immediate assisted living or skilled nursing, they are not eligible to begin in The Sharon at SouthPark Early Advantage program. In such cases, the contract may be canceled and entrance fees refunded in accordance with Section 24 – Contract Cancellation and Refund Policies. If a material change in financial conditions occurs before commencement of the Early Advantage Agreement, The Sharon at Southpark will re-evaluate eligibility and may cancel the contract if standards are not met, with entrance fees refunded.

28. Age and Insurance Requirements

28.1 Age Requirements

- The minimum age for admission to The Sharon at SouthPark under a continuing care contract is 60 years.
- There is no maximum age limit for admission, provided the applicant meets the health and financial eligibility standards described in Section 27 - Admission and Continuation Standards.
- For Continuing Care at Home (CCAH) (Early Advantage) contracts, the minimum age for acceptance is also 60 years.

28.2 Insurance Requirements

It is suggested that applicants for CCRC contracts:

- Be enrolled in Medicare Parts A and B at the time of admission; and
- Maintain a Medicare supplement (Medigap) policy or equivalent health insurance to cover services not provided by Medicare.

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

- Exceptions to the minimum age requirement may be considered on a case-by-case basis if a younger applicant is married to or partnered with an eligible applicant, or if otherwise required to maintain household composition.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of December 31, 2025, The Sharon at SouthPark. held \$46.941 million in unrestricted cash and investments. Within this balance, \$4.878 million has been designated by the Board of The Sharon at SouthPark to prioritize liquidity for future entrance fee refunds. These funds remain unrestricted for accounting purposes but reflect the Boards' intent to maintain liquidity for resident entrance fee refund obligations.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 496 days, representing approximately 16 months of projected operating expenses without new revenues.

29.2 Investment Management and Oversight

- **Oversight Body:** Finance Committee of the Board of Directors of The Sharon at SouthPark.
- **Day-to-Day Management:** Chief Financial Officer (CFO).

- **Experience:** Finance Committee members total 60 years of financial oversight and investment policy.
- **Policy and Controls:** Investments are managed under a Board-approved policy emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds, and broadly diversified public funds/ETFs. The CFO and investment advisors execute within these limits, report quarterly to the Finance Committee, and maintain controls over custody, counterparty limits, and rebalancing.

29.3 Statutory Operating Reserve Requirement

As of April 30, 2026, The Sharon at SouthPark’s 12-month rolling average independent living unit occupancy was 97.6%. Based on this level of occupancy, and a Debt Service Coverage greater than 2%, the required statutory operating reserve was 12.5% of projected operating costs for the next 12 months.

Because The Sharon at SouthPark is part of an obligated group that maintains a separate Debt Service Reserve Fund, principal and interest payments are excluded from the operating reserve calculation.

Table 29.1: Statutory Operating Reserve Calculation

Component	Amount
Total projected operating expenses	\$44,133,000
Add: Debt service (principal and interest)	\$1,805,000
Less: Principal and interest (covered by Debt Service Reserve Fund)	(\$5,239,000)
Less: Depreciation and amortization	(\$7,822,000)
Net projected operating costs	\$32,877,000
Applicable reserve percentage based on occupancy	12.5%
Required operating reserve	\$4,110,000
Unrestricted cash & investments on hand	\$46,941,000
Excess above required reserve	\$42,831,000

Summary: The required statutory operating reserve was \$4.110 million. The Sharon at SouthPark held \$46.941 million in unrestricted cash and investments, providing an excess cushion of \$42.831 million above the statutory minimum.

29.4 Refund Security (Entrance Fee Refunds)

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

- \$4.878 million Board-designated for refunds, and
- \$4.110 million 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 Sharon at SouthPark 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	\$46,941,000	All liquid balances (cash and investments)
Less: Required operating reserve	(\$4,110,000)	Must be maintained; release requires regulatory approval
Less: Board-designated for refunds	(\$4,878,000)	Internal designation; unrestricted under GAAP
Excess unrestricted cash and investments above operating reserve and board designated refund reserve	\$37,953,000	Available for operations and refund needs (outside of designated reserves)

30. Expansion and Renovation Plans

As of December 31, 2025, the Board of Directors of The Sharon at SouthPark approved plans to construct 64 additional independent living residences on the northeast corner of the campus in addition to a fitness facility, and a mixed-use area to include a restaurant and a small amount of retail and office space. Construction is expected to begin in the third quarter of 2026, with completion anticipated by the end of 2029.

The project is contingent upon obtaining approval from the North Carolina Department of Insurance, permits, and securing financing on acceptable terms. If financing cannot be obtained on acceptable terms, the project may be deferred or canceled.

This expansion will increase the number of independent living units available to future residents. It will not alter existing residents' contracts or current fee structures. During construction, temporary activity may affect access and noise levels in nearby areas of the campus. Residents will be informed in advance of any significant disruptions.

The Sharon at SouthPark's Board of Directors approved a long-range campus plan (the "Plan") located along the north portion of its campus as well as 2.5 acres of contiguous property purchased in 2014. The primary goal of the Plan is to revitalize the community

through a variety of improvements that are centered around resident care, independence, and choice, while positioning The Sharon at SouthPark for the next generation of residents.

Phase I of the Plan is complete and included the expansion and renovation of its health care building (including two floors of the Health Care Center, as well as dining, wellness clinic, beauty shop and activity area amenity spaces) and the building of a five-story 42-unit independent living structure with underbuilding parking known as The Deerwood. In addition, The Sharon at SouthPark created a green space (Anne O. Moffat Park) for residents and surrounding community members using two parcels, equaling a half-acre that is contiguous to the existing campus and is owned by The Sharon at SouthPark.

Phase 2 of the Plan is being developed now and includes the addition of a second five-story independent living building with approximately 64 apartments, a fitness facility, and a mixed-use area to include a restaurant and a small amount of retail and office space. This area of campus received rezoning approval in 2025. Construction is anticipated to begin in July 2026 pending DOI approval process.

31. Audit Opinion and Timeliness

The consolidated financial statements of The Sharon at SouthPark and The Sharon Foundation for the fiscal year ended December 31, 2025, were audited by CliftonLarsonAllen.

- **Timeliness:** The audit was completed and issued within 150 days of fiscal year-end, meeting statutory requirements.
- **Audit Opinion:** The independent auditor issued an unqualified opinion (a “clean” audit opinion) on the consolidated financial statements.

The Sharon at SouthPark does not issue separate stand-alone audited financial statements; its financial information is presented within the consolidated audit of The Sharon Foundation; however, each unit is separated in a footnote.

32. Audited Financial Statements

The audited consolidated financial statements of The Sharon at SouthPark and The Sharon Foundation 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, and have been prepared in accordance with generally accepted accounting principles (GAAP).

Because the financial statements are presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for The Sharon Foundation.

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of The Sharon at SouthPark for the period 2026 through 2031 are attached hereto as Appendix B. These statements were prepared and compiled by CliftonLarsonAllen and include a summary of significant assumptions and accounting policies.

Because the prospective financial statements are presented on a consolidated basis, supplemental consolidating schedules provide prospective operating results for the Provider by removing The Sharon at SouthPark Foundation.

34. Variances from Prospective Financial Statements

For the fiscal year ending December 31, 2025, management reviewed the results of operations for The Sharon at SouthPark 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 following material variances were identified:

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

Category	Projected Amount	Actual Amount	Variance	Explanation
Independent Living Occupancy	94.22%	97.5%	3.28%	More turnover in IL units than expected. IL Revenue was offset by Residents Assistance which was \$400K more than expected which was the main cause of IL revenue being less than forecast.
Health Care Occupancy (including Medicare)	79.16%	75.8%	-3.8%	Actual revenues were unfavorable to forecast by \$672K. Private Pay Census was above expectation; however, Medicare census did not meet forecast. The Managed Care environment, combined with quicker hospital discharges (less than 3 days to qualify for Medicare), resulted in lower census than expected.
Entrance Fee Receipts	\$10.5 million	\$12.3 million	\$1.8 million	17% higher Entrance Fees than expected due to higher unit turnover. This would have been higher, but we had one 90% refund of approximately \$900K.

Category	Projected Amount	Actual Amount	Variance	Explanation
Health Care Expense	\$10.1 million	\$10.7 million	-\$0.6 million	In 2025, we began staffing 1 staff member to 6 residents. Previously it was 1 staff to 8 residents. This change caused us to be over forecast. \$150K relates to additional homecare staff which fluctuates with caseload. \$77K relates to a one-time charge off of bad debts resulting from a period a couple of years ago when contract billing staff did not give the same urgency to billing and collections as current in-house staff.
Maintenance & Operations	\$4.4 million	\$4.8 million	-\$0.4 million	This is an unfavorable variance of approximately 10%. During the time in between major campus projects, facilities undertook some additional projects like campus beautification (Landscaping), Life Safety repairs and upgrades to elevators, and plumbing repairs. Additionally, utility costs exceeded forecasted costs.
Principal Debt Service	\$1.8 million	\$2.5 million	-\$0.7 million	Paid an additional \$700K on additional Indebtedness from proceeds received on a partial settlement of an insurance claim.
Interest on Debt Service	\$3.5 million	\$3.5 million	\$0.0	No variance on interest forecast and interest paid.
Net Assets Released from Restrictions	\$0.6 million	\$1.9 million	\$1.3 million	Contributions on restricted gifts exceeded projects and were applied to restriction – mostly in the form of Residents Assistance Funds.
Assets Whose Use is Limited	-\$0.8 million	\$8 million	\$1.6 million	Forecast assumes \$750K Early Advantage Entry Fees are AWUL but not reported in that manner. Also used \$500K in Capital Campaign funds for projects they

Category	Projected Amount	Actual Amount	Variance	Explanation
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were reserved for, which was not assumed in the forecast.

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 audited 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 F.

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 – Provider Only

Ratio	2023	2024	2025	2026	2027	2028
DCOH	572	525	496	455	479	482
CUSH	5.5X	5.8X	5.7X	7.7X	7.7X	8.1X

Narrative – Provider Only:

Liquidity declined modestly through FY 2025 because of investment in pre-construction costs associated with Phase II of our campus master plan. These funds will be reimbursed when financing for Phase II is completed. Cushion Ratio has been stable over the past three years, the increase in future years is due to the decrease in Maximum Annual Debt Service due to paying off the Additional Indebtedness note that had a remaining balance of approximately \$4 million.

Table 35.1A: Liquidity Ratios – Obligated Group

(Same as above for Single Site Provider)

Ratio	2023	2024	2025	2026	2027	2028
DCOH	572	525	496	455	479	482
CUSH	5.5X	5.8X	5.7X	7.7X	7.7X	8.1X

Narrative – Obligated Group:

At the obligated-group level, liquidity is the same as provider due to being single site. The group's Days Cash on Hand remain nearly 500 days, well above the required 150 days.

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 of 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 – Provider Only

Ratio	2023	2024	2025	2026	2027	2028
OR	98.1%	97.7%	96.6%	97.3%	95.7%	95.1%
NOM	1.8%	9.0%	6.1%	7.8%	8.3%	8.3%
NOM-A	25.10%	31.9%	29.80%	30.3%	32.9%	31.1%

Narrative – Provider Only:

Health Care renovations were completed between March and May 2023 and Health Care Census struggled during that year to keep pace with budget. Margins strengthened after FY 2023 as census stabilized, inflation moderated, and expense controls took hold.

Management projects continued modest improvement through FY 2028 as operating efficiencies and Health Care census become more predictable and support ongoing profitability.

Table 35.2A: Profitability Ratios – Obligated Group

Ratio	2023	2024	2025	2026	2027	2028
OR	98.1%	97.7%	96.6%	97.3%	95.7%	95.1%
NOM	1.8%	9.0%	6.10%	7.8%	8.3%	8.3%
NOM-A	25.10%	31.90%	29.80%	30.3%	32.9%	31.1%

Narrative – Obligated Group:

The Provider and Obligated Group are the same for The Sharon at SouthPark as a single-site community.

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 – Provider Only

Ratio	2023	2024	2025	2026	2027	2028
DSCR	2.3X	2.5X	2.7X	2.9X	3.4X	3.3X
CD	46.8%	50.0%	52.0%	19.9%	22.1%	20.2%
CED	325%	147%	137%	209%	950%	712%

Narrative – Provider Only:

The provider maintains healthy coverage in excess of 2X. In 2026, the provider expects to undertake a significant Capital Project expansion, adding a Center for Vibrant Living and a 64 Unit Independent Living Building. This expansion will have significant impact on Cash To Debt and Capital Expenditures to Depreciation, indicating significant investment into expanding the community.

Table 35.3A: Capital Structure Ratios – Obligated Group

Ratio	2023	2024	2025	2026	2027	2028
DSCR	2.3X	2.5X	2.7X	2.9X	3.4X	3.3X
CD	46.8%	50.0%	52.0%	19.9%	22.1%	20.2%
CED	325%	147%	137%	209%	950%	712%

Narrative – Obligated Group:

The Provider and Obligated Group are the same for The Sharon at SouthPark as a single-site community.

35.4 Overall Summary

As a single site community, the Provider and Obligated Group are the same. The Provider/Obligated Group maintains strong coverage in all categories. Through the period of stabilization, these ratios remain strong and significant reinvestment in the community is

evident. Both the provider and the obligated group demonstrate sound liquidity, improving profitability, and conservative leverage. Cash to Debt percentages will be reduced in the early years of the project but will continue to gain strength over the long run.

36. Actuarial Opinion and Balance

The opinion of a qualified independent actuary is attached hereto as Appendix C. The actuarial report evaluates The Sharon at SouthPark's current and projected financial position and determines whether The Sharon at SouthPark is in satisfactory actuarial balance.

The actuary reviewed The Sharon at SouthPark's prospective financial statements for the next five years using standard actuarial methods and assumptions and concluded that The Sharon at SouthPark is in satisfactory actuarial balance as of December 31, 2025. Key assumptions included mortality, morbidity, resident entrance and withdrawal rates, fee increase patterns, and long-term investment return.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of The Sharon at SouthPark pursuant to Article 64A of the North Carolina General Statutes.

38. Other Material Information

Management has reviewed whether there are any additional facts, circumstances, risks, or events that could reasonably be expected to influence a prospective or current resident's decision to contract with The Sharon at SouthPark. Other than the disclosures provided in prior sections of this Disclosure Statement, management has determined that no additional material information requires disclosure at this time.

39. Contract Forms and Attachments

The Sharon at SouthPark offers continuing care contracts and continuing care at home (Early Advantage Program contracts). Representative forms of each are attached hereto as Appendix D.

39.1 Continuing Care Contracts

The Sharon at SouthPark offers three refund provisions for its continuing care contract:

- **90% Refundable Contract** – Residents pay a higher entrance fee, and 90% of the fee (less applicable deductions) is refundable after the unit is resold.
- **50% Refundable Contract** – Residents pay a moderate entrance fee, and 50% of the fee (less applicable deductions) is refundable after the unit is resold.
- **Declining Balance Contract (0% Refundable)** – Residents pay the lowest entrance fee. The refundable portion of the entrance fee decreases monthly and amortizes to 0% after a one-year period. Once the amortization period has elapsed, no refund is payable upon termination or death of the resident.

All other terms and conditions of the continuing care contract are substantially similar. A representative form of the continuing care contract is included in Appendix D.

39.2 Continuing Care at Home (CCaH) Contracts

The Sharon at SouthPark offers one Early Advantage Contract:

- **Basic Declining Balance Contract** (0% Refundable)– The refundable portion of the entrance fee decreases monthly and amortizes to 0% after a one-year period. Once the amortization period has elapsed, no refund is payable upon termination or death of the resident. If a continuing care agreement is subsequently executed, the full amount of the Early Advantage Program entrance fee will be applied towards the then prevailing entrance fee for a living accommodation.

This contract includes priority over Future Residency Program applicants to convert to occupancy of an independent living accommodation at The Sharon at SouthPark; an annual wellness assessment; consultation and development of a personal wellness plan; access to the campus common areas, fitness center and wellness programming; participation in educational, social, cultural, spiritual and recreational activities on the Sharon at SouthPark campus; access to dining on campus; and priority admission to assisted living or skilled nursing on The Sharon at SouthPark.

A representative form of this contract is included in Appendix D.

Appendix Index

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

Appendix A — Audited Financial Statements	44
Appendix B — Five-Year Prospective Financial Statements	45
Appendix C — Statement of Actuarial Opinion.....	46
Appendix D — Representative Contract(s).....	47
Appendix E — Statutory Ratio and Supporting Definitions	48

Appendix A — Audited Financial Statements

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2025 AND 2024



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**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	4
CONSOLIDATED STATEMENTS OF OPERATIONS	6
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS	7
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
CONSOLIDATING BALANCE SHEET	32
CONSOLIDATING STATEMENT OF OPERATIONS	34
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS	35
CONSOLIDATING STATEMENT OF CASH FLOWS	36



INDEPENDENT AUDITORS' REPORT

Board of Directors
The Presbyterian Home at Charlotte, Inc.
dba: The Sharon at SouthPark
and The Sharon Foundation
Charlotte, North Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Presbyterian Home at Charlotte, Inc. dba: The Sharon at SouthPark (The Sharon) (a nonprofit corporation), and The Sharon Foundation (the Foundation) (collectively, the Organization), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, and the results of their operations, changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Board of Directors
The Presbyterian Home at Charlotte, Inc.
dba: The Sharon at SouthPark
and The Sharon Foundation

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Board of Directors
The Presbyterian Home at Charlotte, Inc.
dba: The Sharon at SouthPark
and The Sharon Foundation

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 32 to 37 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
April 10, 2026

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 14,843,149	\$ 16,063,016
Residents and Other	1,148,895	1,491,663
Allowance for Credit Losses	(29,799)	(119,927)
Residents and Other Receivables, Net	1,119,096	1,371,736
Contributions Receivable, Current Portion	2,700	7,000
Investments	32,160,646	29,938,685
Assets Whose Use is Limited, Current Portion	2,633,107	1,756,882
Prepaid Expenses	717,333	578,873
Total Current Assets	51,476,031	49,716,192
ASSETS WHOSE USE IS LIMITED		
Statutory Operating Reserve	7,563,000	6,854,000
Held Under Bond Agreements	8,059,017	7,730,345
Capital Campaign Fund	1,001	496,756
Subtotal	15,623,018	15,081,101
Less: Amounts Available for Current Liabilities	(2,633,107)	(1,756,882)
Total Assets Whose Use is Limited	12,989,911	13,324,219
CONTRIBUTIONS RECEIVABLE, NET OF CURRENT PORTION	270,000	292,700
ENTRANCE FEE ESCROW	70,567	-
PROPERTY AND EQUIPMENT, NET	167,883,155	165,660,857
OTHER ASSETS	4,000	4,000
Total Assets	\$ 232,693,664	\$ 228,997,968

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,369,192	\$ 2,238,384
Accrued Payroll and Related Items	1,320,219	1,111,581
Bonds Payable, Current Portion	1,889,241	1,835,491
Accrued Interest Payable	<u>1,730,482</u>	<u>1,756,823</u>
Total Current Liabilities	6,309,134	6,942,279
REFUNDABLE ENTRANCE FEES	4,877,778	5,837,145
DEFERRED REVENUE	58,177,970	55,687,387
ENTRANCE FEE DEPOSITS	886,431	926,150
BONDS PAYABLE, NET OF CURRENT PORTION	<u>81,589,193</u>	<u>84,363,353</u>
Total Liabilities	151,840,506	153,756,314
NET ASSETS		
Net Assets Without Donor Restrictions	77,821,036	71,894,073
Net Assets With Donor Restrictions:		
Purpose Restrictions	300,623	616,082
Perpetual in Nature	<u>2,731,499</u>	<u>2,731,499</u>
Total Net Assets	<u>80,853,158</u>	<u>75,241,654</u>
Total Liabilities and Net Assets	<u><u>\$ 232,693,664</u></u>	<u><u>\$ 228,997,968</u></u>

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
REVENUES, GAINS, AND OTHER SUPPORT		
Independent Living	\$ 14,755,510	\$ 14,295,079
Assisted Living	2,752,626	2,663,389
Health Care	12,111,724	11,885,905
Early Advantage	199,795	51,753
Amortization of Entrance Fees	9,418,330	8,082,805
Amortization of Early Advantage Entrance Fees	100,006	22,950
Other Resident Services Revenue	2,937,618	2,035,867
Resident Services Revenue	42,275,609	39,037,748
Contributions	67,954	28,407
Investment Income, Net	4,336,504	3,947,680
Other Income	116,257	130,621
Net Assets Released from Restrictions- Operations	1,430,523	527,014
Total Revenues, Gains, and Other Support	48,226,847	43,671,470
EXPENSES		
Salaries and Wages	15,922,899	14,431,713
Employee Benefits	2,519,104	1,975,368
Payroll Taxes	1,113,164	953,807
Early Advantage	27,291	20,711
Food and Dietary Service	1,926,588	1,838,702
Housekeeping and Maintenance	3,741,312	3,458,350
Utilities and Communications	1,421,490	1,414,904
Health Care Supplies	1,390,294	1,712,734
COVID Supplies	-	199
Professional Fees	382,490	500,540
Insurance	574,421	490,484
Marketing and Development	597,423	321,762
Community Service	949,389	806,965
Supplies and Other Expenses	738,573	747,241
Interest Expense and Fees	3,536,922	3,618,670
Depreciation	7,884,358	7,444,172
Total Expenses	42,725,718	39,736,322
OPERATING INCOME	5,501,129	3,935,148
NONOPERATING LOSS		
Loss on Disposal of Property and Equipment	(22,083)	-
Total Nonoperating Loss	(22,083)	-
EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES	5,479,046	3,935,148
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Net Assets Released from Restrictions- Capital	447,917	274,309
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 5,926,963	\$ 4,209,457

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Changes in Net Assets Without Donor Restrictions	\$ 5,926,963	\$ 4,209,457
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	1,226,846	299,071
Write-Off of Contributions Receivable	-	(33,018)
Investment Income, Net	336,135	229,825
Net Assets Released from Restrictions	<u>(1,878,440)</u>	<u>(801,323)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(315,459)</u>	<u>(305,445)</u>
CHANGE IN NET ASSETS	5,611,504	3,904,012
Net Assets - Beginning of Year	<u>75,241,654</u>	<u>71,337,642</u>
NET ASSETS - END OF YEAR	<u>\$ 80,853,158</u>	<u>\$ 75,241,654</u>

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,611,504	\$ 3,904,012
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Provision for Credit Losses	(120,201)	(30,073)
Depreciation	7,884,358	7,444,172
Amortization of Bond Issuance Costs	61,120	56,016
Amortization of Bond Premium	(268,536)	(268,536)
Realized Gains on Investments	(506,162)	(53,510)
Unrealized Gains on Investments	(2,764,182)	(2,582,700)
Loss on Disposal of Property and Equipment	22,083	-
Entrance Fees Received	12,303,841	11,302,097
Amortization of Entrance Fees	(9,518,336)	(8,105,755)
(Increase) Decrease in Assets:		
Receivables	372,841	(22,937)
Pledges Receivable	27,000	116,095
Prepays	(138,460)	(169,684)
Entrance Fee Escrow	(70,567)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(216,569)	1,091,181
Accrued Payroll and Related Items	208,638	208,532
Accrued Interest Payable	(26,341)	(38)
Entrance Fee Deposits	(39,719)	48,715
Net Cash Provided by Operating Activities	12,822,312	12,937,587
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales of Investments	339,382	662,210
Change in Assets Limited as to Use, Net	749,048	(313,688)
Purchases of Property and Equipment	(10,781,361)	(10,941,364)
Net Cash Used by Investing Activities	(9,692,931)	(10,592,842)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayments of Bonds	(2,512,994)	(63,819)
Entrance Fees Refunded	(1,254,289)	(920,114)
Net Cash Used by Financing Activities	(3,767,283)	(983,933)
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(637,902)	1,360,812
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	18,136,748	16,775,936
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 17,498,846	\$ 18,136,748

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Operating Cash and Cash Equivalents	\$ 14,843,149	\$ 16,063,016
Restricted Cash included in Assets Limited as to Use	2,655,697	2,073,732
Total	\$ 17,498,846	\$ 18,136,748
SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION		
Property and Equipment Included in Accounts Payable	\$ 676,729	\$ 1,329,351
Cash Paid for Interest, Net of Amounts Capitalized	\$ 3,770,679	\$ 3,831,228

See accompanying Notes to Consolidated Financial Statements.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Presbyterian Home at Charlotte, Inc., (The Sharon), provides housing, health care, and other related services to residents through the operation of a retirement facility which at December 31, 2025 and 2024 contained 249 and 253 independent living units, respectively, 40 assisted living units, and a 96-bed health care center.

In May 2021, The Sharon Foundation (the Foundation) was incorporated. The Foundation is an affiliated corporate entity of The Sharon and has been established as a separate 501(c)(3) charitable organization. The Foundation is organized as a supporting organization that supports the mission of The Sharon by furthering its financial assistance and fundraising goals.

Related Party

The Sharon's board of directors are appointed by the Presbytery of Charlotte, who is a member of the Presbyterian Church (U.S.A.).

The Sharon Residents' Assistance Fund

The Sharon Residents' Assistance Fund (the Fund), a revocable trust fund, was established in 1981 primarily to provide for a portion of the cost of resident care for those who are unable to pay the full cost of care from their own resources. The board of directors may elect to use the portion of the Fund without donor-imposed restrictions to meet operating expenses of The Sharon, or for other charitable purposes. Residents' assistance expense for 2025 was \$1,392,573, which consisted of \$1,366,073 of assistance for monthly service fees and \$26,500 of entrance fee assistance. Residents' assistance expense for 2024 was \$1,311,319, which consisted of \$1,100,219 of assistance for monthly service fees and \$211,100 of entrance fee assistance. In accordance with generally accepted accounting principles, these amounts have been eliminated in the accompanying consolidated statements of operations and changes in net assets.

Principles of Consolidation

The consolidated financial statements include the accounts of The Sharon, which includes The Sharon Residents' Assistance Fund, and the Foundation (collectively, the Organization). The Sharon and The Sharon Residents' Assistance Fund are collectively referred to as the Obligated Group. The Foundation is not considered part of the Obligated Group. Significant intercompany balances and transactions between the consolidated entities have been eliminated.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2025 and 2024 were approximately \$597,000 and \$322,000, respectively.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

Entrance Agreements

Applicants agree to pay a specified entrance fee to The Sharon prior to admission. The amount of the entrance fee is recorded as deferred revenue or a refundable entrance fee liability at the time the agreement is signed. The standard agreement provides that 5% of the entrance fee becomes contractually nonrefundable in each of the first 12 months after the person becomes a resident of The Sharon. After 12 months of residency under the standard agreement the entire fee is nonrefundable, unless the board of directors determines that unusual circumstances warrant a refund. The Sharon offers two refundable entrance fee plans on a limited basis – 50% and 90%. Under these plans, a new resident can elect to pay a higher entrance fee, a portion of which is refundable after the person is no longer a resident of The Sharon. The refundable fees under this option are classified in the accompanying consolidated balance sheets as refundable entrance fees. At December 31, 2025 and 2024, the portion of entrance fees and entrance fee deposits subject to refund provisions amounted to approximately \$5,764,000 and \$6,763,000, respectively.

Nonrefundable entrance fees are amortized and recognized as income over the estimated life expectancy of the resident. The straight-line method of amortization is used. As of December 31, 2025 and 2024, approximately \$1,250,000 and \$577,000, respectively, of these fees related to the Early Advantage Program. Entrance fees paid by the Fund are eliminated in the accompanying consolidated statements of operations.

Early Advantage Program

In 2024, The Sharon received approval from the North Carolina Department of Insurance to offer a “continuing care without lodging” contract for persons to become residents of The Sharon while not taking residence at The Sharon initially. Under the Early Advantage contract, residents who are living off-campus receive access to many of The Sharon’s campus amenities, health care services, and future benefits that are afforded residents who are living on campus. North Carolina General Assembly Statute § 58-64-7(c) stipulates that The Sharon must account for the revenue and expenses related to the Early Advantage program separate from revenue and expenses for on-campus services within its financial reporting. The Sharon had 54 and 24 residents under contract in the Early Advantage program as of December 31, 2025 and 2024, respectively.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and which are available for use in general operations, including any funds designated by the board of directors for specific purposes.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

Basis of Presentation (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that are either restricted in perpetuity, time restricted, or restricted for certain purposes. A donor’s restriction is met when a stipulated time restriction ends or a special purpose restriction is accomplished. When a donor restriction no longer applies, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions. Net assets with donor restrictions also includes those net assets which have been restricted by donors to be maintained by the Organization in perpetuity. Donors permit The Sharon to utilize investment earnings generated by the related assets.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include all cash on hand and all highly liquid investments, which includes certificates of deposit that range from three to six months in maturity. Cash balances in financial institutions periodically exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). However, management believes risk of loss to these amounts is remote.

Accounts Receivable

Resident accounts receivable primarily consist of resident monthly service fees and other resident charges, and are shown at net realizable value less an estimated allowance for credit losses. Management’s assessment of the collectability of receivables is based on a review of individual accounts, historical experience, analysis of payor source and aging of receivable, and future economic conditions and market trends. The allowance for credit losses as of December 31, 2025 and 2024 was approximately, \$30,000 and \$120,000, respectively.

Contributions Receivable

Contributions receivable consist of capital campaign pledges that are expected to be collected in future years.

Conditional Promises to Give

The Sharon is the beneficiary of various gift annuities and other deferred giving arrangements. These amounts are recorded as contributions when The Sharon receives a payment, due to the uncertainty of the timing and amounts that will be received.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

Investments

Investments are carried at fair value. The fair value of marketable equity securities, bonds, and other investments is based on quoted market prices. Realized gains and losses on the sale of investments are determined based on the cost of the specific investment sold. For the years ended December 31, 2025 and 2024, The Sharon has included unrealized gains and losses on investments in the excess of revenues, gains, and other support over expenses.

Assets Limited as to Use

Assets limited as to use includes funds designated for statutory operating reserve, funds held under bond indenture agreements, and proceeds from the capital campaign for campus enhancements and the Fund. The amount due in the next year for interest is shown as current.

The General Statutes of the state of North Carolina require that continuing care retirement communities, such as The Sharon, maintain an Operating Reserve equal to 50% of the subsequent year's projected operating expenses. As provided in the statutes, the communities may reduce the Operating Reserve requirement to 25% if the occupancy level of the facility is in excess of 90%, or such other reasons as deemed appropriate by the department. On December 31, 2025 and 2024, The Sharon's occupancy was above 90%, mandating the lower Operating Reserve requirement. The Operating Reserve is funded with a portion of The Sharon' investments, as permitted by the state statute and The Sharon's investment policy.

Property and Equipment

Property is recorded at cost if purchased or fair market value if donated, subject to a \$2,000 capitalization policy. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings (Including Cottages)	40 Years
Furniture and Fixtures	10 Years
Operating and Transportation Equipment	5 to 10 Years

In accordance with its capitalization policy, The Sharon reviews the estimated useful lives of its fixed assets on an ongoing basis. For construction in progress costs, depreciation expense is deferred until the projects are completed and placed into service at which time the costs are depreciated over the useful life of the asset. If any of the projects are cancelled, the costs incurred will be expensed in the year determined.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

Bond Issuance Costs

Bond issuance costs, which are amortized using the straight-line method over the life of the bonds, which approximates the effective interest method, include underwriter's discounts, legal and consulting fees, and other costs incurred in issuing The Sharon's bonds payable. Bond issuance costs at December 31, 2025 and 2024 was approximately \$1,648,000. Accumulated amortization at December 31, 2025 and 2024 was approximately \$336,000 and \$280,000, respectively.

Fair Value Measurements

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair values as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls in based on the lowest level of input that is significant to the fair value measurement in its entirety.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

Fair Value Measurement (Continued)

Fair value is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. The Organization's investments are classified as Level 1 assets. The Organization does not have any assets or liabilities valued using Level 2 or Level 3 inputs.

The Organization follows the accounting standard that allows reporting certain financial instruments at fair value. This standard allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

Uniform Prudent Management of Institutional Funds Act

During fiscal year 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the state of North Carolina. The Organization follows the nonprofit accounting standard for reporting of endowment funds (the UPMIFA Standard), which is intended to improve the quality and consistency of financial reporting of endowments held by nonprofit organizations. Under UPMIFA, all unappropriated endowment funds are considered restricted.

Donated Services and Goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. There were no contributed goods for the year ended December 31, 2025. Contributed goods of approximately \$25,000 were received for the year ended December 31, 2024.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. No amounts have been reflected in the consolidated financial statements for these contributions, as the contributions do not meet the criteria for recognition.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

Excess of Revenues, Gains, and Other Support Over Expenses

The consolidated statements of operations and changes in net assets include excess of revenues, gains, and other support over expenses. Changes in net assets without donor restrictions that are excluded from the excess of revenues, gains and other support over expenses, consistent within industry practices, include net assets released from restrictions for capital.

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents at a discount rate of 5% and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding change to income. The Organization had no future service obligation at December 31, 2025 and 2024.

Income Tax Status

The Sharon and the Foundation have been recognized by the Internal Revenue Service as exempt from income taxes under Internal Revenue Code Section 501(c)(3).

The Sharon and the Foundation file as tax-exempt organizations. Management is not aware of any activities that would jeopardize their tax-exempt status. Management is not aware of any activities that are subjected to tax on unrelated business income or excise or other taxes.

The Sharon and the Foundation follow guidance in the income tax standard regarding recognition and measurement of uncertain tax positions. The application of the standard has had no impact on the consolidated financial statements.

Subsequent Events

The Organization has evaluated the effect subsequent events would have on the financial statements through April 10, 2026, the date the consolidated financial statements were available to be issued.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 RESIDENT SERVICES REVENUE

Resident services revenue is reported at the amount that reflects the consideration to which The Sharon expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, The Sharon bills the residents and third-party payors several days after the services are performed. Private pay residents are pre-billed for the following month's service fee. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by The Sharon. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Sharon believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services or housing residents receiving services in the facilities.

The Sharon considers monthly rental for residential services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and cafeteria meals) and The Sharon does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, The Sharon has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Sharon determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with The Sharon's policy, and/or implicit price concessions provided to residents. The Sharon determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Sharon determines its estimate of implicit price concessions based on its historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 RESIDENT SERVICES REVENUE (CONTINUED)

Medicare

The Sharon's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). CMS finalized the Patient Driven Payment Model (PDPM) effective October 1, 2019. Under PDPM, the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Other

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and The Sharon's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2025 or 2024.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 RESIDENT SERVICES REVENUE (CONTINUED)

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Sharon estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2025 and 2024. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as credit loss expense.

The Sharon has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, service lines, method of reimbursement, and timing of when revenue is recognized.

The composition of resident services revenue by primary payor for the years ended December 31 is as follows:

	2025	2024
Medicare	\$ 2,372,909	\$ 3,889,661
Private Pay	39,902,700	35,148,087
Total	\$ 42,275,609	\$ 39,037,748

Revenue from resident's deductibles and coinsurance are included in the categories presented above based on primary payor.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 RESIDENT SERVICES REVENUE (CONTINUED)

The composition of resident services revenue based on The Sharon's lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Service Lines:		
Independent Living	\$ 14,755,510	\$ 14,295,079
Assisted Living	2,752,626	2,663,389
Health Care Services	12,111,724	11,885,905
Early Advantage	199,795	51,753
Amortization of Entrance Fees	9,418,330	8,082,805
Amortization of Early Advantage Entrance Fees	100,006	22,950
Companion Services	1,430,445	1,179,230
Other Resident Service Revenue	1,507,173	856,637
Total	<u>\$ 42,275,609</u>	<u>\$ 39,037,748</u>
Method of Reimbursement:		
Monthly Service Fees	\$ 28,717,742	\$ 27,861,535
Amortization of Entrance Fees	9,418,330	8,082,805
Amortization of Early Advantage Entrance Fees	100,006	22,950
Fee for Service	4,039,531	3,070,458
Total	<u>\$ 42,275,609</u>	<u>\$ 39,037,748</u>
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	<u>\$ 42,275,609</u>	<u>\$ 39,037,748</u>

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-04 and all incremental customer contract acquisition costs are expensed as they were incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

The opening and closing contract balances related to resident accounts receivable and residence and service agreements were as follows:

	<u>Accounts Receivable</u>	<u>Deferred Revenue</u>
Balance as of January 1, 2024	1,318,727	53,202,364
Balance as of December 31, 2024	1,371,736	55,687,387
Balance as of December 31, 2025	1,119,096	58,177,970

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 3 INVESTMENTS AND INVESTMENT INCOME

Investments are reported at fair value. Investments consist of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Equities	\$ 18,014,568	\$ 16,931,644
Fixed Income	14,146,078	13,007,041
Total Investments	<u>\$ 32,160,646</u>	<u>\$ 29,938,685</u>

Investment income is comprised of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Interest and Dividend Income	\$ 1,502,393	\$ 1,692,052
Realized and Unrealized Gains, Net	3,270,344	2,636,210
Total	4,772,737	4,328,262
Less: Investment Fees	(100,098)	(150,757)
Investment Income, Net	<u>\$ 4,672,639</u>	<u>\$ 4,177,505</u>

NOTE 4 ASSETS LIMITED AS TO USE

Assets limited as to use, reported at fair value, are comprised of the following at December 31:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 4,779,829	\$ 4,295,641
Equities	3,052,921	2,899,560
Fixed Income	7,790,268	7,885,900
Total	<u>\$ 15,623,018</u>	<u>\$ 15,081,101</u>

Amounts restricted under bond agreements are comprised of the following at December 31:

	<u>2025</u>	<u>2024</u>
Series 2019A Debt Service Reserve Fund	\$ 5,425,910	\$ 5,534,710
Series 2019A Funded Interest Account	1,730,586	1,756,884
Series 2019A Funded Principal Account	902,521	438,751
Total	<u>\$ 8,059,017</u>	<u>\$ 7,730,345</u>

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 2,655,697	\$ 2,073,732
Fixed Income	5,403,320	5,656,613
Total	<u>\$ 8,059,017</u>	<u>\$ 7,730,345</u>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31 were as follows:

	<u>2025</u>	<u>2024</u>
Due in Less Than One Year	\$ 2,700	\$ 7,000
Due in Two Years	-	22,500
Due in Future Period	<u>303,300</u>	<u>303,500</u>
Total Contributions Receivable	306,000	333,000
Less: Current Portion	(2,700)	(7,000)
Less: Allowance	<u>(33,300)</u>	<u>(33,300)</u>
Contributions Receivable, Net	<u>\$ 270,000</u>	<u>\$ 292,700</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Land and Land Improvements	\$ 6,665,275	\$ 6,665,275
Buildings (Including Cottages)	199,358,805	194,134,494
Furniture and Equipment	10,231,995	9,667,988
Transportation Equipment	621,942	528,598
Construction in Progress	<u>9,201,224</u>	<u>4,979,147</u>
Total	226,079,241	215,975,502
Less: Accumulated Depreciation and Amortization	<u>(58,196,086)</u>	<u>(50,314,645)</u>
Property and Equipment, Net	<u>\$ 167,883,155</u>	<u>\$ 165,660,857</u>

There was no interest capitalized during the years ended December 31, 2025 and 2024. Construction in progress at December 31, 2025 and 2024 relates to general and long-range construction and renovation projects on The Sharon's campus.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 7 LONG-TERM DEBT AND SHORT-TERM LINE OF CREDIT

The Obligated Group's long-term debt consists of the following at December 31:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Retirement Facilities First Mortgage Revenue Bonds Series 2019A, matures July 1, 2049. Interest is payable semi-annually at rates ranging from 3.0% to 5.0%.	\$ 74,185,000	\$ 75,940,000
2022 Loan matures February 11, 2037. Interest is payable monthly at a variable rate of SOFR plus .9% (5.21% at December 31, 2025). Principal payments began March 1, 2024.	4,183,291	4,936,181
Total	<u>78,368,291</u>	<u>80,876,181</u>
Plus: Unamortized Premium, Series 2019A	6,422,337	6,690,873
Less: Unamortized Bond Issuance Costs	(1,312,194)	(1,368,210)
Less: Current Portion	<u>(1,889,241)</u>	<u>(1,835,491)</u>
Total Long-Term Debt	<u>\$ 81,589,193</u>	<u>\$ 84,363,353</u>

Bonds Payable

In December 2019, the North Carolina Medical Care Commission issued its \$75,940,000 Retirement Facilities First Mortgage Revenue Bonds Series 2019A (Series 2019A Bonds). The proceeds of the Series 2019A Bonds are to finance the costs of constructing and equipping a new independent living apartment building, to fund capital improvements to buildings throughout The Sharon's campus, to refund the outstanding 2001 Variable Rate Demand Health Care Facilities Revenue Bonds (Series 2001 Bonds), to terminate its interest rate swap agreement that had been placed as a hedge for the Series 2001 Bonds, to fund a debt service reserve fund, to pay a portion of the interest accrued on the Series 2019A Bonds, and to pay certain expenses incurred in connection with the issuance of the Series 2019A Bonds. Principal payments on the Series 2019A Bonds began in July 2025 and extend through July 2049. Beginning in July 2035, The Obligated Group will be required to make payments to a trustee of interest and principal on the Series 2019A Bonds in anticipation of the required payments that will be due over five-year increments beginning in July 2039 through final maturity in July 2049. Interest on the Series 2019A Bonds is payable semi-annually with interest rates ranging from 3.0% to 5.0%.

In February 2022, The Obligated Group entered into a loan agreement (2022 Loan) with a financial institution to provide up to \$5,000,000 to finance increased costs in connection with the construction of a new independent living apartment building. The loan is a drawn-down loan and principal is payable monthly commencing March 2024 through maturity in February 2037. Interest is payable monthly commencing March 2022 through maturity at a variable interest rate equal to the Daily Simple Secured Overnight Financing Rate (SOFR) plus .9%, with a minimum interest rate of .9%. At December 31, 2023, The Obligated Group had drawn down \$5,000,000 of funds from this loan. The Obligated Group made payments of approximately \$758,000 and \$64,000 during 2025 and 2024, respectively, on the 2022 Loan.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 7 LONG-TERM DEBT AND SHORT-TERM LINE OF CREDIT (CONTINUED)

The terms of the agreements related to the Series 2019A Bonds, subject to the Master Trust Indenture and Continuing Covenants Agreement, contain certain covenants. Management is not aware of any noncompliance with these covenants as of December 31, 2025.

Future maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 1,889,241
2027	1,948,166
2028	2,006,673
2029	2,091,545
2030	2,176,044
Thereafter	68,256,622
Total	<u>\$ 78,368,291</u>

During the years ended December 31, 2025 and 2024, The Obligated Group had interest expense of \$3,739,817 and \$3,824,190, respectively, net of amounts capitalized, related to the bonds payable.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2025</u>	<u>2024</u>
Property Maintenance, Renovation, and Expansion	\$ 19,986	\$ 302,809
Other	7,937	13,573
Total	<u>27,923</u>	<u>316,382</u>
Subject to Passage of Time:		
For periods after December 31, 2025	272,700	299,700
Subject to the Organization's Spending Policy and Appropriation:		
Endowment Funds	<u>2,731,499</u>	<u>2,731,499</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,032,122</u>	<u>\$ 3,347,581</u>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2025	2024
Satisfaction of Purpose Restrictions:		
Resident Assistance	\$ 1,148,756	\$ 506,149
Special Campaigns	281,767	20,865
Renovations and Expansion	447,917	274,309
Total Net Assets Released from Restrictions	\$ 1,878,440	\$ 801,323

The Sharon's net assets with donor restrictions include individual endowments established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Endowment Funds

The Organization has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (UPMIFA) as not requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, if there are specific stipulations, The Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the perpetual endowment and (b) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets perpetual in nature is classified as net assets subject to expenditure for specific purpose until those amounts are appropriated for expenditure by The Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment net asset composition by type of fund was as follows as of December 31:

	2025	2024
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained by Donor	\$ 3,032,006	\$ 3,032,006
Total Funds	\$ 3,032,006	\$ 3,032,006

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Endowment Funds (Continued)

Changes in the endowment net assets for the years ended December 31, 2025 and 2024 are summarized as follows:

	2025		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 2,731,499	\$ 2,731,499
Investment Return	-	310,449	310,449
Appropriation of Endowment			
Assets for Expenditure	-	(310,449)	(310,449)
Total	<u>\$ -</u>	<u>\$ 2,731,499</u>	<u>\$ 2,731,499</u>
	2024		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 2,731,499	\$ 2,731,499
Investment Return	-	207,514	207,514
Appropriation of Endowment			
Assets for Expenditure	-	(207,514)	(207,514)
Total	<u>\$ -</u>	<u>\$ 2,731,499</u>	<u>\$ 2,731,499</u>

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may experience temporary unfavorable market declines which may cause a fund to fall below the level that was donated to the Organization. Deficiencies of this nature exists in one donor restricted endowment fund, which had an original value of \$1,881,079. For the years ended December 31, 2025 and 2024, the endowment has a fair value of \$1,580,571, resulting in a deficiency of approximately \$300,000 as of December 31, 2025 and 2024.

The Organization has adopted investment and spending policies 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. Under this policy, as approved by the directors, endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to produce results that attempt to match the price and yield results equal to the change in the Consumer Price Index plus 5%. Actual returns in any given year may vary. In the prior year, the Organization adopted the policy that they are not able to spend amounts from underwater endowments.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Endowment Funds (Continued)

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Organization and Summary of Significant Accounting Policies.

NOTE 9 FAIR VALUE MEASUREMENTS

The following table presents the fair value hierarchy of the balances of the assets of the Organization measured at fair value on a recurring basis as of December 31, 2025 and 2024:

	2025			Total
	Level 1	Level 2	Level 3	
Assets Limited as to Use:				
Fixed Income	\$ 7,790,268	\$ -	\$ -	\$ 7,790,268
Equities	3,052,921	-	-	3,052,921
Subtotal	10,843,189	-	-	10,843,189
Investments:				
Fixed Income	14,146,078	-	-	14,146,078
Equities	18,014,568	-	-	18,014,568
Subtotal	32,160,646	-	-	32,160,646
Total	<u>\$ 43,003,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,003,835</u>
	2024			Total
	Level 1	Level 2	Level 3	
Assets Limited as to Use:				
Fixed Income	\$ 7,885,900	\$ -	\$ -	\$ 7,885,900
Equities	2,899,560	-	-	2,899,560
Subtotal	10,785,460	-	-	10,785,460
Investments:				
Fixed Income	13,007,041	-	-	13,007,041
Equities	16,931,644	-	-	16,931,644
Subtotal	29,938,685	-	-	29,938,685
Total	<u>\$ 40,724,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,724,145</u>

The Organization had \$4,779,829 and \$4,295,641 of cash and cash equivalents included with investments and assets limited as to use as of December 31, 2025 and 2024, respectively, which is not included in the fair value hierarchy. The Organization had no accrued interest included with assets limited as to use as of December 31, 2025 and 2024.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 10 BENEFIT PLAN

The Sharon maintains a defined contribution 401(k) plan (the Plan) that covers all eligible employees with more than one year of service. The Sharon's contributions for the years ended December 31, 2025 and 2024 included \$237,866 and \$225,067, respectively, based on its matching 2.5% of employee contributions up to 5% in 2025 and 2024, and an elective deferral of \$435,199 and \$404,343, respectively. The participants' contributions are immediately fully vested and The Sharon's contributions to the Plan vest over a six-year period.

NOTE 11 CHARITY CARE AND COMMUNITY SERVICE

Charity Care

The Sharon's mission is to provide a minimum of 5% of its revenue to charity care. The recipients are either current residents who have exhausted their funds and no longer have the ability to pay for all or part of their monthly fees, or prospective residents who, through the waiver of a portion of their entrance fee and/or the supplementation of monthly fees, are financially able to afford the monthly service fees. The amount of assistance provided is determined after a review of the individual's financial needs and resources. The Sharon has calculated charity care costs for the years ended December 31, 2025 and 2024, based on a historical ratio of cost to income as \$1,300,193 and \$1,229,021, respectively. Contributions were received by The Sharon of \$1,148,756 and \$506,149 to subsidize the costs of providing resident support for the years ended December 31, 2025 and 2024, respectively.

Community Service

The Sharon incurred costs of \$949,389 and \$806,965 for contributions to other charities related to community service activities for the years ended December 31, 2025 and 2024, respectively.

In addition to the community service costs noted above, The Sharon donated volunteer services with an estimated fair value of \$29,683 and \$45,527 to charity care during the years ended December 31, 2025 and 2024, respectively.

NOTE 12 COMMITMENTS AND CONTINGENCIES

The Sharon is subject to legal proceedings and claims which arise in the ordinary course of business. The Sharon maintains liability insurance coverage for claims occurring during the policy year. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for claims not covered by the policy and any other uninsured liability.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed.

In June 2019, The Sharon signed a construction contract to begin work on a project to construct and build a 42-unit independent living building. The contract stipulated that the cost of the project was to be capped at \$84,788,916 as originally designed. Change orders totaling \$18,160,704 were executed. Funds from the Series 2019 Bonds and 2022 Loan were used to pay for the cost of the project (see Note 7). The project was substantially completed in October 2023 with the remainder of the project completed in 2024.

NOTE 13 FUNCTIONAL EXPENSES

Program, management, and fundraising expenses for the years ended December 31, 2025 and 2024 are summarized as follows:

	2025			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 14,040,326	\$ 1,763,050	\$ 119,523	\$ 15,922,899
Employee Benefits	2,305,697	193,401	20,006	2,519,104
Payroll Taxes	999,163	107,819	6,182	1,113,164
Early Advantage	27,291	-	-	27,291
Food and Dietary Service	1,926,588	-	-	1,926,588
Depreciation	7,884,358	-	-	7,884,358
Housekeeping and Maintenance	3,741,312	-	-	3,741,312
Utilities and Communications	1,420,771	-	719	1,421,490
Interest Expense and Fees	3,536,922	-	-	3,536,922
Health Care Supplies	1,390,294	-	-	1,390,294
Professional Fees	363,168	11,061	8,261	382,490
Insurance	574,421	-	-	574,421
Marketing and Development	565,416	-	32,007	597,423
Community Service	949,389	-	-	949,389
Supplies and Other Expenses	661,683	894	75,996	738,573
Total Operating Expenses	<u>\$ 40,386,799</u>	<u>\$ 2,076,225</u>	<u>\$ 262,694</u>	<u>\$ 42,725,718</u>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 13 FUNCTIONAL EXPENSES (CONTINUED)

	2024			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 12,915,914	\$ 1,414,373	\$ 101,426	\$ 14,431,713
Employee Benefits	1,815,402	140,229	19,737	1,975,368
Payroll Taxes	852,671	94,773	6,363	953,807
Early Advantage	20,711	-	-	20,711
Food and Dietary Service	1,838,702	-	-	1,838,702
Depreciation	7,444,172	-	-	7,444,172
Housekeeping and Maintenance	3,458,325	-	25	3,458,350
Utilities and Communications	1,413,442	-	1,462	1,414,904
Interest Expense and Fees	3,618,670	-	-	3,618,670
Health Care Supplies	1,712,734	-	-	1,712,734
COVID Supplies	199	-	-	199
Professional Fees	500,540	-	-	500,540
Insurance	489,460	-	1,024	490,484
Marketing and Development	318,235	-	3,527	321,762
Community Service	806,965	-	-	806,965
Supplies and Other Expenses	726,718	-	20,523	747,241
Total Operating Expenses	\$ 37,932,860	\$ 1,649,375	\$ 154,087	\$ 39,736,322

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Management salaries have been specifically identified and an allocation of employee benefits and payroll taxes based on management salaries as a percent of total salaries for the management and general and fundraising personnel have been made.

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 14 LIQUIDITY

The Sharon invests cash in excess of short-term requirements in short-term investments. As of December 31, 2025 and 2024, The Sharon had working capital of \$44,264,674 and \$42,773,913, respectively. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 16,967,281	\$ 18,285,953
Equities	21,067,489	19,831,204
Fixed Income	<u>16,533,026</u>	<u>15,235,300</u>
Total	54,567,796	53,352,457
Resident and Other Receivables, Net	1,119,096	1,371,736
Contributions Receivable, Current Portion	2,700	7,000
Less: Purpose Restricted Net Assets	(27,923)	(316,382)
Less: Endowment Net Assets	<u>(2,731,499)</u>	<u>(2,731,499)</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 52,930,170</u>	<u>\$ 51,683,312</u>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	The Sharon	Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and Equivalents	\$ 10,249,294	\$ 4,593,855	\$ -	\$ 14,843,149
Receivables:				
Residents and Other	1,437,305	-	(288,410)	1,148,895
Allowance for Credit Losses	(29,799)	-	-	(29,799)
Resident and Other Receivables, Net	1,407,506	-	(288,410)	1,119,096
Contributions, Current Portion	2,700	-	-	2,700
Investments	32,160,646	-	-	32,160,646
Assets Whose Use in Limited, Current Portion	2,633,107	-	-	2,633,107
Prepaid Expenses	717,333	-	-	717,333
Total Current Assets	47,170,586	4,593,855	(288,410)	51,476,031
ASSETS WHOSE USE IS LIMITED				
Statutory Operating Reserve	7,563,000	-	-	7,563,000
Held Under Bond Agreements	8,059,017	-	-	8,059,017
Capital Campaign Fund	1,001	-	-	1,001
Subtotal	15,623,018	-	-	15,623,018
Less: Amounts Available for Current Liabilities	(2,633,107)	-	-	(2,633,107)
Total Assets Whose Use is Limited	12,989,911	-	-	12,989,911
CONTRIBUTIONS RECEIVABLE, NET OF CURRENT PORTION	270,000	-	-	270,000
ENTRANCE FEE ESCROW	70,567	-	-	70,567
PROPERTY AND EQUIPMENT, NET	167,883,155	-	-	167,883,155
BENEFICIAL INTEREST IN NET ASSETS OF THE FOUNDATION	4,305,445	-	(4,305,445)	-
OTHER ASSETS	4,000	-	-	4,000
Total Assets	<u>\$ 232,693,664</u>	<u>\$ 4,593,855</u>	<u>\$ (4,593,855)</u>	<u>\$ 232,693,664</u>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Foundation	Eliminations	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 1,369,192	\$ 288,410	\$ (288,410)	\$ 1,369,192
Accrued Payroll and Related Items	1,320,219	-	-	1,320,219
Bonds Payable, Current Portion	1,889,241	-	-	1,889,241
Accrued Interest Payable	1,730,482	-	-	1,730,482
Total Current Liabilities	<u>6,309,134</u>	<u>288,410</u>	<u>(288,410)</u>	<u>6,309,134</u>
REFUNDABLE ENTRANCE FEES	4,877,778	-	-	4,877,778
DEFERRED REVENUE	58,177,970	-	-	58,177,970
ENTRANCE FEE DEPOSITS	886,431	-	-	886,431
BONDS PAYABLE, NET OF CURRENT PORTION	81,589,193	-	-	81,589,193
Total Liabilities	<u>151,840,506</u>	<u>288,410</u>	<u>(288,410)</u>	<u>151,840,506</u>
NET ASSETS				
Net Assets Without Donor Restrictions	77,821,036	4,305,445	(4,305,445)	77,821,036
Net Assets With Donor Restrictions:				
Purpose Restrictions	300,623	-	-	300,623
Perpetual in Nature	2,731,499	-	-	2,731,499
Total Net Assets	<u>80,853,158</u>	<u>4,305,445</u>	<u>(4,305,445)</u>	<u>80,853,158</u>
Total Liabilities and Net Assets	<u>\$ 232,693,664</u>	<u>\$ 4,593,855</u>	<u>\$ (4,593,855)</u>	<u>\$ 232,693,664</u>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Foundation	Eliminations	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Independent Living	\$ 14,755,510	\$ -	\$ -	\$ 14,755,510
Assisted Living	2,752,626	-	-	2,752,626
Health Care	12,111,724	-	-	12,111,724
Early Advantage	199,795	-	-	199,795
Amortization of Entrance Fees	9,418,330	-	-	9,418,330
Amortization of Early Advantage Entrance Fees	100,006	-	-	100,006
Other Resident Services Revenue	2,937,618	-	-	2,937,618
Resident Services Revenue	42,275,609	-	-	42,275,609
Contributions	60,254	7,700	-	67,954
Investment Income, Net	4,193,452	143,052	-	4,336,504
Other Income	-	116,257	-	116,257
Net Assets Released from Restrictions-Operations	1,430,523	-	-	1,430,523
Total Revenues, Gains, and Other Support	47,959,838	267,009	-	48,226,847
EXPENSES				
Salaries and Wages	15,879,599	43,300	-	15,922,899
Employee Benefits	2,519,104	-	-	2,519,104
Payroll Taxes	1,104,464	8,700	-	1,113,164
Early Advantage	27,291	-	-	27,291
Food and Dietary Service	1,926,588	-	-	1,926,588
Housekeeping and Maintenance	3,741,312	-	-	3,741,312
Utilities and Communications	1,421,490	-	-	1,421,490
Health Care Supplies	1,390,294	-	-	1,390,294
Professional Fees	382,490	-	-	382,490
Insurance	574,421	-	-	574,421
Marketing and Development	597,423	-	-	597,423
Community Service	949,389	-	-	949,389
Supplies and Other Expenses	738,573	-	-	738,573
Interest Expense and Fees	3,536,922	-	-	3,536,922
Depreciation	7,884,358	-	-	7,884,358
Total Expenses	42,673,718	52,000	-	42,725,718
OPERATING INCOME	5,286,120	215,009	-	5,501,129
NONOPERATING LOSS				
Loss on Disposal of Property and Equipment	(22,083)	-	-	(22,083)
EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES	5,264,037	215,009	-	5,479,046
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Increase in Beneficial Interest in Net Assets of the Foundation	715,009	-	(715,009)	-
Transfer from The Sharon to the Foundation	(500,000)	500,000	-	-
Net Assets Released from Restrictions-Capital	447,917	-	-	447,917
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 5,926,963</u>	<u>\$ 715,009</u>	<u>\$ (715,009)</u>	<u>\$ 5,926,963</u>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Foundation	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Changes in Net Assets Without Donor Restrictions	\$ 5,926,963	\$ 715,009	\$ (715,009)	\$ 5,926,963
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	1,226,846	-	-	1,226,846
Investment Income, Net	336,135	-	-	336,135
Net Assets Released from Restrictions	<u>(1,878,440)</u>	<u>-</u>	<u>-</u>	<u>(1,878,440)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(315,459)</u>	<u>-</u>	<u>-</u>	<u>(315,459)</u>
CHANGE IN NET ASSETS	5,611,504	715,009	(715,009)	5,611,504
Net Assets - Beginning of Year	<u>75,241,654</u>	<u>3,590,436</u>	<u>(3,590,436)</u>	<u>75,241,654</u>
NET ASSETS - END OF YEAR	<u>\$ 80,853,158</u>	<u>\$ 4,305,445</u>	<u>\$ (4,305,445)</u>	<u>\$ 80,853,158</u>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
DBA THE SHARON AT SOUTHPARK
AND THE SHARON FOUNDATION
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Foundation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ 5,611,504	\$ 715,009	\$ 6,326,513
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Provision for Credit Losses	(120,201)	-	(120,201)
Depreciation	7,884,358	-	7,884,358
Amortization of Bond Issuance Costs	61,120	-	61,120
Amortization of Bond Premium	(268,536)	-	(268,536)
Realized Gains on Investments	(506,162)	-	(506,162)
Unrealized Gains on Investments	(2,764,182)	-	(2,764,182)
Loss on Disposal of Property and Equipment	22,083	-	22,083
Entrance Fees Received	12,303,841	-	12,303,841
Amortization of Entrance Fees	(9,518,336)	-	(9,518,336)
Increase in Beneficial Interest in Net Assets of the Foundation	(715,009)	-	(715,009)
(Increase) Decrease in Assets:			
Receivables	372,841	-	372,841
Intercompany (Receivables) Payables	(51,998)	51,998	-
Pledge Receivables	27,000	-	27,000
Prepays	(138,460)	-	(138,460)
Entrance Fee Escrow	(70,567)	-	(70,567)
Increase (Decrease) in Liabilities:			
Accounts Payable	(216,569)	-	(216,569)
Accrued Payroll and Related Items	208,638	-	208,638
Accrued Interest Payable	(26,341)	-	(26,341)
Entrance Fee Deposits	(39,719)	-	(39,719)
Net Cash Provided by Operating Activities	<u>12,055,305</u>	<u>767,007</u>	<u>12,822,312</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Sales of Investments	339,382	-	339,382
Change in Assets Limited as to Use, Net	749,048	-	749,048
Purchases of Property and Equipment	(10,781,361)	-	(10,781,361)
Net Cash Used by Investing Activities	<u>(9,692,931)</u>	<u>-</u>	<u>(9,692,931)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal Repayments of Bonds	(2,512,994)	-	(2,512,994)
Entrance Fees Refunded	(1,254,289)	-	(1,254,289)
Net Cash Used by Financing Activities	<u>(3,767,283)</u>	<u>-</u>	<u>(3,767,283)</u>
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,404,909)	767,007	(637,902)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>14,309,900</u>	<u>3,826,848</u>	<u>18,136,748</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 12,904,991</u>	<u>\$ 4,593,855</u>	<u>\$ 17,498,846</u>

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
 DBA THE SHARON AT SOUTHPARK
 AND THE SHARON FOUNDATION
 CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2025
 (SEE INDEPENDENT AUDITORS' REPORT)**

	The Sharon	Foundation	Total
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Operating Cash and Cash Equivalents	\$ 10,249,294	\$ 4,593,855	\$ 14,843,149
Restricted Cash Included in Assets Limited as to Use	2,655,697	-	2,655,697
Total	<u>\$ 12,904,991</u>	<u>\$ 4,593,855</u>	<u>\$ 17,498,846</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION			
Property and Equipment Included in Accounts Payable	<u>\$ 676,729</u>	<u>\$ -</u>	<u>\$ 676,729</u>
Cash Paid for Interest, Net of Amounts Capitalized	<u>\$ 3,770,679</u>	<u>\$ -</u>	<u>\$ 3,770,679</u>

THE RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN IS SOLELY THAT OF THE ISSUING MEMBER AND NOT THE NETWORK MEMBER. THE NETWORK MEMBER DOES NOT GUARANTEE, WARRANT OR REPRESENT THE ACCURACY, COMPLETENESS OR TIMELINESS OF ANY INFORMATION CONTAINED HEREIN. THE NETWORK MEMBER DOES NOT ACCEPT ANY LIABILITY FOR ANY DAMAGES, INCLUDING REASONABLE ATTORNEY'S FEES, ARISING FROM THE USE OF ANY INFORMATION CONTAINED HEREIN.

MEMBER INFORMATION

MEMBER NAME: _____

MEMBER ADDRESS: _____

MEMBER CITY: _____

MEMBER STATE: _____

MEMBER ZIP: _____

MEMBER PHONE: _____

MEMBER FAX: _____

MEMBER EMAIL: _____

ISSUING MEMBER INFORMATION

ISSUING MEMBER NAME: _____

ISSUING MEMBER ADDRESS: _____

ISSUING MEMBER CITY: _____

ISSUING MEMBER STATE: _____

ISSUING MEMBER ZIP: _____

ISSUING MEMBER PHONE: _____

ISSUING MEMBER FAX: _____

ISSUING MEMBER EMAIL: _____



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Appendix B — Five-Year Prospective Financial Statements

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
D/B/A THE SHARON AT SOUTHPARK**

**FORECASTED CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL FORECASTED FINANCIAL STATEMENTS**

**FOR THE FIVE YEARS ENDING
DECEMBER 31, 2026, THROUGH DECEMBER 31, 2030**

TABLE OF CONTENTS

Independent Accountants' Compilation Report.....	1
Forecasted Consolidated Statements of Operations For the Five Years Ending December 31, 2026 through 2030.....	2
Forecasted Consolidated Statements of Change in Net Assets For the Five Years Ending December 31, 2026 through 2030.....	3
Forecasted Consolidated Statements of Cash Flows For the Five Years Ending December 31, 2026 through 2030.....	4
Forecasted Consolidated Balance Sheets At December 31, 2026 through 2030	5
Summary of Significant Forecast Assumptions and Accounting Policies	
Basis of Presentation	6
Background and Information	7
Plan of Finance	20
Summary of Significant Accounting Policies	23
Management's Basis for Forecast of Revenue	28
Management's Basis for Forecast of Expenses.....	34
Management's Basis for Forecast of Other Items.....	36
Supplemental Disclosure: Supplemental Forecasted Financial Statements	41



INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
The Presbyterian Home at Charlotte, Inc.
d/b/a The Sharon at SouthPark
Charlotte, North Carolina

Management is responsible for the accompanying forecasted consolidated financial statements of Presbyterian Home at Charlotte, Inc. d/b/a The Sharon at SouthPark ("The Sharon" or the "Corporation"), and The Sharon Foundation (the "Foundation"), and collectively the "Organization") which comprise the forecasted consolidated balance sheets as of December 31, 2026, 2027, 2028, 2029, and 2030 and the related forecasted consolidated statements of operations and changes in net assets, and consolidated cash flows for the years then ending, and the related summary of significant forecast assumptions and accounting policies in accordance with the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with the 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 forecasted financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these forecasted consolidated financial statements or the assumptions. The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying supplementary information beginning on page 41 is presented for purposes of additional analysis and is not a required part of the consolidated forecast. Such information is the responsibility of Management. Supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, or provide any assurance on such information.

The accompanying forecasted information and this report are intended solely for the information and use of management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64A and is included in the Organization's disclosure statement filing), and is not intended to be and should not be used, by anyone other than these specified parties.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
May 21, 2026

THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK
FORECASTED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
REVENUES, GAINS, AND OTHER SUPPORT					
Independent Living	\$ 15,509	\$ 16,129	\$ 16,776	\$ 20,172	\$ 24,552
Assisted Living	2,994	3,114	3,238	3,368	3,503
Health Care	10,597	11,358	12,138	12,916	13,672
Medicare	2,970	3,030	3,090	3,151	3,215
Early Advantage Revenue	412	649	745	764	778
Amortization of Entrance Fees	7,700	8,008	8,328	10,564	12,402
Amortization of Entrance Fees - Early Advantage	278	354	367	375	380
Pharmacy, Rents, and Other Revenue	2,493	2,598	2,703	2,947	3,243
Investment Income	1,686	2,066	2,202	2,407	2,647
Contributions	275	275	275	275	275
Net Assets Released from Restrictions for Operations	121	121	121	121	121
Total Revenue, Gains, and Other Support	45,035	47,702	49,983	57,060	64,788
EXPENSES					
Salaries and Wages	17,414	18,171	19,133	20,494	21,627
Employee Benefits	2,543	2,670	2,801	3,002	3,164
Payroll Taxes	1,257	1,342	1,431	1,548	1,646
Early Advantage	24	25	26	27	28
Food and Dietary Service	1,967	2,046	2,128	2,355	2,649
Housekeeping and Maintenance	3,548	3,690	3,837	4,809	5,400
Utilities and Communications	1,409	1,465	1,524	1,824	2,021
Health Care Supplies	1,433	1,524	1,617	1,711	1,803
Professional Fees	487	506	526	547	569
Insurance	446	462	479	571	632
Marketing and development	1,330	1,466	1,500	1,172	950
Community Service	600	624	649	919	1,221
Supplies and Other Expenses	481	500	520	560	607
Interest	3,506	3,379	3,313	9,604	11,293
Interest - Amortization of Issuance Costs	93	165	374	763	147
Interest - Amortization of Bond Premium	(271)	(274)	(274)	(274)	(274)
Depreciation	8,000	8,240	8,487	11,545	14,610
Total Operating Expenses	44,267	46,001	48,071	61,177	68,093
Excess of Revenues, Gains and Other Support Over Expenses	768	1,701	1,912	(4,117)	(3,305)
Net Assets Released From Restrictions for Capital	1	-	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 769	\$ 1,701	\$ 1,912	\$ (4,117)	\$ (3,305)

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountants' Compilation Report

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK
 FORECASTED STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE YEARS ENDING DECEMBER 31,
 (IN THOUSANDS)**

	2026	2027	2028	2029	2030
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Excess of Revenues, Gains and Other Support Over Expenses	\$ 768	\$ 1,701	\$ 1,912	\$ (4,117)	\$ (3,305)
Net Assets Released From Restrictions for Capital	1	-	-	-	-
Change in Net Assets Without Donor Restrictions	769	1,701	1,912	(4,117)	(3,305)
NET ASSETS WITH DONOR RESTRICTIONS					
Investment Income on Donor Restricted Funds	121	121	121	121	121
Net Assets Released From Donor Restrictions for Operations	(121)	(121)	(121)	(121)	(121)
Net Assets Released From Donor Restrictions for Capital	(1)	-	-	-	-
Change in Net Assets With Donor Restrictions	(1)	-	-	-	-
Change in Net Assets	768	1,701	1,912	(4,117)	(3,305)
Net Assets, Beginning of Year	80,853	81,621	83,322	85,234	81,117
NET ASSETS, END OF YEAR	\$ 81,621	\$ 83,322	\$ 85,234	\$ 81,117	\$ 77,812

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountants' Compilation Report

THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK
FORECASTED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ 768	\$ 1,701	\$ 1,912	\$ (4,117)	\$ (3,306)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided by Operating Activities:					
Amortization of Entrance Fees	(7,700)	(8,008)	(8,328)	(10,564)	(12,402)
Amortization of Entrance Fees - Early Advantage	(278)	(354)	(367)	(375)	(380)
Entrance Fees Received from Turnover	10,190	12,288	12,358	13,074	14,597
Entrance Fees Received from Turnover - Early Advantage	1,106	1,197	443	456	470
Depreciation	8,000	8,240	8,487	11,545	14,610
Amortization of Bond Issuance Costs Included in Interest Expense	93	165	374	763	147
Amortization of Bond Premium	(271)	(274)	(274)	(274)	(274)
Change in Contributions Receivable	273	-	-	-	-
Marketing Expenses Funded by Series 2026 Bond Proceeds	(518)	(622)	(622)	(259)	-
(Increase) Decrease in Current Assets:					
Accounts Receivable	(224)	(72)	(70)	(192)	(238)
Prepaid Expenses	245	(17)	(33)	(155)	(91)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	(301)	51	102	385	235
Accrued Payroll	(426)	17	37	262	143
Accrued Interest	2,802	1,216	74	(155)	(42)
Net Cash Provided by Operating Activities	13,759	15,528	14,093	10,394	13,469
CASH FLOWS FROM INVESTING ACTIVITIES					
(Purchase) Sale of Investments	(10,748)	(3,015)	(3,058)	6,750	(13,293)
Net Purchases of Property and Equipment - Routine	(9,500)	(8,000)	(8,240)	(10,045)	(8,742)
Net Purchases of Property and Equipment - Project	(7,228)	(70,262)	(52,196)	(8,937)	-
Interest Costs Capitalized in Property and Equipment	(1,724)	(5,092)	(7,874)	(2,897)	-
(Increase) in Operating Reserve	3,453	(184)	(209)	(5,344)	4,577
Decrease in Capital Campaign Fund	1	-	-	-	-
(Increase) in Internally Designated - Early Advantage Program	(750)	-	(1,250)	(1,300)	(500)
(Increase) Decrease in Debt Service Reserve Funds	(8,658)	-	-	-	-
(Increase) Decrease in Entrance Fee Fund	-	-	-	(5,216)	5,216
(Increase) Decrease in Funded Interest Fund	(17,722)	3,809	7,370	6,543	-
(Increase) Decrease in Project Funds	(91,936)	70,884	21,052	-	-
(Increase) Decrease in Bond Fund	13	5	(1)	(4,069)	(252)
Net Cash Used in Investing Activities	(144,799)	(11,855)	(44,406)	(24,515)	(12,994)
CASH FLOWS FROM FINANCING ACTIVITIES					
Initial Entrance Fee Receipts	5,038	-	-	44,788	2,986
Proceeds from Long-Term Debt	132,752	39	32,156	11,378	-
Original Issuance Premium	142	-	-	-	-
Principal Payments on Long-Term Debt	(5,988)	(1,860)	(1,915)	(46,290)	(2,230)
Payment of Financing Costs	(3,441)	-	-	-	-
Marketing Expenses Funded by Series 2026 Bond Proceeds	518	622	622	259	-
Payment on Paycheck Protection Program	-	-	-	-	-
Entrance Fees Refunded	(556)	(596)	(591)	(663)	(610)
Entrance Fees Refunded - Early Advantage	(158)	(225)	(283)	(305)	(293)
Change in Resident Deposits	(5,038)	-	71	4,723	315
Net Cash Provided by (Used in) Financing Activities	123,269	(2,020)	30,060	13,890	168
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,771)	1,653	(253)	(231)	643
Cash and Cash Equivalents, Beginning of Year	14,843	7,072	8,725	8,472	8,241
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,072	\$ 8,725	\$ 8,472	\$ 8,241	\$ 8,884
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest, Net of Interest Capitalized	\$ 3,534	\$ 3,407	\$ 3,351	\$ 9,644	\$ 11,335

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountants' Compilation Report

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK
FORECASTED BALANCE SHEETS
AT DECEMBER 31,
(IN THOUSANDS)**

	2026	2027	2028	2029	2030
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 7,072	\$ 8,725	\$ 8,472	\$ 8,241	\$ 8,884
Accounts and Other Receivable	1,343	1,415	1,484	1,661	1,878
Investments	41,659	44,674	47,732	40,997	54,313
Assets Limited as to Use, Current Portion	5,450	6,689	6,802	6,685	6,937
Prepaid Expenses	472	489	522	677	768
Total Current Assets	55,996	61,992	65,012	58,261	72,780
ASSETS LIMITED AS TO USE					
Statutory Operating Reserve	4,110	4,294	4,503	9,847	5,270
Project Fund	91,936	21,052	-	-	-
Capitalized Interest Fund	17,722	13,913	6,543	-	-
Entrance Fee Fund	-	-	-	5,216	-
Debt Service Reserve Funds	14,084	14,084	14,084	14,084	14,084
Internally Designated - Early Advantage Program	750	750	2,000	3,300	3,800
Entrance Fee Escrow	5,109	5,109	5,038	315	-
Bond Fund	2,620	2,615	2,616	6,685	6,937
Total Assets Limited as to Use	136,331	61,817	34,784	39,447	30,091
Less: Current Portion	(5,450)	(6,689)	(6,802)	(6,685)	(6,937)
Total Assets Limited as to Use, Less Current Portion	130,881	55,128	27,982	32,762	23,154
PROPERTY AND EQUIPMENT, NET					
Property and Equipment	229,584	237,584	245,824	418,074	426,816
Construction in Progress	14,947	90,301	150,371	-	-
Less: Accumulated Depreciation	(66,196)	(74,436)	(82,923)	(94,468)	(109,078)
Net Property and Equipment	178,335	253,449	313,272	323,606	317,738
OTHER ASSETS					
	4	4	4	4	4
Total Assets	\$ 365,216	\$ 370,573	\$ 406,270	\$ 414,633	\$ 413,676

	2026	2027	2028	2029	2030
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 1,070	\$ 1,107	\$ 1,181	\$ 1,533	\$ 1,740
Accrued Expenses	894	925	989	1,284	1,456
Accrued Interest Payable	4,532	5,748	5,822	5,667	5,625
Current Maturities of Long-Term Debt	1,860	1,915	1,995	2,075	2,675
Total Current Liabilities	8,356	9,695	9,987	10,559	11,496
REFUNDABLE ENTRANCE FEES	4,711	4,651	4,592	4,536	4,487
DEFERRED REVENUE	59,029	62,773	66,271	117,685	122,620
DEFERRED REVENUE - EARLY ADVANTAGE	670	1,288	1,081	857	654
ENTRANCE FEE DEPOSITS	5,924	5,924	5,924	1,201	886
BONDS PAYABLE					
Long-Term Debt, Net of Current Portion	203,272	201,396	231,557	196,565	193,735
Deferred Financing Costs	(4,660)	(4,495)	(4,121)	(3,358)	(3,211)
Unamortized Bond Premium	6,293	6,019	5,745	5,471	5,197
Net Long-Term Debt	204,905	202,920	233,181	198,678	195,721
Total Liabilities	283,595	287,251	321,036	333,516	335,864
NET ASSETS					
Net Assets Without Donor Restrictions	78,590	80,291	82,203	78,086	74,781
Net Assets With Donor Restrictions	3,031	3,031	3,031	3,031	3,031
Total Net Assets	81,621	83,322	85,234	81,117	77,812
Total Liabilities and Net Assets	\$ 365,216	\$ 370,573	\$ 406,270	\$ 414,633	\$ 413,676

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountants' Compilation Report

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial forecast presents, to the best of the knowledge and belief of management ("Management") of The Presbyterian Home at Charlotte, Inc. d/b/a The Sharon at SouthPark, a North Carolina nonprofit corporation ("The Sharon" or the "Corporation"), and The Sharon Foundation (the "Foundation"), collectively the "Organization", the Organization's expected consolidated financial position, results of operations and cash flows as of December 31, 2026, 2027, 2028, 2029 and 2030 and for each of the five years then ending (the "Forecast Period").

Accordingly, the Forecast reflects Management's judgment as of May 21, 2026, the date of this Forecast, of the expected conditions and its expected course of action.

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

The accompanying forecasted information and the report are intended solely for the information and use of Management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64A and is included in the Organization's disclosure statement filing), and is not intended to be and should not be used, by anyone other than these specified parties.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

BACKGROUND INFORMATION

Background of The Sharon

The Corporation is a North Carolina nonprofit corporation that was organized in 1964. The Corporation owns and operates a single-site "Life Plan Community" known as "The Sharon at SouthPark" which is located at 5100 Sharon Road, Charlotte, North Carolina approximately seven miles south of center city Charlotte in the residential and commercial area known as SouthPark. The Corporation has been determined by the Internal Revenue Service to be exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The Sharon is governed by a 12-16 person board of directors, divided into three classes and confirmed for three-year terms by the Presbytery of Charlotte. A director may serve two consecutive full terms. The Corporation's policy is that one resident, nominated by the general resident population, serve in each class. No director is an employee of the Corporation, nor do they receive any compensation for their service. The Presbytery of Charlotte is organized and exists under the authority of the constitution of the Presbyterian Church (U.S.A.). Nevertheless, neither the Presbyterian Church (U.S.A.), the Presbytery of Charlotte (or its successor) nor any general assembly, board, synod, presbytery, session, church, congregation, or agency thereof has any financial or managerial responsibility for the business or affairs of The Sharon other than the election of its directors as described above.

The Corporation opened the "East Tower" (currently known as "Heritage East") of The Sharon and a "Health Center" in 1969. The "West Tower", now currently known as "Heritage West", "South Wing," and additional nursing beds were added in 1974, 1978 and 1985, respectively. There are two assisted living units in the Heritage West which opened in November 1994 and May 1996. The "North Terrace" and an aquatics facility opened in 1999, and the "South Terrace" opened in 2003. "Magnolia Villa I and Magnolia Villa II opened in 2017 and 2018, respectively. The "South Wing Expansion" completed in late 2021 relocated 14 beds from the "Core Health Center Building" and officially began accepting residents in January 2022. The "Deerwood Independent Living Building," which is a five-story building containing 42 independent living apartments, is the most recent expansion at The Sharon and opened in 2022. In 2023, The Sharon completed renovations and upgrades to the dining and amenities spaces and the health care center.

The Corporation has also added cottages at the community at various times. The Corporation initiated a cottage renewal program in 2004, leading to the extensive renovation or expansion of vacated cottages. The Corporation demolished certain old cottages when permitted by zoning restrictions and built larger cottages with enhanced floor plans.

Background of The Sharon Foundation

In May 2021, The Sharon Foundation was incorporated. The Foundation is an affiliated corporate entity of The Sharon and has been established as a separate 501(c)(3) charitable organization. The Foundation is organized as a supporting organization that supports the mission of The Sharon by furthering its financial assistance and fundraising goals. The Foundation is not obligated to the repayment of the Series 2019 Bonds or the forecasted Series 2026 Bonds.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Existing Facilities

The Sharon currently maintains seven residential towers (one ten-story, three six-story, one five-story, and two three-story) surrounded by freestanding or paired cottages on approximately 28 wooded acres. The Sharon' campus is surrounded by single-family neighborhoods on its west, south, and north boundaries. Sharon Road separates the eastern boundary of the campus and across the road are two condominium complexes and Sharon Presbyterian Church.

Independent Living Units

The independent living units of The Sharon consist of 110 apartments, 27 cottage units, 74 terrace units, 36 villa units (the "Independent Living Units"). As of December 31, 2025, 16 Independent Living Units were offline and Management has forecasted they will remain offline during the Forecast Period.

Apartment floor plans vary depending on location and include studio, one-, two-, and three-bedroom units, with either one or two bathrooms. Each unit, with the exception of studios, features a living room, one or two bathrooms, carpeting and a fully-equipped kitchen. All independent units have individually controlled heating and air conditioning, cable television and telephone hook-ups, and a 24-hour fire, safety, and medical emergency call system. Most of the independent living units are equipped with microwave ovens and washer/dryers. Residents may be directly admitted into this level of care from the outside community under a Residency Agreement, as defined hereinafter.

The buildings that make up the main building complex, located in the center of the campus, are physically connected and do not require walking outside in order to get from one building to another. These are the Heritage East, Heritage West, North Terrace, South Terrace, and the core connector building with its south wing and south wing expansion. The core connector building (the "Core Building") is a four-story building that connects Heritage East and Heritage West lobbies. The kitchen and dining facilities are located on the main level, the Health Center on the upper two floors, and a wellness clinic, multipurpose room, and salon and spa on the lower level.

Heritage East consists of seven stories, one of which is located underground. Heritage West is six stories in height, all above ground. These towers house numerous resident amenity spaces including resident storage, a resident-run resale shop, a library, an arts and crafts room, the main lobby and a common living room known as the "Harris Towne Center," as well as support services including maintenance, housekeeping, laundry facilities and some management offices.

The North Terrace and South Terrace buildings, connected to Heritage East on the north and south sides, house larger independent living apartments. The North Terrace is five stories tall with five apartments per floor. Parking is provided under the building. Similar in square footage and floor plans to the North Terrace, the South Terrace is 10 stories tall and has five apartments per floor, with the exception of the 10th floor, where a community room overlooks the Charlotte skyline. Parking for the South Terrace is located in an adjacent parking deck.

The Corporation also has independent living accommodations known as the "Magnolia Villas" which are separate from the main tower buildings. Each Magnolia Villa houses eighteen residential apartments (six per floor), a community room and underbuilding parking.

The Deerwood apartments were completed and placed into service in 2022 and the apartments range in size from approximately 1,000 to 2,148 heated square feet with each apartment having a private terrace and underbuilding parking.

The Corporation has 27 independent living cottages in operation.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table reflects the Sharon's unit configurations and new entrant pricing effective January 1, 2026:

Table 1
Existing Unit Configuration
Type, Number, Square Footage and Pricing

Description	Square Feet	Number of Units ⁽¹⁾	Entry Fee	Monthly Service Fee ⁽²⁾
<i>Independent Living</i>				
Studio	250	3	\$51,600	\$3,517
Large Studio	300	1	\$66,200	\$3,673
One Bedroom	480	29	\$123,300	\$4,336
One Bedroom Large	550	4	\$139,600	\$4,445
One Bedroom Expand	750	14	\$228,700	\$4,759
One Bedroom Expanded Large	850	1	\$241,100	\$4,804
One Bedroom Expand w/Den	1,000	3	\$329,500	\$4,858
One Bedroom Deluxe	1,100	5	\$329,500	\$5,016
One Bedroom Deluxe w/Den	1,200	2	\$423,200	\$5,016
Two Bedroom Apartment	750	3	\$228,700	\$4,758
Two Bedroom Large Apartment	850	3	\$241,100	\$4,803
Cottage A	850 - 1,199	4	\$370,900 - \$444,500	\$4,893
Cottage B	1,200 - 1,399	7	\$483,100 - \$491,800	\$5,485
Cottage C	1,400 - 1,599	3	\$560,300	\$5,724
Cottage D	1,600 - 1,799	3	\$637,500 - \$676,300	\$6,005
Cottage E	1,800 - 2,199	4	\$750,000 - \$811,400	\$6,376
Cottage F	2,200 - 2,299	2	\$870,400 - \$907,300	\$6,908
Hartley II - Deerwood Model	2,000	1	\$890,400	\$6,376
Sunnybrook	1,595- 2,029	3	\$599,000 - \$811,400	\$5,156 - \$6,055
Terrace A	1,150 - 1,280	15	\$470,700	\$4,905
Terrace B	1,502 - 1,520	38	\$572,800	\$5,363
Terrace C	1,796	20	\$675,200	\$5,937
Terrace D	1,050	1	\$368,500	\$4,864
Deerwood - Devin	1,000	2	\$362,800	\$7,931
Deerwood - Tegan	1,300	15	\$494,800	\$4,752
Deerwood - Hartley I	1,900	13	\$755,500	\$5,610
Deerwood - Hartley II	1,900	5	\$755,500	\$5,610
Deerwood - Darby	2,056	3	\$861,900	\$5,822
Deerwood - Woodlea	2,148	4	\$800,600	\$6,619
Villa I & II - Cotswold	1,365	12	\$483,500	\$4,795
Villa I & II - Dilworth	1,655	12	\$595,500	\$5,447
Villa I & II - Foxcroft	1,880	4	\$710,100	\$5,775
Villa I & II - East Over	1,940	8	\$732,800	\$5,820
Total / Weighted Average	1,333	247	\$490,590	\$5,150
<i>Second Person</i>			\$33,000	\$2,179
<i>Assisted Living</i>				
Studio	250	31	\$26,500	\$7,144
Large Studio	300	4	\$31,600	\$7,299
Two Rooms	480	3	\$39,700	\$10,684
Total / Weighted Average	273	38	\$28,079	\$7,440
<i>Nursing Beds</i>				
Private - Direct Admit Rate	250	96	\$26,000 - \$31,000	\$15,087 - \$16,184
Permanent Transfer Rate ⁽³⁾			N/A	\$10,835 - \$12,070
Temporary Transfer Rate ⁽³⁾			N/A	\$8,334
Total / Weighted Average	250	96		

Source: Management

Notes:

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

- (1) As of the date of this report, the Community has 16 Independent Living Units offline.
- (2) Pricing is for the Standard Entrance Fee Refund Plan only. Independent Living Monthly Fees include meal plan, except for the Sunnybrook Cottages where it's optional. Deerwood rates listed are for new contracts after January 1, 2026. Existing Charter Residents of the Deerwood receive discounted rates based on original pricing plus same percentage rate as other residents.
- (3) Upon transfer to the Health Center, the resident pays the then published applicable permanent transfer rate, which is historically discounted from the direct admit rate. The temporary transfer rate reflects a daily fee of \$274 for stays 90 days or less.

Assisted Living Care

The Corporation currently operates the "Assisted Living Unit" or the "Azalea West Assisted Living Unit" which is located on the second and third floors of the West Tower. The Azalea West Assisted Living Unit includes 40 licensed assisted living beds total, each licensed as "Adult Care," of which 38 private units are operational (the "Assisted Living Units"), with additional memory support care, where needed, but are not licensed as special care units for residents with dementia. Each resident room is private with a private bathroom, including shower, and is equipped with individually controlled heating and air-conditioning, cable hook-ups, a phone jack, and an emergency call system. Assisted living residents receive nursing staff attention daily. Residents also receive assistance with medication, bathing, dressing, and grooming; linen and housekeeping service; activities and social service programs; and meals three times per day. Residents may be directly admitted into this level of care from the outside community under a Residency Agreement, as defined hereinafter. The Assisted Living Units are not Medicare or Medicaid certified.

Nursing Care

The "Health Center" includes 96 licensed nursing care beds ("Nursing Beds"). The Health Center consists of two units located on the second and third floors of the Core Building and South Wing Expansion. The second floor houses 48 long-term care beds programmed for residents with dementia and is secured with magnetic locks, but is not licensed as special care units for residents with dementia. The third floor houses 29 long-term health care beds programmed for alert and oriented residents and 19 Medicare-certified short-term rehabilitation beds. Each resident room is private. 34 resident rooms have a semi-private toilet room. The remaining resident rooms are private with a private toilet room and/or shower. The Health Center provides nursing care residents 24-hour supervision and assistance in activities of daily living and health-related care. Bathing facilities, a dining room, salon and spa, therapy gym, and common rooms are also included in this area. Residents may be directly admitted into this level of care from the outside community under a Residency Agreement for 62 of the 96 beds. No portion of the Health Center is Medicaid certified.

Home Care Services

The Corporation is licensed by the North Carolina Department of Health and Human Services ("NCDHHS") to operate a "Home Care Agency." Home Care Agency services provided include nursing care, in-home aide, medical social services, companion, sitter, and respite care. Home Care Agency services are administered through the Wellness Clinic for an additional charge. The Corporation's Home Care Agency services are not Medicare or Medicaid certified.

Common Areas

The common areas are located throughout the main buildings. They serve as gathering places for residents and include a wellness clinic, physician's clinic, aquatics center, chapel, mail room, dining rooms, multi-purpose rooms, convenience store, lounges, central kitchen, private dining room, library, an arts and crafts room, administration areas, common rooms for activities and social interactions, resident storage spaces, exercise room, and salon facilities. The Sharon may also provide facilities for the sale of

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

sundry items and other amenity areas dependent on The Sharon' determination of demand or the availability of providers.

The Project

The Sharon is planning to develop, own, and operate expansion units and renovations consisting of the following (the "Project"):

- Constructing and equipping 64 new independent living apartments (the "New Independent Living Apartments"), in a building to be called the "Belmore", which will be a five-story building with two levels of underground garage parking;
- Construction and equipping of mixed-use office, retail, and common areas on the first floor of the Belmore; and
- Constructing and equipping a fitness and wellness facility which will be called the Center for Vibrant Living (the "CVL").

The Belmore and the CVL will be directly connected with both buildings attaching to existing infrastructure on the community allowing residents walkable, climate-controlled access to common amenities and services.

The Sharon is forecasting the Project as further described. The Belmore and the CVL will be directly connected with both buildings attaching to existing infrastructure on the community allowing residents walkable, climate-controlled access to common amenities and services.

Belmore will consist of 64 two-bedroom-plus-den and three-bedroom residences ranging from approximately 1,700 to 2,600 square feet within a five-story building above two levels of underground parking, one of which is reserved exclusively for residents. Residences have been designed to reflect contemporary living expectations—balconies, ample storage, fireplaces, hardwood flooring, quartz countertops, island seating, and tray ceilings with recessed lighting—while incorporating subtle aging-in-place features, including zero-entry showers.

Belmore's ground floor will provide a curated blend of residential, office, retail, and restaurant uses intended to strengthen on-campus convenience and community engagement. Prospective tenants will be selected for their compatibility with resident interests and the character of the surrounding neighborhood. Visitor access to the public spaces will be supported by a second underground parking level. The first-floor public areas will be isolated from the four residential apartments on this level and further secured through enhanced electronic access controls.

The 52,000-square foot Center for Vibrant Living will serve as The Sharon's comprehensive wellness destination. It will include a new swimming pool, senior-friendly fitness equipment, two workout studios, walking tracks, and golf simulator studios. The fitness hall will provide state-of-the-art resistance, cardio, and functional-movement equipment, supported by full-time exercise physiologists. The aquatics center will feature three lap lanes, space for aquatic classes, a gentle-current lazy river for resistance walking, and integrated, in-water seating for pure relaxation. Additional amenities will include two private golf simulators, indoor and outdoor walking tracks, restorative movement spaces, and spa-inspired recovery features. Residents will receive individualized assessments, personalized fitness plans, and the option for coordinated care involving clinical partners.

Construction of the CVL will be concurrent with that of Belmore, as the two buildings will be adjacent.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table summarizes management's forecasted unit configuration for the New Independent Living Apartments.

Table 2
New Independent Living Apartments
Forecasted Unit Configuration and Estimated Sizes

Unit Name	Unit Type	Number of Units / Beds	Square Footage	Monthly Service Fees	Entrance Fee
New Independent Living Apartments					
Avenir	2 Bedroom, 2 Bath, Den	3	1,738	\$ 5,512	\$ 689,000
Fontaine	2 Bedroom, 2.5 Bath, Den	4	1,905	5,820	795,000
Tremont	2 Bedroom, 2.5 Bath, Den	6	1,914	5,820	795,000
Glenmere	2 Bedroom, 2.5 Bath, Den	3	1,920	5,820	795,000
Riverton	2 Bedroom, 2.5 Bath, Den	8	1,920	5,820	795,000
Bellamy	2 Bedroom, 2.5 Bath, Den	16	1,986	5,914	821,500
Wexford	2 Bedroom, 2.5 Bath, Den	4	2,014	5,914	848,000
Enfield	2 Bedroom, 2.5 Bath, Den	4	2,035	5,947	848,000
Savoy	2 Bedroom, 2.5 Bath, Den	4	2,058	5,947	863,900
Blakely I	2 Bedroom, 2.5 Bath, Den	3	2,087	5,966	869,200
Blakely II	2 Bedroom, 2.5 Bath, Den	1	2,119	5,966	869,200
Dunmore	2 Bedroom, 2.5 Bath, Den	4	2,313	6,268	988,500
Mirador	3 Bedroom, 3 Bath, Den	3	2,389	6,362	1,086,500
Pembroke	2 Bedroom, 2.5 Bath, Den	1	2,612	6,644	1,277,300
Total / Weighted Average - New Independent Living Apartments		64	2,016	\$ 5,926	\$ 845,519
<i>Second Person Fees</i>				\$ 2,505	\$33,000

Source: Management

Collectively, the Existing Independent Living Units and the New Independent Living Apartments will be referred to as the "Independent Living Units."

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table presents the Community's unit configuration before and after completion of the Project.

Description	Current Configuration	Additions (Reductions)	Ending Configuration
Independent Living Units			
Apartments	68	-	68
Cottages	27	-	27
Terraces	74	-	74
Deerwood	42	-	42
Villas	36	-	36
New Independent Living Apartments	-	64	64
Total Independent Living Units	247	64	311
Assisted Living Units	38	-	38
Nursing Beds	96	-	96
Total Units	381	64	445

Source: Management

Project Timeline

The following table shows unit configuration before and after the completion of the Project.

Date	Milestone
August-26	Issuance of the Series 2026 Bonds
August-26	Construction of the Project
February-29	Construction of the Center for Vibrant Living is Completed
March-29	Construction of the Parking / Retail and Office Space is Completed
May-29	Construction of the New Independent Living Apartments is Complete and Occupancy Commences
April-30	New Independent Living Apartments Achieve Stabilized Occupancy (95%)

Source: Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Admissions Criteria

The admission requirements for residence at The Sharon are non-discriminatory except as to age. The Sharon is open to both married and single men and women of all races and religions. Admission is restricted to persons 60 years of age or older, except that for married couples, only one spouse must meet this requirement.

The prospective resident must submit a completed application for admission, including the confidential financial statement, along with the application fee of \$100 per person. This fee is nonrefundable unless the applicant is not approved for financial reasons at the time of the application. A \$1,000 deposit (the "Sharon Club Wait List") deposit is also required, which is refundable, without interest, upon the applicant's written request unless it is specified as a reasonable service charge should the prospective resident cancel the Residency Agreement, as defined hereinafter, after agreeing to occupy a specific residence at The Sharon. This \$1,000 deposit will be applied to the Entrance Fee, without interest, upon admission.

At the point of preliminary approval, the resident may (1) go on the Future Residency Program list for occupancy at a later time, or (2) reserve an available residence for occupancy in the near future. A Reservation Agreement (the "Reservation Agreement") is signed when a prospective resident is offered a unit at The Sharon and a deposit of 10% is collected. This deposit is refundable pursuant to certain terms as described hereinafter.

Residents must be mobile, mentally alert, and able to live independently on the date the resident occupies their selected unit. This determination is made within the discretion of The Sharon's Management and as a result of the prospective resident's medical examination, through interviews and observations by The Sharon staff prior to occupancy, and during a 90-day trial period after occupancy. Notwithstanding the requirement above, a limited number of applicants who can benefit from health care services may be admitted directly to assisted living, or the Health Care Center.

Residents must also have a net worth sufficient to pay the Entrance Fee and, in the opinion of the admissions committee, have income sufficient to pay the monthly service fee ("Monthly Service Fee"), Health Care Center daily rate ("Health Care Center Daily Rate"), and/or other incidental amounts. However, it is the policy of The Sharon that financial assistance be made available to residents who, because of their financial condition, are unable to pay the full cost of their care, based upon the availability of resources for these purposes and the continued financial stability of The Sharon.

Residency Agreement

NOTE: The following is a summary of the Residency Agreement and is not intended to be all-inclusive or a substitute for the actual Residency Agreement.

The services to be provided by The Sharon and the respective rights and duties of The Sharon and a resident are set forth in a residence and services agreement (the "Residency Agreement") entered into by The Sharon and each resident at the time the resident takes possession of their selected unit. Prospective residents applying for direct admission to the Health Care Center are subject to the same terms and conditions, with the exception of fees, as those applying for independent living units.

Entrance Fees – The Sharon charges an entrance fee ("Entrance Fee") payable upon admission and based upon the type of living accommodation to be occupied by the resident and the refund option selected. Payment of the Entrance Fee provides the resident with the lifetime use of the living accommodation, together with the available facilities, services, amenities and medical care, or for such shorter period as shall apply pursuant to the terms of the Residency Agreement. When the prospective resident signs the Residency Agreement at the time of occupancy, the balance of the Entrance Fee is collected, with credit given for any deposits previously collected.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

For Entrance Fees, The Sharon offers a standard refundable plan (the "Standard Entrance Fee Refund Plan"), a 50 percent refundable plan (the "50% Refund Entrance Fee Option") and a 90 percent refundable plan (the "90% Refund Entrance Fee Option").

- Standard Entrance Fee Refund Plan: Under this option, the Entrance Fee or portion of the Entrance Fee will be refunded if the Residency Agreement is terminated within one year after the date of occupancy.
- 50% Refund Entrance Fee Option: Under this option, the Entrance Fee refund amount is based on the resident's life expectancy using actuarial tables in use at the time of the signing of the Residency Agreement. Thereafter, upon a resident's death, or upon the death of the second initial joint resident in the case of a couple who are initial joint residents, The Sharon will refund the resident's estate 50% of the Entrance Fee paid upon admission.
- 90% Refund Entrance Fee Option: Under this option, the Entrance Fee refund amount is based on the resident's life expectancy using actuarial tables in use at the time of the signing of the Residency Agreement. Thereafter, upon a resident's death, or upon the death of the second initial joint resident in the case of a couple who are initial joint residents, The Sharon will refund the resident's estate 90% of the Entrance Fee paid upon admission.

For purposes of this Study, all entrants are assumed to choose the Standard Entrance Fee Refund Plan, based upon historical experience.

As noted in Table 1, entrants to the Independent Living Units, Assisted Living Units, or direct admits to the Nursing Beds will pay an Entrance Fee.

In certain circumstances described in the Reservation Agreement or Residency Agreement, the resident shall be entitled to a full or partial refund of the Entrance Fee. Any refund of the Entrance Fee (due under terms of the Residency Agreement) will be payable before the later of (a) 30 days after the resident has vacated The Sharon, or (b) 30 days after the resident becomes entitled to the refund under the Residency Agreement. Any refund due the resident will be offset by the amount of any accrued but unpaid Monthly Service Fees or other charges, including accrued interest thereon, due from the resident.

Transfers to Other Independent Living Units – Unless otherwise specifically agreed and set forth in writing in an addendum to the Residency Agreement, a resident does not have the right to move from one living accommodation to another. Moreover, upon execution of the Residency Agreement and payment of the Entrance Fee, a resident is entitled to occupy that type of living accommodation for the remainder of the resident's life so long as the resident's health permits, unless expressly provided otherwise in the Residency Agreement. The Sharon reserves the right in its discretion to require a resident to move from one living accommodation to another of the same type, at The Sharon' cost. If The Sharon initiates any such move, the resident's Monthly Service Fee will not be increased as a result of the move and the resident will not be required to pay any incremental Entrance Fee.

Except for any move approved by The Sharon to accommodate a resident's financial difficulty, a resident requesting a move from one living accommodation to another which is approved by The Sharon must pay to The Sharon the then-current transfer fee plus any expenses incurred by The Sharon with respect to that move.

Permanent Transfers to the Health Care Center – If it is determined that a resident will reside in the Health Care Center on a permanent basis, the resident will be charged the Health Care Center Daily Rate, as subsequently defined, in effect. Residents residing in the Health Care Center on a temporary basis pay the Monthly Service Fee for the living accommodation retained by the resident, the current

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

meal plan charge, plus the Health Care Center Daily Rate for days actually spent in the Health Care Center. The Health Care Center Daily Rate (the "Health Care Center Daily Rate" is established and announced by The Sharon from time to time. The current Health Care Center Daily Rate is \$274 per day. After a 90 day stay in the Health Care Center, the Health Care Center Daily Rate increases to the adjusted daily cost of care for Health Care Center residents (currently \$496/day), plus the charge for the residential accommodation retained by the resident. The Sharon may increase the Health Care Center Daily Rate on 30 days' prior notice to residents, with any such increase applicable to all residents.

Medicare Admissions – Existing residents have priority placement in Nursing Beds that are Medicare certified when those services are needed. Persons who are not existing residents of The Sharon who are direct-admitted to a Medicare bed are required to pay a deposit equal to 10 days of the Medicare defined co-insurance prior to admittance if they do not have secondary insurance. The Sharon is not Medicaid certified and does not admit Medicaid residents.

Marriages/New Second Occupant – If one resident marries another resident and they desire to occupy a living accommodation currently occupied by one of them, no additional Entrance Fee is due and the double occupancy Monthly Service Fee applies. Upon the subsequent death of either one of the residents, it will not be necessary for the survivor to move from the living accommodation. The Monthly Service Fee will become the current single person fee for a unit of that size.

If residents who marry desire to move to a type of living accommodation not previously occupied by one of them, no additional Entrance Fee will be due from either of them if the Entrance Fee deemed paid by each of them individually (excluding any amount attributable to a deceased initial joint resident) equals or exceeds the then-applicable Entrance Fee with respect to such living accommodation. If their combined Entrance Fees, including any amount(s) attributable to a deceased initial joint resident(s), exceeds the then current Entrance Fee for the new unit, no refund will be made.

If a resident marries a nonresident, the nonresident may not reside at The Sharon unless such person satisfies the then-existing admissions criteria of The Sharon and until such person has been admitted through the normal application and admissions and orientation policies and procedures. In the event such person is admitted to The Sharon, such person must pay the Entrance Fee then applicable for a studio apartment plus the then-current Second Person Entrance Fee. Once the person is admitted and has paid the applicable Entrance Fee and is permitted to occupy the spouse's living accommodation or another available residence, such person will be treated in the same manner as a resident who marries another resident.

Financial Assistance – It is The Sharon's policy to provide financial assistance and community benefits equal to, at a minimum, 5% of annual resident revenue. Residents who, through no fault of their own, have outlived their financial resources may apply for financial assistance through The Sharon by completing a personal financial statement with supporting documents. To qualify for financial assistance, residents must not have given away significant assets, must provide annual financial updates, and potentially must move to a less expensive accommodation at The Sharon. In accordance with The Sharon' annual financial plan, Entrance Fees may be waived, at the sole discretion of The Sharon, for a resident upon admission. A prospective or current resident who has resources that are below what is required to cover the cost of his or her projected lifetime care may qualify to receive, after providing proof of financial need, a combination of a waived Entrance Fee and Monthly Service Fee assistance as determined by the Resident's Assistance Policy approved by the Board. It is recognized that, although the implementation of this policy must be consistent with good stewardship over the limited endowment funds and other resources available to The Sharon, The Sharon's admission policies shall be specifically designed toward meeting and exceeding the stated policy objectives.

Fund Raising Efforts – The Sharon conducts an annual giving campaign through its philanthropy office to raise funds for The Sharon's resident's assistance program. Additionally, The Sharon accepts planned gifts such as bequests, charitable remainder trusts, charitable lead trusts and other planned giving

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

vehicles. These gifts help support The Sharon's Resident's Assistance Fund. Periodically, The Sharon also conducts capital campaigns, as needed, to offset the cost of significant capital improvements.

Termination and Refund Provisions

Rescission – A resident may rescind his or her Residency Agreement within 30 days of the later of the execution of the Residency Agreement or receipt of the disclosure statement required by N.C.G.S. 58-64-20, and the resident to whom the Residency Agreement pertains will not be required to move to The Sharon before the expiration of the 30-day period. In such a case, within 30 days of notice of rescission the resident will receive a full refund of the Entrance Fee paid by the resident, less any nonstandard charges and cancellation fees as set forth in the executed Residency Agreement.

Cancellation – Prior to occupancy of a residence, the Residency Agreement may be cancelled if The Sharon denies admission to the prospective resident; the prospective resident dies; the prospective resident's spouse dies; on account of illness, injury, or incapacity the prospective resident is precluded from occupying a residence; or, if The Sharon notifies the prospective resident that the residence he or she reserved will not be available for occupancy. In such a case, within 30 days of notice of cancellation the resident will receive a full refund of the Entrance Fee paid by the resident, less any nonstandard charges as set forth in the executed Residency Agreement.

Termination – The Residency Agreement may be voluntarily terminated by the resident for any reason at any time and will be automatically terminated in the case of the resident's death. The Sharon may terminate the Residency Agreement after the Probationary Period only if: the resident makes or has made any material misrepresentation or omissions in his/her application, financial statement, or medical records; the resident has willfully divested him/herself of funds; it is determined by the Board of The Sharon that continued occupancy at The Sharon by the resident creates a threat to the life, health, safety or peace of the resident or other residents, employees, or other persons on the premises; or the resident breaches the Residency Agreement.

Entrance Fee Refunds following a Termination – If the Residency Agreement is terminated by The Sharon within the 90 day probationary period, the resident is entitled to a refund of the entire Entrance Fee.

The Entrance Fee, or a portion of the Entrance Fee, will be refunded if the Residency Agreement is terminated within one year after the date of occupancy. If the Residency Agreement is terminated more than one year after the date of occupancy, except to the extent a resident has elected either the 50% Refundable Entrance Fee Option or the 90% Refundable Entrance Fee Option, as previously described, the resident will not be entitled to an Entrance Fee refund.

Note that, for all refund conditions, if a resident participates in a refundable Entrance Fee plan and subsequently qualifies for and receives financial assistance, any refundable Entrance Fee will be reduced in an amount equal to the financial assistance received.

Accommodation and Services

The following services and facilities are covered by the monthly charge payable by a resident occupying an Independent Living Unit:

- Utilities, including heat, air conditioning, lights, water, electricity, wireless internet access, basic cable service, and basic local telephone service;
- Certain furnishings, including wall-to-wall carpeting, blinds (except in cottages and terrace units), and toilet and bath fixtures in the Independent Living Unit;
- Flexible dollar meal plan, which includes a pre-set cash balance each quarter to purchase meals, snacks, convenience items, a la carte meals, and guest meals;

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

- Housekeeping services once per week;
- Bed and bath linens once per week furnished by The Sharon and facilities for personal laundry;
- Maintenance and repair of improvements, furnishings and equipment owned by The Sharon;
- Grounds keeping services;
- One assigned parking space for each Independent Living Unit; and
- Use of common facilities, including but not limited to: dining facilities, library, convenience store, lobbies, auditorium, lounges, patios, and social and recreational rooms.

Services and facilities that are not covered by the Monthly Service Fee payable by a resident occupying an Independent Living Unit, but which are available at the resident's expense, include, but are not limited to:

- Charges associated with additional telephone expenses;
- Charges associated with additional cable television expenses;
- Prescription ordering and refills;
- The cost of meal purchases exceeding the pre-set balance provided above; and
- Medical transportation.

Health Care Services

If a resident moves temporarily to or from the Health Care Center, the meal plan and the Monthly Service Fee shall not be affected, except that residents in the Health Care Center must pay the Health Care Center's Daily Rate in addition to the Monthly Service Fee. If a resident moves to the Health Care Center on a permanent basis, the resident's Monthly Service Fee shall become the Health Care Center Daily Rate in effect. If one of two initial joint residents moves on a permanent basis, the remaining resident in the living unit shall pay the single person rate. If a resident entered paying the semi-private Entrance Fee for assisted living and within the first 90 days moves permanently to the Health Care Center, a balance equal to the then-current assisted living Entrance Fee is due. If a resident entered paying the Entrance Fee and within the first 90 days moves permanently to assisted living, the resident shall owe only the assisted living Entrance Fee and shall receive a credit.

The Sharon: Early Advantage Program

In 2010, the North Carolina General Assembly enacted a new statute (§ 58-67-7) that permits Continuing Care Retirement Communities (CCRCs) licensed in the State to offer "continuing care services without lodging." The Sharon received approval in 2023 from the North Carolina Department of Insurance to offer its early advantage program (the "Early Advantage Program" or "EAP") that will offer such services, as more fully described hereinafter.

NOTE: The following is a summary of the EAP and is not intended to be all-inclusive or a substitute for the actual EAP contract for such services.

The Sharon offers a residency option to those already on the future residency list for The Sharon who may not want to physically reside on our campus through the Early Advantage Program. The Early Advantage Program member can continue to live in his/her current home but have access to The Sharon's amenities, assisted living, skilled nursing and other wellness programs. The Early Advantage Program is offered to qualified members of the future residency program list on a space available basis. This residency status allows one to become a resident of The Sharon with access to campus amenities, and ensures access to future health care services as needed, while remaining in his/her current home and creating a high priority position for a potential future move onto the campus at a later date. The Early Advantage Program resident may also move into The Sharon if he/she so chooses. Once one becomes a resident of The Sharon, whether living on campus or through The Early Advantage Program, he/she has equal access to all common areas of campus, equal standing as members of the Resident's Council and equal access to The Sharon's health care facilities. This equal standing provides Early Advantage

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Program residents with priority over future residency list members for contracts for continuing care, Early Advantage Program residents who wish to occupy a living unit in the facility under the terms of the contract for continuing care must apply for, and upon acceptance, sign an on-campus Resident's Agreement.

Revenue and expenses related to the Early Advantage Program are reported separately on the forecasted financial statements for this forecast, as is required by the North Carolina Department of Insurance. However, to the extent that Management has forecasted members of the Early Advantage Program becoming residents of The Sharon and in need of healthcare services, those revenues and expenses have been included in assisted living revenues or health care revenues and healthcare expenses.

The following table summarizes the monthly service fees and membership fees for the Early Advantage Program in 2026 dollars.

Table 5
The Early Advantage Program
Fee Schedule (2026 Dollars)

	Advance Fee	Monthly Fee
Early Advantage Member - First Person	\$ 26,000	\$ 443
Early Advantage Member - Second Person	\$ 26,000	\$ 443
Early Advantage Member - Assisted Living		\$ 7,144
		Per Diem
Early Advantage Member - Skilled Living		\$ 356

Source: Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Plan of Finance

Management has assumed the following sources and uses of funds in preparing its financial Forecast based on information provided by Management and B. C. Ziegler and Company (the "Underwriter"). A summary of the forecasted sources and uses of funds for the Organization's financing is provided in the following table:

Table 6
Forecasted Sources and Uses of Funds
(In Thousands)

Sources of Funds:		
Series 2026A Bonds	\$ 131,875	(1)
Series 2026B Bonds	31,950	(1)
Series 2026C Bonds	12,500	(1)
Original Issue Premium	142	(1)
Total Series 2026 Bonds	176,467	
Sales Tax Refund	1,500	(2)
Total Sources of Funds	\$ 177,967	
Uses of Funds:		
Project Costs:		
Design and Engineering	\$ 7,657	(3)
Construction Costs	111,191	(4)
Furniture and Equipment	7,287	(5)
Development Costs and Fees	1,650	(6)
Marketing	2,021	(7)
Escalation	5,941	(8)
Other Costs	2,575	(9)
Owner's Contingency	9,817	(10)
Total Project Costs	148,139	
Debt Service Reserve Fund	8,658	(11)
Funded Interest	17,729	(12)
Cost of Issuance	3,441	(13)
Total Uses of Funds	\$ 177,967	

Source: Management and the Underwriter

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

As provided by the Underwriter, the Organization assumes the Project is expected to be funded with proceeds from the Series 2026 Bonds.

The Series 2026 Bonds are forecasted to consist of the following terms and structure:

- 1) 131,875,000 Series 2026A Bonds (the "Series 2026A Bonds"), consisting of:
 - o \$4,240,000 term bonds maturing July 1, 2037, with annual mandatory sinking fund redemptions beginning July 1, 2031 through July 1, 2036, bearing a stated interest rate of 5.125 percent;
 - o \$9,700,000 term bonds maturing July 1, 2046, with annual mandatory sinking fund redemptions beginning July 1, 2037 through July 1, 2046, bearing a stated interest rate of 6.00 percent;
 - o \$24,240,000 term bonds maturing July 1, 2052, with annual mandatory sinking fund redemptions beginning July 1, 2047 through July 1, 2052, bearing a stated interest rate of 6.125 percent;
 - o \$35,435,000 term bonds maturing July 1, 2056, with annual mandatory sinking fund redemptions beginning July 1, 2053 through July 1, 2056, bearing a stated interest rate of 6.25 percent; and
 - o \$58,260,000 term bonds maturing July 1, 2061, with annual mandatory sinking fund redemptions beginning July 1, 2057 through July 1, 2061, bearing a stated interest rate of 6.25 percent;
 - o Management has forecasted semi-annual interest payments on January 1 and July 1 of each year beginning January 1, 2027.
 - o The Series 2026A Bonds are also expected to have a premium of approximately \$142,000.

\$31,950,000 Series 2026B Bonds (the "Series 2026B Bonds") consisting of:

- o Series 2026B Bonds: \$31,950,000 of a tax-exempt direct bank placed fixed rate bonds, bearing interest at 4.00%, subject to monthly principal and interest payments, with interest payments beginning October 1, 2026. The maturity of the Series 2026B Bonds is July 1, 2031. The Series 2026B Bonds are expected to be repaid from Initial Entrance Fees from first generation residents of the New Independent Living Apartments by approximately January 1, 2030 which is in advance of their stated maturity date.

\$12,500,000 Series 2026C Bonds (the "Series 2026C Bonds") consisting of:

- a. Series 2026C Bonds: \$12,500,000 of a taxable direct bank placed fixed rate bonds, bearing interest at 5.00%, subject to monthly principal and interest payments, with interest payments beginning October 1, 2026. The maturity of the Series 2026B Bonds is July 1, 2031. The Series 2026B Bonds are expected to be repaid from Initial Entrance Fees from first generation residents of the New Independent Living Apartments by approximately September 1, 2029 which is in advance of their stated maturity date.

- 2) Management has forecasted receiving a sales tax refund on the purposes of capital items associated with the Project. Management has forecasted a sales tax refund of approximately \$1,500,000.
- 3) Management has forecasted design and engineering costs of approximately \$7,657,000.
- 4) Management has forecasted construction, site work, land improvements and other costs related to the construction of the Project will approximate \$111,191,000. This includes a forecasted guaranteed maximum price ("GMP") contract to be provided by the contractor, Edifice, in the amount of \$110,000,000, which reflects the cost of the work plus a fee (the GMP total). The GMP total includes a contractor's construction contingency equal to approximately 2.7 percent. It should be noted that although Management will enter into a GMP contract, adjustments for allowances, certain materials price escalations not included in the GMP, change orders or other circumstances

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

not addressed in the contract could result in the total construction costs exceeding the maximum price that will be established by the GMP contract.

- 5) Management has forecasted furniture and equipment expenditures related to the Project to approximate \$7,287,000.
- 6) Management has forecasted development costs and fees to approximate \$1,650,000.
- 7) Management has forecasted marketing expenditures related to the initial occupancy of the New Independent Living Apartments to approximate \$2,021,000.
- 8) Management has forecasted escalation on the Project to approximate \$5,941,000.
- 9) Management has forecasted miscellaneous and other costs to approximate \$2,575,000.
- 10) Management has forecasted owner's contingency expenditures to approximate \$9,817,000.
- 11) Management and the Underwriter have forecasted approximately \$8,658,000 will be deposited into a debt service reserve fund related to the Series 2026 Bonds.
- 12) Total funded interest reflects interest in the amount of approximately \$17,729,000 that is forecasted to be funded for approximately 36 months with proceeds of the financing.
- 13) Costs related to the Underwriter's discount, legal fees, accounting fees, and other costs associated with the proposed issuance of the Series 2026 Bonds is forecasted to approximate \$3,441,000.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation maintains its accounting and financial records using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of The Sharon and the Foundation. Significant intercompany balances and transactions between the consolidated entities have been eliminated.

Performance Indicator

The forecasted statements of operations include a measurement of excess of revenue, gains, and other support over expenses as a performance indicator. Changes in net assets which are excluded from the performance indicator, consistent with industry practice, include net assets released from restriction for capital, as well as capital contributions.

Resident Revenue

Resident services revenue is reported at the amount that reflects the consideration to which The Sharon expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, The Sharon bills the residents in the month services were performed and third-party payors in the month subsequent to when the services are performed. Private pay residents are pre-billed for the following month's service fee. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by The Sharon. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Sharon believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services or housing residents receiving services in the facilities.

The Sharon considers monthly rental for residential services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and meals) and The Sharon does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, The Sharon has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The Sharon determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with The Sharon's policy, and/or implicit price concessions provided to residents. The Sharon determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Sharon determines its estimate of implicit price concessions based on its historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows.

Medicare

The Sharon's licensed nursing facility participates in the Medicare program. CMS finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Other

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and The Sharon's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Sharon estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

The Sharon has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, service lines, method of reimbursement, and timing of when revenue is recognized.

Cash and Cash Equivalents

The Corporation considers cash and cash equivalents to include all cash on hand and all highly liquid investments, which includes certificates of deposit that range from three to twelve months in maturity.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Accounts Receivable

Resident accounts receivable primarily consist of resident monthly service fees and other resident charges and are shown at net realizable value less an estimated allowance for credit losses. Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, analysis of payor source and aging of receivable, and future economic conditions and market trends.

Contributions Receivable

Contributions receivable consists of pledges for the Capital Campaign that Management has forecasted would be collected during the Forecast Period.

Investments

Investments are carried at fair value. The fair value of marketable equity securities, bonds, and other investments is based on quoted market prices. Realized gains and losses on the sale of investments are determined based on the cost of the specific investment sold. The Organization includes unrealized gains and losses on investments in the excess of revenues, gains, and other support over expenses. Management has not forecasted any unrealized gains or losses during the Forecast Period.

Investments include The Sharon's Residents' Assistance Fund (the "Fund"), a revocable trust fund that was established in 1981 primarily to provide for a portion of the cost of resident care for those who are unable to pay the full cost of care from their own resources or who without the waiver of Entrance Fees (the "Entrance Fee") would not financially qualify. The Board of Directors may elect to use the unrestricted portion of the fund to meet operating expenses of The Sharon or for other charitable purposes. The donor restricted amounts are contained in both investments and net assets with donor restrictions on the forecasted balance sheets. As of December 31, 2025, the Residents' Assistance Fund was approximately \$17,408, 000 of which, approximately \$1,149,000 is in net assets with donor restrictions. Management has not forecasted any change during the Forecast Period.

Property and Equipment

Property is recorded at cost if purchased or fair market value if donated, subject to a \$2,000 capitalization policy. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Interest costs incurred during the construction period of significant construction projects are capitalized as a cost of the constructed asset and amortized over the useful life of the asset.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Assets Limited as to Use

Assets limited as to use include the operating reserve required by the North Carolina Department of Insurance, certain Board designated funds, and funds held by a trustee under debt-related agreements. Assets limited as to use needed for current liabilities have been classified as current assets on the balance sheets.

Bond Issuance Costs

Debt issuance costs are presented in the forecasted consolidated balance sheets as a deduction from the carrying amount of the related liability, rather than as a deferred charge asset. In addition, amortization expense associated with the debt issuance costs is shown as a component of interest expense in all years of the Forecast Period.

Entrance Fees

The Reservation Agreement (the "Reservation Agreement") is entered into at the time a prospective resident pays a deposit equal to 10 percent of the published Entrance Fee. Upon move-in, the Residency Agreement is entered into and specifies the services to be provided by The Sharon and the respective rights and duties of The Sharon and resident. The liability associated with these advance deposits is reported as entrance fee deposits in the accompanying forecasted consolidated balance sheets. The nonrefundable portion of the Entrance Fees are amortized and recognized as income over the estimated life expectancy of the resident. The straight-line method of amortization is used.

The Sharon offers a Standard Entrance Fee Refund Plan in which Entrance Fees may be refunded on a pro rata basis to residents vacating a unit in the first 12 months of occupancy, as outlined within the disclosure statement. Subsequently, the refund amount is zero. Once a unit is occupied, Entrance Fees are recorded as deferred revenue.

The Sharon also offers, subject to availability, the 50% Refund Entrance Fee Option and the 90% Refund Entrance Fee Option. Under these plans, a new resident can elect to pay a higher Entrance Fee, a portion of which is refundable when the unit is vacated. The refundable fees under this option are classified in the accompanying forecasted balance sheets as refundable entrance fees with the non-refundable portion being classified as deferred revenue.

Payment of the refund due is subject to The Sharon's ability to resell a comparable unit, or earlier at the discretion of Management.

Net Assets

The forecasted financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and which are available for use in general operations, including any funds designated by the board of directors for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that are either restricted in perpetuity, time restricted, or restricted for certain purposes. A donor's restriction is met when a stipulated time restriction ends or a special purpose restriction is accomplished. When a donor restriction no longer applies, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the forecasted consolidated

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

statements of operations as net assets released from restrictions. Net assets with donor restrictions also includes those net assets which have been restricted by donors to be maintained by The Sharon in perpetuity. Donors permit The Sharon to utilize investment earnings generated by the related assets.

Estimated Obligation to Provide Future Services

Management offers a limited discount relating to the first 90 days of a nursing stay. As a result, Management does not forecast a liability related to the obligation to provide future services during the Forecast Period.

Income Tax Status

The Sharon and the Foundation are organized as a non-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and under similar state statutes. Accordingly, no provision for income taxes is included in the accompanying forecasted statements of operations and forecasted consolidated changes in net assets.

Use of Estimates

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

Risks and Uncertainties

The Corporation holds investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. While no changes in investments have been forecasted, due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will continue to occur in the near term and that such changes could materially affect the Corporation's investment balances and the amounts reported in the forecasted balance sheets of The Sharon.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MANAGEMENT'S BASIS FOR THE FORECAST OF REVENUE

Revenue for The Sharon is generated primarily from Monthly Service Fees for the Independent Living Units and Assisted Living Units, amortization of Entrance Fees, and per diem charges for the Nursing Beds.

Revenue for the Independent Living Units is based on the Monthly Service Fees assumed by Management to be charged to the residents and the assumed utilization of the Independent Living Units. Health Center revenues consist of income generated from services provided to residents transferring from the Independent Living Units, and those services provided to direct admission residents.

Forecasted Occupancy Levels

Forecasted occupancy for The Sharon's Independent Living Units is based upon the historical experience of Management, giving consideration to current economic conditions and expectations of ongoing success in its marketing activities.

Occupancy of the Assisted Living Units and Nursing Beds is forecasted to be from transfers from Independent Living Units as well as a limited number of direct admissions. Nursing bed occupancy is based primarily on internal transfers from both Independent Living Units and Assisted Living Units. Forecasted resident transfers from independent living to assisted living or nursing have been provided by Management.

The following table presents the forecasted occupancy for the Independent Living Units, as forecasted by Management.

Table 7
Forecasted Utilization of the Existing Independent Living Units

Year Ending December 31,	Average Available Units	Average Occupied Units	Average Occupancy
2026	247	238	96.4%
2027	247	238	96.4%
2028	247	238	96.4%
2029	247	238	96.4%
2030	247	238	96.4%

Source: Management

Management has assumed double occupancy during the Forecast Period of approximately 27% based upon historical performance of The Sharon.

Management has included in independent living revenues on the forecasted statements of operations a net reduction of revenues of approximately \$1,200,000 in fiscal year 2026, and inflated at the annual inflationary rates stated hereinafter for each year of the Forecast Period, related to forecasted charity care for independent living residents.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table presents the forecasted move-in assumptions for the New Independent Living Apartments.

Table 8
Forecasted Fill Schedule
The New Independent Living Apartments

Month	Total Units	Net Move-Ins	Cumulative Occupancy	
			Number of Units	Percentage
Fiscal Year 2029				
June	64.0	10.0	10.0	16%
July	64.0	10.0	20.0	31%
August	64.0	10.0	30.0	47%
September	64.0	10.0	40.0	63%
October	64.0	11.0	51.0	80%
November	64.0	2.0	53.0	83%
December	64.0	2.0	55.0	86%
Fiscal Year 2030				
January	64.0	2.0	57.0	89%
February	64.0	1.0	58.0	91%
March	64.0	1.0	59.0	92%
April	64.0	1.0	60.0	94%
May	64.0	0.8	60.8	95%
Thereafter	64.0		60.8	95%

Source: Management

The following table outlines the forecasted utilization of the Assisted Living Units and Nursing Beds:

Table 9
Forecasted Utilization of the Assisted Living Units and Nursing Beds

Assisted Living Units			
Year Ending December 31,	Average Available Units	Average Occupied Units	Average Occupancy
2026	38.0	33.4	87.9%
2027	38.0	33.4	87.9%
2028	38.0	33.4	87.9%
2029	38.0	33.4	87.9%
2030	38.0	33.4	87.9%
Nursing Beds			
Year Ending December 31,	Average Available Units	Average Occupied Units	Average Occupancy
2026	96.0	74.0	77.1%
2027	96.0	74.0	77.1%
2028	96.0	74.0	77.1%
2029	96.0	74.0	77.1%
2030	96.0	74.0	77.1%

Source: Management

The following table summarizes the forecasted payer mix for the Nursing Beds based upon resident days and resident revenue type:

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 10
Nursing Beds – Resident Days and Revenue Mix
For the Years Ending December 31,

	2026	2027	2028	2029	2030
Private Pay					
Number of Residents	66.0	66.0	66.0	66.0	66.0
Days Percentage Mix	89.2%	89.2%	89.2%	89.2%	89.2%
Revenue Percentage Mix	77.1%	77.5%	77.8%	78.1%	78.5%
Medicare					
Number of Residents	8.0	8.0	8.0	8.0	8.0
Days Percentage Mix	10.8%	10.8%	10.8%	10.8%	10.8%
Revenue Percentage Mix	22.9%	22.5%	22.2%	21.9%	21.5%
Nursing Totals					
Number of Residents	74.0	74.0	74.0	74.0	74.0
Average Occupancy	77.1%	77.1%	77.1%	77.1%	77.1%

Source: Management

Forecasted Entrance and Monthly Service Fees

Management has forecasted that all unit sales during the Forecast Period will select the Standard Entrance Fee Refund Plan. However, from time to time, Management may implement special incentives and move-in incentives with the effect of reducing the Entrance Fees or reducing net cash flow, depending on the incentive.

Entrance Fee Receipts

Entrance fee receipts and refunds are based on information provided by Management based on historical experience and occupancies during the Forecast Period. The following table reflects entrance fees received and refunds paid during the Forecast Period for The Sharon, as forecasted by Management.

Table 11
Forecasted Entrance Fee Receipts, Net of Refunds
For the Years Ending December 31,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Entrance Fees / Deposits Received from Initial Residents	\$ 5,038	\$ -	\$ -	\$ 44,788	\$ 2,986
Entrance Fees Received from Unit Turnover	10,190	12,288	12,358	13,074	14,597
Entrance Fees Refunded from Unit Turnover	(556)	(596)	(591)	(663)	(610)
Total Advance Fees Received, Net of Refunds	\$ 14,672	\$ 11,692	\$ 11,767	\$ 57,199	\$ 16,973
Number of Entrants					
Initial Residents	-	-	-	57.0	3.8
Turnover Entrants	21.9	25.2	24.2	24.4	25.3

Source: Management

The following table reflects forecasted rate increases. Increases in fees are generally anticipated to approximate increases in operating expenses during the Forecast Period. However, fee increases may be adjusted to reflect actual changes in expenses. Entrance Fees are continuously reviewed and adjusted as necessary to align with market demands.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

**Table 12
Forecasted Rate Increases**

Unit Type	2026	2027	2028	2029	2030
Independent Living Units - Monthly Service Fees	N/A	4.00%	4.00%	4.00%	4.00%
Independent Living Units - Entry Fees	N/A	3.00%	3.00%	3.00%	3.00%
Assisted Living Units - Monthly Service Fees	N/A	4.00%	4.00%	4.00%	4.00%
Nursing Beds - Daily Per Diems ⁽¹⁾	N/A	4.00%	4.00%	4.00%	4.00%
Nursing Beds - Medicare	N/A	2.00%	2.00%	2.00%	2.00%

Source: Management

N/A = Not Applicable

Note:

(1) The rate increase listed is for private pay residents only.

Early Advantage Program

Forecasted usage of the Early Advantage Program is based upon Management's assumed fill schedule for the program.

The following table reflects Management's anticipated fill schedule for the Early Advantage Program, as well as the forecasted usage assumption. Management began offering this program in 2024.

**Table 13
The Early Advantage Program
Forecasted Fill Schedule**

Month	2026	2026	2027	2027	2028	2029	2030
	New Enrollees	Cumulative Enrollees	New Enrollees	Cumulative Enrollees	Cumulative Enrollees	Cumulative Enrollees	Cumulative Enrollees
January	1.83	47.91	1.83	69.87	90.00	90.00	90.00
February	1.83	49.74	1.83	71.70	90.00	90.00	90.00
March	1.83	51.57	1.83	73.53	90.00	90.00	90.00
April	1.83	53.40	1.83	75.36	90.00	90.00	90.00
May	1.83	55.23	1.83	77.19	90.00	90.00	90.00
June	1.83	57.06	1.83	79.02	90.00	90.00	90.00
July	1.83	58.89	1.83	80.85	90.00	90.00	90.00
August	1.83	60.72	1.83	82.68	90.00	90.00	90.00
September	1.83	62.55	1.83	84.51	90.00	90.00	90.00
October	1.83	64.38	1.83	86.34	90.00	90.00	90.00
November	1.83	66.21	1.83	88.17	90.00	90.00	90.00
December	1.83	68.04	1.83	90.00	90.00	90.00	90.00

Source: Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table presents the forecasted occupancy for the Early Advantage Program and the forecasted average monthly fees during the Forecast Period.

For the Years Ending December 31,	2026	2027	2028	2029	2030
Average Early Advantage Occupant	58.0	79.9	90.0	90.0	90.0
Weighted Average Monthly Fees ⁽¹⁾	\$ 443	\$ 461	\$ 479	\$ 498	\$ 518
 EAP - Assisted Living	 2.0	 3.0	 3.8	 4.5	 4.5
Weighted Average Monthly Fees	\$ 7,144	\$ 7,430	\$ 7,727	\$ 8,036	\$ 8,357
 EAP - Skilled Nursing	 2.3	 3.6	 4.9	 6.0	 6.9
Weighted Average Per Diem	\$ 496	\$ 516	\$ 536	\$ 558	\$ 580
 EAP - Second Person Occupancy	 25.5	 37.6	 39.6	 37.8	 35.1

Source: Management

Note:

(1) The weighted average monthly fees presented is the weighted average of all first person and second person monthly fees.

The following table presents the assumed membership fees received and the total membership fee refunds during each year of the Supplemental Forecast Period.

For the Year Ending December 31,	2026	2027	2028	2029	2030
Total Membership Fees Received - Initial Fill	\$ 792	\$ 815	\$ -	\$ -	\$ -
Total Membership Fees Received - Replacement	314	382	443	456	470
Total Membership Fees Refunded	(158)	(225)	(283)	(305)	(293)
Total Membership Fees, Net	\$ 948	\$ 972	\$ 160	\$ 151	\$ 177

Source: Management

Pharmacy, Rent, and Other Revenue

Pharmacy, rent, and other operating revenue is comprised primarily of companion services revenue, pharmacy revenue, guest and employee meal revenue, and other miscellaneous revenue items.

Contributions

Contributions are donor restricted and released from restriction upon expiration; that is, when a stipulated time restriction ends or a purpose restriction is accomplished.

Investment Income

Investment income consists of interest earnings on cash, cash equivalents, investments, and assets limited as to use, as provided by Management. Management has assumed that its cash, cash equivalents, and bond fund use would earn investment income of 1.0 percent annually, debt service reserve funds would earn investment income of 3.0 percent annually, and investments and the statutory operating reserve would earn investment income based on a blended 4.0 percent rate annually throughout the Forecast Period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Net Assets Released from Restrictions

Net Assets Released from Restrictions is the result of Management's assumed investment income on donor restricted funds. Management has forecasted the release of these funds for operational purposes during the Forecast Period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MANAGEMENT'S BASIS FOR THE FORECAST OF EXPENSES

Operating Expenses

Operating expenses are forecasted to increase by 4.0 percent in 2027 and throughout the remaining periods presented in the forecast. Management has forecasted operating expenses based upon Management's historical operations for The Sharon and the estimated effect of inflation.

The specific basis for major expense items were formulated by Management and are discussed below.

Salaries, Wages and Employee Benefits

Salaries and wages are forecasted to increase at a rate of 4.0 percent in 2027 and each year thereafter throughout the remainder of the Forecast Period as well as for changes in occupancy.

Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, 401(k) profit sharing plan, incentives, and other miscellaneous benefits for the entire facility. These benefit costs are assumed to approximate 22.0 percent of wages during the Forecast Period, based on Management's historical experience.

Early Advantage

Costs include costs for operating the Early Advantage Program. Costs would increase approximately 4.0 percent in 2027 and throughout the Forecast Period for inflation as well as for changes in occupancy associated with the Early Advantage Program.

Food and Dietary Service

Costs include raw food and dietary supplies. Costs, other than those related to labor, would increase approximately 4.0 percent in 2027 and each year throughout the Forecast Period for inflation as well as for changes in occupancy.

Housekeeping and Maintenance

Costs include contract services, supplies, other miscellaneous housekeeping and laundry, and all activities of maintenance costs for The Sharon. Costs, other than those related to labor, would increase approximately 4.0 percent in 2027 and each year throughout the Forecast Period for inflation as well as for changes in occupancy.

Utilities and Communications

Costs include electricity, water and sewer, gas, cable television, and telephone for The Sharon. Costs, other than those related to labor, would increase approximately 4.0 percent in 2027 and each year throughout the Forecast Period for inflation as well as for changes in occupancy.

Healthcare Supplies

Costs include costs for providing care in the Assisted Living Units and Nursing Beds. Costs, other than those related to labor, would increase approximately 4.0 percent in 2027 and each year throughout the Forecast Period for inflation as well as changes in occupancy.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Professional Fees

Costs include legal and other professional services. Costs, other than those related to labor, would increase approximately 4.0 percent in 2027 and each year throughout the Forecast Period for inflation.

Insurance

Costs include insurance services. Costs, other than those related to labor, would increase approximately 4.0 percent in 2027 and each year throughout the Forecast Period for inflation in addition to increases associated with the opening of the Project..

Marketing and Development

Costs include advertising and purchased services costs for The Sharon. Other costs, excluding those related to labor, would increase approximately 4.0 percent in 2027 and each year throughout the Forecast Period for inflation. Management has forecasted marketing expenses to be funded from a portion of the proceeds of the Series 2026 debt as \$518,000 in 2026, \$622,000 in 2027, \$622,000 in 2028, and \$259,000 in 2029.

Community Service

Management projects that it would achieve community service activities that equate to approximately five percent of operating revenue in order to maintain its property tax exemption (20% exemption for every one percent of community service). Management quantifies many activities including benevolence and donated time and space, as well as actual expenditures in order to meet this requirement. The forecasted community service expenditures reflect additional amounts that are forecasted to be incurred in order to achieve this five percent threshold.

Supplies and Other Expenses

Costs include supplies and all other miscellaneous expenses. Costs, other than those related to labor, would increase approximately 4.0 percent in 2027 and each year throughout the Forecast Period for inflation as well as for changes in occupancy.

Interest Expense

Interest expense is assumed to be related to the debt service requirements of the existing indebtedness as well as the forecasted Series 2026 Bonds, the amortization of the deferred financing costs and bond premium related to the existing long-term indebtedness.

Depreciation

Property and equipment are forecasted to be depreciated over their estimated useful lives using the straight line method.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MANAGEMENT'S BASIS FOR THE FORECAST OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash balances for the Forecast Period are based on the results of the Forecasted Consolidated Statements of Cash Flows.

Accounts Receivable, Net

Accounts Receivable, Net are forecasted to remain at historical levels throughout the Forecast Period at approximately 14 days operating revenues.

Prepaid Expenses

Prepaid expenses have been forecasted based on historical levels at approximately 19 days operating expenses, net of depreciation, amortization, and interest.

Entrance Fee Escrow

Entrance fee escrow is forecasted to remain at historical levels throughout the Forecast Period.

Accounts Payable

Accounts payable have been forecasted to approximate 43 days of operating expenses, net of depreciation, amortization, and interest.

Accrued Expenses

Accrued Expenses items have been forecasted based on historical levels at approximately 36 days operating expenses, net of depreciation, amortization, and interest.

Accrued Interest Payable

Accrued interest has been calculated based on forecasted interest rates and repayment terms of the existing long-term debt and the forecasted repayment terms of the Series 2026 Bonds.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Assets Limited as to Use

For purposes of Management's Forecast, the following assets limited to use have been forecasted:

- *Statutory Operating Reserve* – North Carolina Statutory Operating Reserve – Section 58-64A-245 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64A-245) for the 12-month period related to the calculation. Once a continuing care facility achieves a 12-month daily average independent living unit occupancy rate of ninety percent (90% or higher) a provide shall only be required to maintain an operating reserve in an amount calculated using the table below, unless otherwise instructed by the Commission.

<u>Independent Living Unit Occupancy Rate:</u>	<u>Operating Reserve Percentage Requirement</u>
90% or above	25.00%
86% to 89.9%	31.25%
83% to 85.9%	37.50%
80% to 82.9%	43.75%
Below 80%	50.00%

A provider who has a 12-month daily average independent living unit occupancy rate equal to or in excess of ninety-three percent (93%) and has no long-term debt or a debt service coverage ratio in excess of 2.00 as of the provider's most recent fiscal year-end shall only be required to maintain an operating reserve equal to twelve and one-half percent (12.5%) of total operating costs of the continuing care retirement community, unless otherwise instructed by the NCDOL. As noted below, Management has forecasted an operating reserve of 12.5% of total operating costs in all years of the Forecast Period except for 2029.

Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance. Management has forecasted, based on its forecasted occupancies, meeting the 25 percent operating reserve requirement for all years of the Forecast Period.

The following table sets forth the forecasted calculation of the operating reserve.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 16
Forecasted Operating Reserve Calculation – The Sharon
For the Years Ending December 31,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030	2031
Statutory Operating Reserve Calculation (Expenses in Thousands):						
Total Operating Expenses	\$ 44,133	\$ 45,862	\$ 47,926	\$ 61,026	\$ 67,935	\$ 70,193
Include:						
Bond Principal Payments	1,805	1,860	1,915	46,290	2,230	2,675
Exclude:						
Depreciation	(8,000)	(8,240)	(8,487)	(11,545)	(14,610)	(15,060)
Amortization of Bond Issuance Costs and Bond Premium	178	109	(100)	(489)	127	127
Principal Paid from Initial Entrance Fee Receipts	-	-	-	(44,295)	(155)	-
Interest Set Aside in Debt Service Reserve Fund	(3,434)	(3,379)	(3,313)	(9,604)	(11,293)	(11,185)
Principal Set Aside in Debt Service Reserve Fund	(1,805)	(1,860)	(1,915)	(1,995)	(2,075)	(2,675)
Total Operating Costs	\$ 32,877	\$ 34,352	\$ 36,026	\$ 39,388	\$ 42,159	\$ 44,075
Required Reserve ⁽¹⁾	12.5%	12.5%	12.5%	25.0%	12.5%	25.0%
Required Operating Reserve	\$ 4,110	\$ 4,294	\$ 4,503	\$ 9,847	\$ 5,270	\$ 11,019
Average Available Units for the year ending December 31:						
Existing Independent Living Units	247	247	247	247	247	247
New Independent Living Apartments ⁽²⁾	N/A	N/A	N/A	37	64	64
Total Available Units	247	247	247	284	311	311
Average Occupied Units for the year ending December 31:						
Independent Living Units	238	238	238	238	238	238
Independent Living Units - Project				26	60	61
Total Occupied Units	238	238	238	264	298	299
Average Occupancy at December 31:	96.36%	96.36%	96.36%	92.96%	95.82%	96.14%

Source: Management

Notes:

- (1) Management has forecasted an average independent living occupancy in excess of 93% and a debt service coverage ratio in excess of 2.00x in all years of the Forecast Period except for 2029 and as such, Management has assumed an operating reserve in all years of 12.5% of operating expenses except for 2029 where 25.0% is the required reserve percentage forecasted.
- (2) Management has forecasted the opening of the New Independent Living Apartments in June 2029.

- *Project Fund* – Series 2026 Bonds proceeds are forecasted to be deposited into a project fund account for construction of the Project.
- *Capitalized Interest Fund* – Upon the assumed issuance of the Series 2026 Bonds, the capitalized interest account is forecasted to be funded to pay for interest expense on the Series 2026 Bonds for a specified period of time. See Table 6 for the specified duration of funded interest.
- *Entrance Fee Fund* – Initial Entrance Fees received from the Project's New Independent Living Apartments are assumed to be placed into an Entrance Fee fund and used to repay the Series 2026B Bonds and Series 2026C Bonds. The forecast has assumed monthly sweeps of Initial Entrance Fees deposited into the Entrance Fee Fund.
- *Debt Service Reserve Funds* – The Corporation has debt service reserve funds related to the Series 2019 Bonds and the Series 2026A Bonds.
- *Internally Designated - Early Advantage Program* – Represents monies designated to be held for future usage of the Early Advantage Program.
- *Bond Fund* – represents monthly advance payments of bond principal and interest made by the Corporation to the trustee relating to outstanding Series 2019 Bonds and Series 2026 Bonds. The

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

funds held in the bond fund will be used by the trustee to make principal and interest payments to owners of the outstanding bonds when due.

Property and Equipment

Property and equipment balances, net of accumulated depreciation, were forecasted based routine property and equipment additions during the Forecast Period, reduced by estimated annual depreciation.

Management has forecasted the following major property and equipment categories:

Table 17
Forecasted Property and Equipment Major Categories (In Thousands)
For the Years Ending December 31,

	2026	2027	2028	2029	2030
Land and Land Improvements	\$ 6,665	\$ 6,665	\$ 6,665	\$ 6,665	\$ 6,665
Buildings	208,364	215,948	223,760	390,092	398,378
Furniture and Equipment	10,698	11,090	11,494	20,091	20,519
Transportation Equipment	651	675	699	1,226	1,254
Construction in Progress	18,153	93,507	153,577	-	-
Total	244,531	327,885	396,195	418,074	426,816
Accumulated Depreciation	66,196	74,436	82,923	94,468	109,078
Property and Equipment, Net	\$ 178,335	\$ 253,449	\$ 313,272	\$ 323,606	\$ 317,738

Source: Management

The following table reflects Project-related costs, capitalized interest, and other routine capital additions.

Table 18
Forecasted Property and Equipment Additions
For the Years Ending December 31,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Project Costs	\$ 7,228	\$ 70,262	\$ 52,196	\$ 8,937	\$ -
Capital Additions - Retail	-	-	-	1,558	-
Capitalized Interest, Net	1,724	5,092	7,874	2,897	-
Routine Capital Additions	9,500	8,000	8,240	8,487	8,742
Total Additions	\$ 18,452	\$ 83,354	\$ 68,310	\$ 21,879	\$ 8,742

Source: Management

Long-Term Debt and Interest Expense

The accompanying forecast reflects the following debt:

- The North Carolina Medical Care Commission \$75,940,000 Retirement Facilities First Mortgage Revenue Bonds Series 2019A (Series 2019A Bonds) as well as approximately \$8,055,931 in premium. The proceeds of the Series 2019A bonds are to finance the costs of constructing and equipping a new independent living apartment building, to fund capital improvements to buildings throughout The Sharon's campus, to refund the outstanding 2001 Variable Rate Demand Health Care Facilities Revenue Bonds (Series 2001 Bonds), to terminate its interest rate swap agreement that had been placed as a hedge for the Series 2001 Bonds, to fund a debt service reserve fund, to pay a portion of the interest accrued on the Series 2019A Bonds and to pay certain expenses incurred in connection with the issuance of the Series 2019A Bonds. Principal payments on the Series 2019A Bonds begin in July 2025 and extend through July 2049. Beginning in July 2035, The Sharon will be required to make payments to a trustee of interest and principal on the Series 2019A Bonds in anticipation of the required payments that will be due over five year

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

increments beginning in July 2039 through final maturity in July 2049. Interest on the Series 2019A Bonds is payable semi-annually with interest rates ranging from 3.0% to 5.0%. At December 31, 2025, the balance on the Series 2019A Bonds was \$74,185,000

- In February 2022, The Sharon entered into a loan agreement (the "2022 Loan") with a financial institution to provide up to \$5,000,000 to finance increased costs in connection with the construction of a new independent living apartment building. The loan is a drawn-down loan and principal is payable monthly commencing March 2024 through maturity in February 2037. Interest is payable monthly commencing March 2022 through maturity at a variable interest rate equal to the Daily Simple SOFR plus .9%, with a minimum interest rate of .9% (5.89% at December 31, 2024). At December 31, 2025, the balance on the 2022 Loan was \$4,183,291. Management has forecasted the payoff of the 2022 Loan in 2026.

Forecasted principal payments on The Sharon's debt are as follows:

Table 19
Forecasted Principal Payments
(In Thousands of Dollars)

Fiscal Year Ending December 31,	Series 2019A Bonds	2022 Taxable Note	Series 2026A Bonds	Series 2026B Bonds	Series 2026C Bonds	Total Principal Payments
2026	\$ 1,805	\$ 4,183	\$ -	\$ -	\$ -	\$ 5,988
2027	1,860	-	-	-	-	1,860
2028	1,915	-	-	-	-	1,915
2029	1,995	-	-	31,795	12,500	46,290
2030	2,075	-	-	155	-	2,230
2031	2,155	-	520	-	-	2,675
2032	2,265	-	545	-	-	2,810
2033	2,375	-	575	-	-	2,950
2034	2,495	-	600	-	-	3,095
2035	2,620	-	635	-	-	3,255
Thereafter	52,625	-	129,000	-	-	181,625
Total	\$ 74,185	\$ 4,183	\$ 131,875	\$ 31,950	\$ 12,500	\$ 254,693

Source: Management

Net Assets with Donor Restrictions

Net Assets with Donor Restrictions includes approximately \$2,731,000 of net assets restricted in perpetuity. Also included in net assets with donor restrictions are net assets that are subject to expenditure for a specific purpose or the passage of time.

Supplemental Information

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MANAGEMENTS BASIS FOR THE FORECAST OF SUPPLEMENTAL OTHER ITEMS

Supplemental Information

The information provided in this section provides Management's key forecast assumptions relating to The Sharon and has been prepared pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64A and excludes the activities the Foundation. The assumptions disclosed herein for this supplementary disclosure (the "Supplemental Disclosure") are for a period covered by the Forecast Period and are the assumptions which Management believes are significant to the financial forecast included in the Supplemental Disclosure. However, the forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because the events and circumstances frequently do not occur as expected, and those differences may be material.

Management's supplemental forecast has been prepared for the specific purpose of presenting the supplemental forecasted statements of operations and changes in net assets, statements of cash flows and balance sheets for The Sharon. This presentation is not intended to include the consolidated forecasted financial statements of The Presbyterian Home at Charlotte, Inc. d/b/a The Sharon at SouthPark and the Sharon Foundation which would include the Sharon and the Foundation. Accordingly, the supplemental forecast is not intended to be a presentation in conformity with U. S. generally accepted accounting principles since it excludes the Foundation.

The disclosures in the Supplemental Disclosure add specific disclosures related to Management's supplemental forecast (the "Supplemental Forecast") included in this Supplemental Disclosure. Other key assumptions have been presented in Management's Summary of Significant Forecast Assumptions and Accounting Policies as disclosed previously and also apply to the Supplemental Forecast with the exception of the following.

Due from Foundation

Included in Accounts and Other Receivables is a due from the Foundation in the amount of approximately \$288,000. Management has forecasted the due from the Foundation based upon historical experience and has not forecasted a change in the due from the Foundation during the Supplemental Forecasted Period.

Beneficial Interest in Foundation

The Sharon and the Foundation are considered financially interrelated organizations. As a result, The Sharon recognizes its 100% interest in the net assets of the Foundation on the Forecasted Supplemental Balance Sheets. Management has not forecasted any change in the beneficial interest in Foundation during the Forecast Period.

THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK
SUPPLEMENTAL FORECASTED STATEMENTS OF OPERATIONS
FOR THE FIVE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
REVENUES, GAINS, AND OTHER SUPPORT					
Independent Living	\$ 15,509	\$ 16,129	\$ 16,776	\$ 20,172	\$ 24,552
Assisted Living	2,994	3,114	3,238	3,368	3,503
Health Care	10,597	11,358	12,138	12,916	13,672
Medicare	2,970	3,030	3,090	3,151	3,215
Early Advantage Revenue	412	649	745	764	778
Amortization of Entrance Fees	7,700	8,008	8,328	10,564	12,402
Amortization of Entrance Fees - Early Advantage	278	354	367	375	380
Pharmacy, Rents, and Other Revenue	2,493	2,598	2,703	2,947	3,243
Investment Income	1,663	1,870	1,983	2,164	2,379
Contributions	275	275	275	275	275
Net Assets Released from Restrictions for Operations	121	121	121	121	121
Total Revenue, Gains, and Other Support	45,012	47,506	49,764	56,817	64,520
EXPENSES					
Salaries and Wages	17,311	18,064	19,021	20,377	21,505
Employee Benefits	2,543	2,670	2,801	3,002	3,164
Payroll Taxes	1,236	1,320	1,408	1,524	1,621
Early Advantage	24	25	26	27	28
Food and Dietary Service	1,967	2,046	2,128	2,355	2,649
Housekeeping and Maintenance	3,548	3,690	3,837	4,809	5,400
Utilities and Communications	1,409	1,465	1,524	1,824	2,021
Health Care Supplies	1,433	1,524	1,617	1,711	1,803
Professional Fees	477	496	516	537	558
Insurance	446	462	479	571	632
Marketing and development	1,330	1,466	1,500	1,172	950
Community Service	600	624	649	919	1,221
Supplies and Other Expenses	481	500	520	560	607
Interest	3,506	3,379	3,313	9,604	11,293
Interest - Amortization of Issuance Costs	93	165	374	763	147
Interest - Amortization of Bond Premium	(271)	(274)	(274)	(274)	(274)
Depreciation	8,000	8,240	8,487	11,545	14,610
Total Operating Expenses	44,133	45,862	47,926	61,026	67,935
Excess of Revenues, Gains and Other Support Over Expenses	879	1,644	1,838	(4,209)	(3,415)
Transfer to Foundation	(500)	(500)	(500)	(500)	(500)
Net Assets Released From Restrictions for Capital	1	-	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 380	\$ 1,144	\$ 1,338	\$ (4,709)	\$ (3,915)

See Accompanying Independent Accountants' Compilation Report

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK
SUPPLEMENTAL FORECASTED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE FIVE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)**

	2026	2027	2028	2029	2030
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Excess of Revenues, Gains and Other Support Over Expenses	\$ 879	\$ 1,644	\$ 1,838	\$ (4,209)	\$ (3,415)
Transfer to Foundation	(500)	(500)	(500)	(500)	(500)
Net Assets Released From Restrictions for Capital	1	-	-	-	-
Change in Net Assets Without Donor Restrictions	380	1,144	1,338	(4,709)	(3,915)
NET ASSETS WITH DONOR RESTRICTIONS					
Investment Income on Donor Restricted Funds	121	121	121	121	121
Net Assets Released From Donor Restrictions for Operations	(121)	(121)	(121)	(121)	(121)
Net Assets Released From Donor Restrictions for Capital	(1)	-	-	-	-
Change in Net Assets With Donor Restrictions	(1)	-	-	-	-
Change in Net Assets	379	1,144	1,338	(4,709)	(3,915)
Net Assets, Beginning of Year	80,853	81,232	82,376	83,714	79,005
NET ASSETS, END OF YEAR	\$ 81,232	\$ 82,376	\$ 83,714	\$ 79,005	\$ 75,090

See Accompanying Independent Accountants' Compilation Report

THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK
SUPPLEMENTAL FORECASTED STATEMENTS OF CASH FLOWS
FOR THE FIVE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ 379	\$ 1,144	\$ 1,338	\$ (4,709)	\$ (3,915)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:					
Amortization of Entrance Fees	(7,700)	(8,008)	(8,328)	(10,564)	(12,402)
Amortization of Entrance Fees - Early Advantage	(278)	(354)	(367)	(375)	(380)
Entrance Fees Received from Turnover	10,190	12,288	12,358	13,074	14,597
Entrance Fees Received from Turnover - Early Advantage	1,106	1,197	443	456	470
Depreciation	8,000	8,240	8,487	11,545	14,610
Amortization of Bond Issuance Costs Included in Interest Expense	93	165	374	763	147
Amortization of Bond Premium	(271)	(274)	(274)	(274)	(274)
Change in Contributions Receivable	273	-	-	-	-
Marketing Expenses Funded by Series 2026 Bond Proceeds	(518)	(622)	(622)	(259)	-
(Increase) Decrease in Current Assets:					
Accounts Receivable	(127)	(82)	(79)	(203)	(248)
Prepaid Expenses	252	(17)	(33)	(154)	(91)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	(317)	50	102	385	233
Accrued Payroll	(439)	17	36	261	143
Accrued Interest	2,802	1,216	74	(155)	(42)
Net Cash Provided by Operating Activities	13,445	14,960	13,509	9,791	12,848
CASH FLOWS FROM INVESTING ACTIVITIES					
(Purchase) Sale of Investments	(5,846)	(2,450)	(2,476)	7,350	(12,675)
Net Purchases of Property and Equipment - Routine	(9,500)	(8,000)	(8,240)	(10,045)	(8,742)
Net Purchases of Property and Equipment - Project	(7,228)	(70,262)	(52,196)	(8,937)	-
Interest Costs Capitalized in Property and Equipment	(1,724)	(5,092)	(7,874)	(2,897)	-
(Increase) in Operating Reserve	3,453	(184)	(209)	(5,344)	4,577
Decrease in Capital Campaign Fund	1	-	-	-	-
(Increase) in Internally Designated - Early Advantage Program	(750)	-	(1,250)	(1,300)	(500)
(Increase) Decrease in Debt Service Reserve Funds	(6,658)	-	-	-	-
(Increase) Decrease in Entrance Fee Fund	-	-	-	(5,216)	5,216
(Increase) Decrease in Funded Interest Fund	(17,722)	3,809	7,370	6,543	-
(Increase) Decrease in Project Funds	(91,936)	70,884	21,052	-	-
(Increase) Decrease in Bond Fund	13	5	(1)	(4,069)	(252)
Net Cash Used in Investing Activities	(139,897)	(11,290)	(43,824)	(23,915)	(12,376)
CASH FLOWS FROM FINANCING ACTIVITIES					
Initial Entrance Fee Receipts	5,038	-	-	44,788	2,986
Proceeds from Long-Term Debt	132,752	39	32,156	11,378	-
Original Issuance Premium	142	-	-	-	-
Principal Payments on Long-Term Debt	(5,988)	(1,860)	(1,915)	(46,290)	(2,230)
Payment of Financing Costs	(3,441)	-	-	-	-
Marketing Expenses Funded by Series 2026 Bond Proceeds	518	622	622	259	-
Payment on Paycheck Protection Program	-	-	-	-	-
Entrance Fees Refunded	(556)	(596)	(591)	(663)	(610)
Entrance Fees Refunded - Early Advantage	(158)	(225)	(283)	(305)	(293)
Change in Resident Deposits	(5,038)	-	71	4,723	315
Net Cash Provided by (Used in) Financing Activities	123,269	(2,020)	30,060	13,890	168
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,183)	1,650	(255)	(234)	640
Cash and Cash Equivalents, Beginning of Year	10,249	7,066	8,716	8,461	8,227
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,066	\$ 8,716	\$ 8,461	\$ 8,227	\$ 8,867
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest, Net of Interest Capitalized	\$ 3,534	\$ 3,407	\$ 3,351	\$ 9,644	\$ 11,335

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC. D/B/A THE SHARON AT SOUTHPARK
SUPPLEMENTAL FORECASTED BALANCE SHEETS
AT DECEMBER 31,
(IN THOUSANDS)**

ASSETS	2026	2027	2028	2029	2030
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 7,066	\$ 8,716	\$ 8,461	\$ 8,227	\$ 8,867
Accounts and Other Receivable	1,535	1,616	1,696	1,899	2,147
Investments	36,757	39,207	41,683	34,333	47,008
Assets Limited as to Use, Current Portion	5,450	6,689	6,802	6,685	6,937
Prepaid Expenses	465	482	515	669	760
Total Current Assets	51,273	56,710	59,157	51,813	65,719
ASSETS LIMITED AS TO USE					
Statutory Operating Reserve	4,110	4,294	4,503	9,847	5,270
Project Fund	91,936	21,052	-	-	-
Capitalized Interest Fund	17,722	13,913	6,543	-	-
Entrance Fee Fund	-	-	-	5,216	-
Debt Service Reserve Funds	14,084	14,084	14,084	14,084	14,084
Internally Designated - Early Advantage Program	750	750	2,000	3,300	3,800
Entrance Fee Escrow	5,109	5,109	5,038	315	-
Bond Fund	2,620	2,615	2,616	6,685	6,937
Total Assets Limited as to Use	136,331	61,817	34,784	39,447	30,091
Less: Current Portion	(5,450)	(6,689)	(6,802)	(6,685)	(6,937)
Total Assets Limited as to Use, Less Current Portion	130,881	55,128	27,982	32,762	23,154
PROPERTY AND EQUIPMENT, NET					
Property and Equipment	229,584	237,584	245,824	418,074	426,816
Construction in Progress	14,947	90,301	150,371	-	-
Less: Accumulated Depreciation	(66,196)	(74,436)	(82,923)	(94,468)	(109,078)
Net Property and Equipment	178,335	253,449	313,272	323,606	317,738
OTHER ASSETS	4	4	4	4	4
BENEFICIAL INTEREST IN NET ASSETS OF THE FOUNDATION	4,305	4,305	4,305	4,305	4,305
Total Assets	\$ 364,798	\$ 369,596	\$ 404,720	\$ 412,490	\$ 410,920

LIABILITIES AND NET ASSETS	2026	2027	2028	2029	2030
CURRENT LIABILITIES					
Accounts Payable	\$ 1,054	\$ 1,089	\$ 1,165	\$ 1,517	\$ 1,721
Accrued Expenses	881	912	975	1,269	1,441
Accrued Interest Payable	4,532	5,748	5,822	5,667	5,625
Current Maturities of Long-Term Debt	1,860	1,915	1,995	2,075	2,675
Total Current Liabilities	8,327	9,664	9,957	10,528	11,462
REFUNDABLE ENTRANCE FEES	4,711	4,651	4,592	4,536	4,487
DEFERRED REVENUE	59,029	62,773	66,271	117,685	122,620
DEFERRED REVENUE - EARLY ADVANTAGE	670	1,288	1,081	857	654
ENTRANCE FEE DEPOSITS	5,924	5,924	5,924	1,201	886
BONDS PAYABLE					
Long-Term Debt, Net of Current Portion	203,272	201,396	231,557	196,565	193,735
Deferred Financing Costs	(4,660)	(4,495)	(4,121)	(3,358)	(3,211)
Unamortized Bond Premium	6,293	6,019	5,745	5,471	5,197
Net Long-Term Debt	204,905	202,920	233,181	198,678	195,721
Total Liabilities	283,566	287,220	321,006	333,485	335,830
NET ASSETS					
Net Assets Without Donor Restrictions	78,201	79,345	80,683	75,974	72,059
Net Assets With Donor Restrictions	3,031	3,031	3,031	3,031	3,031
Total Net Assets	81,232	82,376	83,714	79,005	75,090
Total Liabilities and Net Assets	\$ 364,798	\$ 369,596	\$ 404,720	\$ 412,490	\$ 410,920

See Accompanying Independent Accountants' Compilation Report

Appendix C — Statement of Actuarial Opinion

The Presbyterian Home at Charlotte, Inc. has engaged an actuary to perform an actuarial study to estimate the capacity of The Presbyterian Home at Charlotte, Inc. to meet its contractual obligations to its residents. An Actuarial Opinion by an actuarial firm was received regarding the condition of The Presbyterian Home at Charlotte, Inc. as of December 31, 2025, indicating The Presbyterian Home at Charlotte, Inc. has the capacity to meet its contractual obligations to its residents.

Appendix D — Representative Contract(s)

**THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
RESIDENT'S AGREEMENT**

This Resident's Agreement ("Agreement") made this ___ day of _____, _____ is between THE PRESBYTERIAN HOME AT CHARLOTTE, INC., a nonprofit corporation, organized and existing under the laws of North Carolina, which operates a continuing care facility at 5100 Sharon Road, Charlotte, North Carolina (The Presbyterian Home at Charlotte, Inc. and the continuing care facility operated by it are referred to herein as "The Sharon at SouthPark") and _____ (hereinafter referred to, whether this Agreement is executed by one or two individuals, as "Resident", who has applied for and has been approved for admission to The Sharon at SouthPark.

This Agreement is provided and shall be interpreted in accordance with the provisions of N.C.G.S. 58-64-25. Subject to the signing of this Agreement, The Sharon at SouthPark and Resident, intending to be legally bound, hereby agree to the following terms and conditions:

I. General Statement Regarding Extent of Continuing Care

Beginning with the date on which Resident moves in and occupies one of the units at The Sharon at SouthPark (the unit provided to Resident is called the "Living Accommodation"), The Sharon at SouthPark will provide Resident the Living Accommodation, together with the facilities, services, activities and medical care specified in this Agreement, for and during the balance of Resident's life or for such shorter period as shall apply under this Agreement in the event that it is terminated pursuant to its terms. Subject to the provisions set forth in other paragraphs of the Agreement, The Sharon at SouthPark shall provide a way of life for the Resident in good faith, as the facilities and finances of the Home and other circumstances permit.

II. Resident Agrees to Abide by Rules of The Sharon at SouthPark

The Resident agrees to abide by all rules and regulations established in Resident's handbook and as may be enacted from time to time. The Resident agrees to pay all amounts owed for Resident's living accommodations and care while a Resident of The Sharon at SouthPark. It is understood, as herein specified, that Resident will incur additional charges for (i) for prescription and domestic drugs, (ii) optical, dental, medical and surgical supplies and services, (iii) annual physicals and (iv) any medical service beyond that provided by The Sharon at SouthPark in the facility.

III. Entry Fee and Monthly Service Fee

Entry Fees (also referred to as Entrance Fees) are amortized over a period of 12 months. (See Section X.D.4.) If Resident has selected the Fifty Percent or Ninety Percent Refundable Entry Fee, it is based on the actuarial table in use at the time this Agreement is

signed and is made a part of this Agreement. Refunds are calculated from the Date of Occupancy.

In addition to the other amounts paid by the Resident under this Agreement, the Resident will pay each month to The Sharon at SouthPark the standard monthly fee, as in effect from time to time based on the type of Living Accommodation, number of persons occupying the Living Accommodation, and meal plan (the "Monthly Service Fee"). The Monthly Service Fee may be increased or decreased at the discretion of The Sharon at SouthPark, but no such increase or decrease shall be effective until the Resident shall have received at least thirty (30) days' notice of such change unless such change is required by state or federal law or regulation. Payment of the Monthly Service Fees and additional services shall be made to The Sharon at SouthPark by the 15th of each month. Payments made after the 15th of the month are subject to late fees, as determined by The Sharon at SouthPark. A processing fee is charged for checks returned for insufficient funds. The obligation to pay the Monthly Service Fee shall commence on the Date of Occupancy or as otherwise provided in the Resident's Agreement. If circumstances warrant any change in the Monthly Service Fee, such change must be approved by The Sharon at SouthPark and set forth in an addendum to this Agreement.

IV. Living Accommodation, and Monthly Fee

At the Date of Occupancy, Resident's Living Accommodation, Entry Fee, and Monthly Service Fees are as follows:

UNIT TYPE: _____

UNIT NUMBER: _____

ENTRY FEE SELECTED

Standard Entry Fee: _____

50% Refundable Entry Fee: _____

90% Refundable Entry Fee: _____

ENTRY FEE PAID _____

If different from Entry Fee selected above, explain: _____

MONTHLY SERVICE FEE: _____

DATE OF OCCUPANCY: _____

If no unit number or other locational specification is given above, then a Living Accommodation of the type set forth above shall be deemed the Living Accommodation for the purpose of this Agreement.

V. Living Accommodations Provided to the Resident by The Sharon at SouthPark

A. Living Unit

On the date of Availability, the Resident has the right to occupy and use, in accordance with this Agreement, the Living Accommodation set forth above, subject to change as hereinafter provided.

B. Furnishings

The Sharon at SouthPark will furnish finish flooring (wall-to-wall carpet or hardwood or luxury vinyl as per plan), blinds, and toilet and bath fixtures, except that window treatments are not provided for the cottages, Villas and Terrace Apartments. These furnishings, even if upgraded at the Resident's cost, shall remain the property of The Sharon at SouthPark. Modification to the Living Accommodations must be approved in writing in advance by the President/CEO and they remain the property of The Sharon at SouthPark. All other furnishings shall be furnished by the Resident subject to the approval of The Sharon at SouthPark, and shall remain the Resident's personal property, except as set forth in parts VI.F., VI.H. and VI.I. below.

C. Common Facilities; Smoking and Drinking Policies

Subject to availability, the Resident may use, in common with all the other Residents, the dining facilities, lobby or lobbies, auditorium, lounges, patios, library, social and recreational rooms, and other common facilities furnished by The Sharon at SouthPark. The Resident shall not store personal belongings in the common facilities. Smoking is not permitted anywhere on campus including private residences.

VI. Services Provided to the Resident by The Sharon at SouthPark and the Resident's Duties

A. Utilities

The Sharon at SouthPark will furnish water, light, heat, electricity, and air conditioning. Nothing in this Agreement shall prohibit The Sharon at SouthPark from passing along these and other operating expenses to the Resident via the scheduled standard Monthly Service Fee.

B. Telephone, Cable, WiFi

The Sharon at SouthPark currently provides one telephone per Living Accommodation. The services of the main The Sharon at SouthPark switchboard and local telephone service are provided for all Residents of The Sharon at SouthPark. Residents furnish additional telephone instruments. Any additional expenses, including amplifiers, directory assistance, extra connections, and private lines are the responsibility of the Resident. The Sharon at SouthPark reserves the right to discontinue maintenance of a central switchboard and to discontinue providing local telephone service through the switchboard.

Hookup for basic cable service is provided at no charge. Additional cable services, if available, are the responsibility of the Resident. The Sharon at SouthPark reserves the right to discontinue providing cable service.

Wireless internet access is provided at no charge. The Sharon at SouthPark reserves the right to discontinue providing this service.

C. Housekeeping; Linens

The Resident shall maintain the Living Accommodation in a clean, sanitary and orderly condition, and perform all usual light housekeeping tasks in connection therewith. The Sharon at SouthPark shall make available standard-sized bed linens, towels, and toilet tissue once per week as needed and shall provide housekeeping service in the Living Accommodation according to the schedule in effect from time to time. Residents are responsible for the cost of their personal laundry and dry-cleaning, except as otherwise provided in The Sharon at SouthPark Adult Care Facility, referred to herein as "Assisted Living Unit" and Health Care Center.

D. Maintenance and Repairs

Repairs, maintenance and replacement of property and equipment owned by The Sharon at SouthPark will be performed and provided at such times as deemed necessary and appropriate by The Sharon at SouthPark. Repairs, maintenance, and replacement of property such as light bulbs will be the responsibility of the Resident.

E. Accommodations with Appliances

In accommodations with appliances, these appliances are provided and maintained by The Sharon at SouthPark. If a Resident brings his/her own appliances, Resident is responsible for their upkeep and any cost incurred due to damage caused by the malfunction of the appliance.

F. Structural Changes

All structural or physical changes of any kind within or about the Living Accommodation (including blinds, window treatments, light fixtures, bathroom fixtures, appliances, shelves, framework, awnings, etc.) may be made by the Resident only after written approval by The Sharon at SouthPark and thereafter shall be subject to its supervision. The cost of any such change requested by the Resident shall be borne by the Resident, and all such changes shall immediately become and remain the permanent property of The Sharon at SouthPark unless otherwise agreed to in writing. If modifications or structural changes would render the residence unmarketable, Resident (or his or her estate) agrees to pay to have the unit restored to a standard marketable condition on termination of this Agreement.

G. Laundry

Automatic washers and dryers for personal laundry are located within The Sharon at SouthPark on each residential floor or within the Living Accommodation. Residents must furnish their own detergents, bleaches, etc. See part VI.C. above with regard to bed and bath linens.

H. Redecoration

Redecoration of the Living Accommodation, in addition to or other than that regularly provided by The Sharon at SouthPark, must be approved by The Sharon at SouthPark, in writing, in advance and will be at the Resident's expense. The Resident's choices may not render the residence unmarketable upon termination of this Agreement. Any change or replacement by the Resident with respect to either the Living Accommodation or any furnishings provided by The Sharon at SouthPark becomes the property of The Sharon at SouthPark unless otherwise provided by The Sharon at SouthPark in writing. If Resident selects an accommodation with upgrades provided by a former Resident, it is understood that The Sharon at SouthPark is not responsible for replacing those upgrades but will replace them with the standard furnishings. The Sharon at SouthPark will allow Resident to replace the upgraded furnishings at Resident's expense.

I. Grounds

The Sharon at SouthPark will furnish basic grounds care including lawn service. The Residents of detached cottages (at their own expense) may plant and maintain the area immediately adjacent to their Living Accommodations, subject to the prior written approval of The Sharon at SouthPark. All plants, trees and shrubs so planted shall immediately become and remain the permanent property of The Sharon at SouthPark, and The Sharon at SouthPark reserves the right to move or remove landscaping material as necessary.

J. Food and Meals

1. Meal Plans

The Sharon at SouthPark shall make available to the Resident three (3) meals a day, with the exception of Sunday evening meal and some holidays, in the dining room. The number of meals per day included in the Monthly Service Fee is three for residents of The Sharon at SouthPark Adult Care Facility, referred to herein as “Assisted Living Unit” or “Azalea West” or The Sharon at SouthPark nursing facility, referred to herein as the “Health Care Center.” The meals will be nutritionally well-balanced and properly cooked. Reasonable special dietary needs will be accommodated if possible. The Sharon at SouthPark requires Independent Residents, defined as all Residents not living in the Health Care Center or the Assisted Living Unit, to participate in a flexible dollar meal plan which provides each Resident with a pre-set cash balance each quarter to purchase meals, snacks, convenience items, a la carte meals and guest meals. The flexible dollar plan does not apply to the purchase of alcohol or catering. The cash balance may be used at any time during the quarter, but **may not** be carried over from one quarter to another. Any purchases over the pre-set cash balance in the quarter, unless paid for in cash, will be charged to the Resident’s account and billed the following month. The quarterly meal plan will be billed in advance in three equal monthly payments.

The Meal plan is subject to change from time to time and will be published to those participating. In addition, The Sharon at SouthPark will make available in accordance with its scheduling policies, a private dining room for family gatherings or other special occasions of the Resident. See part VI.J.3.

2. Guest Use of Dining Room

Meal service in the dining room and in The Sharon at SouthPark private dining rooms is available to Residents of The Sharon at SouthPark and their guests who make prior reservations in accordance with the scheduling policies of The Sharon at SouthPark then in effect. Guest charges will be deducted from Resident’s prepaid meal credit, if applicable, or will otherwise be billed separately. The Residents or their guests have the option of paying cash for guest meals.

3. Guest Meal, Special Menu and Private Dining Room Charges

Charges for guest meals and private dining room service will be made according to the currently established rates set by The Sharon at SouthPark, which may be modified from time to time. If in connection with the use of a private dining room the Resident desires menu items different from those offered at the corresponding meal in The Sharon at SouthPark main dining room, the Resident is expected to order the special menu items in advance, and The Sharon at SouthPark will endeavor to provide them, although The Sharon at SouthPark cannot guarantee that the special items can be provided. In the event The Sharon at SouthPark does provide the requested special menu items, an additional charge shall be made.

K. Library

A library is available for use by the Residents.

L. Storage: Heritage East and West, cottages and terrace apartments provide storage within the residence. Magnolia Villa Residents are provided one “unconditioned” storage space located in the underbuilding parking area. The Deerwood apartments include one climate-controlled storage space located in either the underbuilding parking area or on the same floor as the apartment. Assisted Living and Health Care Center Residents are provided storage for one hanging garment bag.

M. Prescriptions; Home Care Medications; Medical Transportation; Emergencies

The Health Care Center and “Assisted Living Unit,” will order prescriptions and refills from one or more local pharmacies with which The Sharon at SouthPark maintains a contract relationship. If the Resident uses this service, the cost of prescriptions shall be billed to the Resident.

The Sharon at SouthPark shall arrange transportation to and from medical appointments in the Charlotte, North Carolina area via The Sharon at SouthPark’ transportation or another transportation service. Reservations should be made in advance according to the transportation schedule then in effect. The Sharon at SouthPark charges a fee for transportation to and from medical appointments, which may vary depending upon the time of day and which may be changed from time to time at the discretion of The Sharon at SouthPark. Cost of other transportation service or emergency medical transportation will be charged to the Resident.

The Sharon at SouthPark follows established procedures in the case of medical emergencies. The Resident is responsible for familiarizing himself/herself with the established procedures prior to needing emergency care.

N. Guest Privileges; Guest Rooms

Residents may have guests visit their Living Accommodations for no charge, provided such visits are of reasonable duration. Children must be closely supervised.

The Sharon at SouthPark currently has a guest room available for use by Residents’ guests. Reservations must be made in advance on a first-come, first-served basis. The Resident shall be charged for use of guest rooms at the scheduled daily guest room rate established by The Sharon at SouthPark from time to time.

O. Parking

Each Independent Living Accommodation includes use of one assigned parking space. For Residents of the North Terrace, South Terrace, Magnolia Villa apartments and The Deerwood this space is covered. A second parking space (uncovered) may be assigned for a second car. A limited number of covered parking spaces are available at an additional charge for Residents and are made available on a first-come, first-served basis. Residents cannot sublet parking for space unused. When a Resident no longer drives, The Sharon at SouthPark reserves the right to require the Resident to have any vehicles removed from the premises.

P. Additional Services for a Charge

The Culinary Department provides for the sale of convenience grocery store items. A beauty shop for use by Residents is available for a separate charge. Chore services are available to assist Residents, according to the current fee schedule. The Sharon at SouthPark reserves the right to discontinue any of these services.

VII. General Medical and Nursing Care

- A. Health Care Center:** The Sharon at SouthPark currently provides a 96-bed Nursing Facility for the use of its Residents, which The Sharon at SouthPark calls its Health Care Center. Admission to the Health Care Center is only upon physician's orders. The Health Care Center equals or exceeds the staffing requirements for nursing facilities under North Carolina law. The Sharon at SouthPark currently has 19 Medicare certified skilled nursing beds available for short term rehabilitation.

If the Resident requires temporary or permanent nursing care as determined by the Resident's physician or The Sharon at SouthPark Medical Director, the Resident shall be admitted to the Health Care Center upon order of the physician. Upon admission to the Health Care Center, the Resident shall be, if applicable, responsible for an Entry Fee, Monthly Service Fee, the Health Care Center daily rate, (see Section VII.F.) and for all other costs incurred for services of all physicians, equipment, medical supplies, private duty personal nurses, and prescribed medicines. The Sharon at SouthPark shall furnish dietary services, nursing care and private-room accommodations with semi-private toilet rooms (including all furnishings, artwork and a television) in The Sharon at SouthPark Health Care Center, the Home's licensed nursing facility; provided, however, The Sharon at SouthPark reserves the right to offer semi-private room accommodations if its nursing facility would otherwise be full. Personal furnishings, installing artwork and changes to room layout are not allowed.

- B. Domiciliary Care/Home for the Aged Facility:** The Sharon at SouthPark provides a Domiciliary Care/Adult Care Facility, which The Sharon at SouthPark calls Azalea

West Assisted Living Unit (referred to herein as the “Assisted Living Unit” or “Azalea West”). Admission to the Assisted Living Unit is upon a physician’s order. The Assisted Living Unit equals or exceeds the staffing requirements for Domiciliary Care Units under North Carolina law. A licensed nurse is available for duties requiring a licensed nurse. The Entry Fee and the Monthly Service Fee for the Assisted Living Unit are shown on the current schedule of fees.

C. Home Care Services: If approved by the Resident's physician, The Sharon at SouthPark can provide certain types of care for Residents in their Living Accommodation. This care is coordinated through the Wellness Clinic, and charges are at the current published rates. Daily medications may be administered according to a regular schedule in the Wellness Clinic to Residents requiring medication supervision. This service is provided as one of the Home Care services for which there is an additional charge. The Sharon at SouthPark Home Care is not Medicare certified. Companion services are available at an additional charge.

D. Personal Assistants: Personal assistants and companions, along with companies providing personal assistants and companions, must be disclosed and approved by The Sharon at SouthPark before they are allowed access to The Sharon at SouthPark facilities. The Sharon at SouthPark may limit, terminate the services, or refuse access to its grounds or facilities by such companies or assistants. All assistants must satisfy The Sharon at SouthPark Pre-Employment Standards, including but not limited to a satisfactory criminal record check and drug screening. The Resident is responsible for any injury to others or damage to the property of others or The Sharon at SouthPark by the Resident’s assistant. The cost of private duty personnel, whether provided or arranged by The Sharon at SouthPark or obtained independently by or on behalf of the Resident, shall be the sole responsibility of the Resident and is in addition to all other fees payable to The Sharon at SouthPark.

E. Medical and Surgical Insurance to Be Maintained by the Resident Upon Request of The Sharon at SouthPark: Resident agrees to apply for any federal, state, or local grant, aid or benefits for which he/she may be eligible or entitled, and shall apply all such grants, aid, or benefits toward the cost of Resident's care at The Sharon at SouthPark, provided, however, that the Resident's obligation to obtain this coverage shall at all times be consistent with North Carolina law.

Resident shall, if eligible and not already enrolled:

1. Apply for and secure participation in Medicare Part A and Part B, or a program equivalent in benefits, provided, however, that Resident's obligation to obtain this coverage shall at all times be consistent with North Carolina law.

2. Apply for and secure coverage of a Medicare supplemental insurance policy acceptable to The Sharon at SouthPark. Resident further agrees to file all claims necessary

to obtain coverage under Medicare Parts A and B and Resident's Medicare supplemental insurance.

3. Authorize as necessary any provider of hospital, medical, or health services to receive reimbursement as provided under Medicare Parts A and B and by Medicare supplemental insurance. Resident shall make assignment to the provider, as necessary, of all benefits accruing to the Resident under these insurance plans.

4. Provide The Sharon at SouthPark with the name and the plan and policy numbers of all medical coverage insurance.

If Resident fails to obtain, maintain, and file claims for such insurance, The Sharon at SouthPark is hereby assigned that right to do so on behalf of the Resident. The Sharon at SouthPark reserves the right to terminate this Agreement, if, in The Sharon at SouthPark sole discretion, The Sharon at SouthPark determines that failure to carry such insurance could result in Resident's inability to pay the Monthly Service Fee and other charges under this Agreement should Resident incur significant hospital or medical expenses.

The Resident shall pay from his or her own funds the deductible, Daily Rate, and any other charges for hospital, medical, or other health care costs incurred by Resident and not covered by Medicare or Medicare supplemental insurance. The Sharon at SouthPark currently has 19 Medicare certified beds. The Health Care Center is not currently certified for Medicaid payments.

It is understood and agreed that The Sharon at SouthPark is in no way responsible to pay charges for such services, but may--to the extent that the Resident's resources are inadequate to do so, from time to time in its charitable functions and in the absolute discretion of its Board of Directors and CEO--assist the Resident to pay such charges.

F. Daily Charge for Use of Health Care Center, Ninety Day Health Care Center Rule

1. Temporary Stay in Health Care Center

When the Resident moves temporarily from a regular Living Accommodation to The Sharon at SouthPark Health Care Center, the Resident shall continue to pay the Monthly Service Fee and the meal plan fee as provided in part VIII.A. below. In addition, the Resident shall pay a daily charge for each day or portion thereof that the Resident is in the Health Care Center (such charge is referred to herein as the "Health Care Center Daily Rate"). The Sharon at SouthPark may increase the Health Care Center Daily Rate, which increase shall be applicable to the Resident. The Sharon at SouthPark will not increase the Health Care Center Daily Rate, however, without thirty (30) days prior notice.

2. Ninety-Day Rule for Health Care Temporary Stays

If a Resident has been a patient in the Health Care Center for 90 days, but it has not been determined by The Sharon at SouthPark interdisciplinary care plan team or the Resident's primary care physician that the Resident will be unable physically or mentally to reoccupy his/her Living Accommodation for the reasonably foreseeable future such that pursuant to part XI.D below The Sharon at SouthPark can make the Resident's Living Accommodation available to others, then the Resident shall pay the actual cost of care for Health Care Center Residents, in addition to the Monthly Service Fee for the Resident's Living Accommodation.

3. Permanent Rate for Health Care Center

Upon the Resident's interdisciplinary care plan team or the Resident's primary care physician's determination that it is unlikely that the Resident will be able to reoccupy his/her Living Accommodation, the Resident shall promptly vacate the apartment or cottage within 14 days, allowing The Sharon at SouthPark to make it available to others. The Resident will be charged one-half the room rate during the two-week period the accommodation remains uncleared. If the Resident fails to remove his/her belongings from the accommodation within two weeks, he/she will be charged the full room rate from the 15th day until the room is cleared. Once the interdisciplinary care plan team has declared the Resident permanent in the Health Care Center, the Resident shall pay the Monthly Service Fee for Health Care as shown on the current schedule of fees in addition to any charges due for the Resident's Living Accommodation under this section.

If it is subsequently determined by The Sharon at SouthPark interdisciplinary care team and the Resident's primary care physician that the resident is able to return to an independent Living Accommodation, The Sharon at SouthPark shall make available to the Resident a Living Accommodation of the same type as previously occupied.

G. Transfer to Hospital or Other Facility

The Resident's attending physician or The Sharon at SouthPark medical director shall have the right to transfer the Resident to whatever hospital or other facility he/she deems best, and, if he/she determines it to be advisable, may place the Resident in The Sharon at SouthPark Health Care Center upon the Resident's return from the hospital or other facility, to receive nursing care as provided in this Agreement. The Sharon at SouthPark guarantees to provide a nursing bed in its Health Care Center, or, if a nursing bed in the Health Care Center is unavailable, or if a nursing bed is not available within The Sharon at SouthPark, a nursing bed of comparable quality in another nursing facility. The Sharon at SouthPark cannot guarantee the availability of hospital space. The cost of ambulance and hospital costs shall be paid by the Resident. In no event shall The Sharon at SouthPark be responsible for any charges incurred by the Resident at any hospital or other facility (unless

The Sharon at SouthPark has placed the Resident in another nursing facility because a nursing bed is not available at The Sharon at SouthPark).

H. Illness or Accident Away from The Sharon at SouthPark

If the Resident suffers an accident or illness while away from The Sharon at SouthPark, The Sharon at SouthPark will have no responsibility to pay for the Resident's medical, surgical, hospital or nursing care incurred or resulting therefrom; however, after the Resident returns to The Sharon at SouthPark, The Sharon at SouthPark shall assume its responsibility to provide those services as specified in this Agreement that are deemed necessary by the Resident's attending physician or The Sharon at SouthPark medical director.

I. Accident or Illness Caused by Others, Power of Attorney

The Resident shall appoint in writing, by a Power of Attorney, a person of the Resident's choosing to act in the Resident's behalf as attorney-in-fact to recover claims for reimbursement from accidents, injuries or other damages incurred by the Resident caused by a third party and shall promptly provide this information to The Sharon at SouthPark in writing. If the Resident shall fail to designate an attorney-in-fact, The Sharon at SouthPark, in such event, may sue on and enforce any cause of action of the Resident for such accidents, injuries, or other damages so resulting in the name of the Resident, or in the name of The Sharon at SouthPark (The Presbyterian Home at Charlotte, Inc.).

If the Resident's appointed attorney-in-fact fails to act for any reason, the Resident hereby nominates and appoints The Sharon at SouthPark (The Presbyterian Home at Charlotte, Inc.) as the Resident's attorney-in-fact, enabling The Sharon at SouthPark to undertake such suit or seek reimbursement. Resident thereby grants to The Sharon at SouthPark the power and authority to seek, sue for, institute any legal action or proceeding for, settle, compromise, and give releases for all such claims or causes of action, or to do any other act in connection therewith and to appoint an agent or agents to exercise the powers herein conferred upon Resident's attorney-in-fact; hereby ratifying and confirming all action taken by The Sharon at SouthPark in furtherance of this Power of Attorney. This Power of Attorney is granted to The Sharon at SouthPark pursuant to Article 2 of the North Carolina General Statutes, Chapter 32C, and this Power of Attorney shall not be affected by the Resident's subsequent incapacity or mental incompetence, either physically or mentally, and this Power of Attorney shall remain in full force and effect until the same shall be duly revoked by the Resident, or otherwise revoked as provided in the General Statutes of North Carolina. All costs and expenses reasonably incurred by The Sharon at SouthPark (including, but not limited to the fees and expenses of any attorney retained by The Sharon at SouthPark to pursue such claim) shall be paid and/or reimbursed to The Sharon at SouthPark, either from settlement, judgment, or otherwise, and the balance of any collection made on behalf of the Resident shall be paid to the Resident's account or, in the

event of the death of the Resident, will be paid to the Resident's estate, or to the appropriate person or entity entitled thereto.

Resident(s) shall be required to provide a notarized statement certifying acceptance of above provisions and appointing The Sharon at SouthPark as the Resident's attorney-in-fact by execution of the document attached hereto as Addendum 2.

J. Mental Illness; Dangerous Disease; Addiction or Dependency on Drugs or Alcohol

The Sharon at SouthPark is not designed to care for persons who are afflicted with psychosis or contagious or dangerous disease or who abuse drugs or alcohol. If The Sharon at SouthPark medical director and CEO together determine that the Resident's continued presence at The Sharon at SouthPark is either dangerous or detrimental to the health or peace of the Resident or other Residents or staff persons as a result of the Resident's mental illness, dangerous disease, or alcohol or other substance abuse, then The Sharon at SouthPark may transfer the Resident to an institution of The Sharon at SouthPark choosing. The full cost for such special institutional care is the responsibility of the Resident.

K. Transfer to Alternate Accommodation by The Sharon at SouthPark

Notwithstanding anything to the contrary herein, the Resident acknowledges and agrees that The Sharon at SouthPark expressly reserves the right to move the Resident to an alternate accommodation that can best provide for the Resident's safety and care. If the Resident's physical or mental condition deteriorates so that, upon The Sharon at SouthPark determination in its sole discretion and upon the recommendation of the Resident's physician and/or The Sharon at SouthPark medical director, the Resident is unable to live independently or the Resident cannot live in his or her Living Accommodation without endangering the Resident's self or the health or safety of others, The Sharon at SouthPark may move the Resident to a more appropriate accommodation, such as an Assisted Living Unit or the Health Care Center. Such changes (if not at the Resident's request) shall be made only to protect the Resident's health or safety, or the general welfare of the residents of The Sharon at SouthPark or others.

The Resident may request a meeting with The Sharon at SouthPark for the discussion and consideration of any actions recommended or taken by The Sharon at SouthPark. If the Resident requests that The Sharon at SouthPark not move the Resident to an alternative accommodation and The Sharon at SouthPark and The Sharon at SouthPark medical director determine, in their sole discretion, that additional home care services would be appropriate to meet the Resident's needs, the Resident agrees to arrange for sufficient services to provide appropriate care and safety in the Resident's home. The full cost for such additional homecare is the sole responsibility of the Resident. The Resident agrees that The

Sharon at SouthPark is not liable for any harm to the Resident or others or damage to property as a result of (i) the Resident's choice to remain in his or her Living Accommodation and (iii) any acts omissions by such additional home care staff.

Should the Resident fail or refuse to cooperate with any such move, The Sharon at SouthPark has the right to terminate this Agreement and require Resident to vacate the Living Accommodation. If in the sole discretion of The Sharon at SouthPark, it determines that the Resident's transfer to alternate accommodations within The Sharon at SouthPark is permanent, The Sharon at SouthPark may assign the Resident's Living Accommodation to another resident in accordance with this Agreement.

VIII. Monthly Service Fee and Application of Entry Fee Upon Certain Changes in Living Accommodation Arrangements

A. Moves to and from Health Care Center

When a Resident moves temporarily from a regular Living Accommodation to the Health Care Center or from the Health Care Center to a regular Living Accommodation, the Resident's Monthly Service Fee, the meal plan fee, and the Monthly Service Fee of any other person in the Resident's Living Accommodation shall not be affected, except that residents in the Health Care Center must pay the Health Care Center Daily Rate as provided in part VII., in addition to the Monthly Service Fee. However, if a Resident moves to the Health Care Center on a permanent basis as provided in part VII.F. above, the Resident's Monthly Service Fee shall be the Health Care Center Monthly Service Fee shown on the current schedule of fees. Further, if one of two Initial Joint Residents moves to the Health Care Center on a permanent basis as provided in part VII.F., the Monthly Service Fee of the Resident remaining in the Living Accommodation shall be the single person rate applicable to the Living Accommodation. Moves to or from the Health Care Center shall not affect the allocation of the Entry Fee between the Residents who occupy a single Living Accommodation. If a Resident initially enters the Assisted Living Unit paying the Entry Fee and within 90 days moves permanently to the Health Care Center, the difference between the semi-private and the studio Assisted Living Entrance Fee shall be due. If a Resident entered paying the Health Care Center Entrance Fee and within the first 90 days moves permanently to Assisted Living, Resident shall owe only the Assisted Living Entrance Fee and Resident shall receive a credit for the Health Care Center Entrance Fee previously paid.

B. Moves to Other Living Accommodations

1. Move to Larger Living Accommodations

As provided in part VIII.D. below, unless otherwise agreed and set forth in the attached Addendum 1 entitled "Special Provisions," the Resident shall have no right to move from one Living Accommodation to another. Nevertheless, if the Resident, after obtaining the prior written consent of The Sharon at SouthPark which shall be determined

by The Sharon at SouthPark in its sole discretion, does move at his/her request from one regular Living Accommodation to another, the Entry Fee for which is, at the time of the move, greater than the Entry Fee paid by the Resident, then at the time of the move the Resident shall pay the difference between the Entry Fee paid and the current Entry Fee for the larger accommodation, based on the Entry Fee schedule in existence at the time of the move. The Resident should also pay any fees provided in part VIII.D. In addition, the Resident shall pay the Monthly Service Fee applicable to the new Living Accommodation based on the number of occupants as of the day the Resident occupies the new Living Accommodation. The Resident is required to move to the new Living Accommodation within two weeks of its being ready for occupancy. In any move the Resident shall promptly vacate the former apartment or cottage within said two week period, allowing The Sharon at SouthPark to make it available to others. The Resident will be charged one-half the room rate during the two week period the accommodation remains uncleared. If the Resident fails to remove his/her belongings from the accommodation within said two week period, he/she will be charged the full room rate from the 15th day until the room is cleared.

2. Move to Smaller Living Accommodations

In the event the Resident, after obtaining the prior written consent of The Sharon at SouthPark which shall be determined by The Sharon at SouthPark in its sole discretion, moves at his/her request from one regular Living Accommodation to another, the Entry Fee for which is, at the time of the move, less than the Entry Fee paid by the Resident, the Resident shall not be entitled to any refund or abatement of the Entry Fee as a result of the move. The Resident shall pay any fees provided in part VIII.D. and the Resident shall pay the Monthly Service Fee applicable to the new Living Accommodation based on the number of occupants as of the day the Resident occupies the new Living Accommodation. The Resident is required to move to the new living accommodation within two weeks of its being ready for occupancy. In any move the Resident shall promptly vacate the former apartment or cottage within said two week period, allowing The Sharon at SouthPark to make it available to others. The Resident will be charged one-half the room rate during the two week period the accommodation remains uncleared. If the Resident fails to remove his/her belongings from the accommodation within said two week period, he/she will be charged the full room rate from the 15th day until the room is cleared.

3. Initial Joint Residents

If two Residents jointly occupy one Living Accommodation when they both initially move to The Sharon at SouthPark, then they shall pay one Entry Fee based upon the type of Living Accommodation to be occupied (such persons are hereinafter referred to as "Initial Joint Residents"). The Entry Fee in the case of Initial Joint Residents shall be deemed paid by them in equal shares. This provision shall apply in the case Initial Joint Residents are divorced or no longer wish to live together, regardless of the actual source of the funds used to pay the Entry Fee. Upon the death of an Initial Joint Resident, that portion of the Entry Fee deemed paid by the deceased Initial Joint Resident shall be deemed to have

been paid by the surviving Initial Joint Resident, therefore, no refund of the Entry Fee shall be due except as described in part X below.

If one Initial Joint Resident moves to a different Living Accommodation, the moving Initial Joint Resident and the Initial Joint Resident remaining in the Living Accommodation may be subject to the payment of additional Entry Fees based upon the equal proration of the Entry Fee under this part VIII.B.3. and rules (see Parts VIII.B.1 and 2. above) related to changes in type of Living Accommodations.

C. Changes in Type of Living Accommodation

1. Marriage of One Resident to Another Resident

If one Resident marries another Resident and they desire to occupy the same Living Accommodation the following rules shall apply:

(a) If the married Residents desire to occupy a Living Accommodation currently occupied by one of them, no additional Entry Fee shall be due. Upon the subsequent death of either one of the Residents, it will not be necessary for the survivor to move from the Living Accommodation. The monthly fee will become the current single person fee for a unit of that size. The single Monthly Service Fee may be adjusted from time to time according to the size of the accommodations.

(b) If the married Residents desire to move to a type of Living Accommodation not previously occupied by one of them, no additional Entry Fee will be due from either of them, if the Entry Fee deemed paid by each of them individually (excluding any amount attributable to a deceased Initial Joint Resident) equals or exceeds the then-applicable Entry Fee with respect to such Living Accommodation. If the combined Entry Fee, including amounts attributable to a deceased Initial Joint Resident, exceeds the then-current Entry Fee for the new unit, no refund shall be made (See Section VIII.B.3 above.)

2. Marriage of a Resident to a Nonresident

If a Resident marries a nonresident, the nonresident shall not reside at The Sharon at SouthPark unless such person satisfies the then-existing admissions criteria of The Sharon at SouthPark and until such person has been admitted through the normal application, admissions and orientation policies and procedures. After having qualified for admission, it is the policy to place such person at or near the top of the Future Residency Program List for occupancy. In the event such person is admitted to The Sharon at SouthPark, such person shall pay the standard Entry Fee then applicable for a single room. Once the person is admitted and has paid the applicable Entry Fee plus the current Second Person Entry Fee, as shown in the schedule of fees, and is permitted to occupy the spouse's Living Accommodation or another available residence, such person shall be treated as a Resident who marries another Resident, and part VIII.C.1. shall apply.

D. No Right That Resident Move to Another Living Accommodation; Other Cases

Notwithstanding any provision in this Agreement, unless otherwise specifically agreed and set forth in writing in an addendum attached hereto, the Resident shall have no right to move from one Living Accommodation to another. Moreover, upon execution of this Agreement and payment of the Entry Fee, and unless health declines, the Resident shall be entitled to occupy that type of Living Accommodation described in part IV. above for the remainder of his/her life, as long as his/her health permits, unless expressly provided otherwise in this Agreement. The Sharon at SouthPark reserves the right in its discretion to require the Resident to move from one Living Accommodation to another of the same type, the costs of which move shall be paid by The Sharon at SouthPark. If The Sharon at SouthPark initiates any such move, the Resident's Monthly Service Fee shall not be increased as a result of the move and the Resident shall not be required to pay any incremental Entry Fee.

Except for any move approved by The Sharon at SouthPark to accommodate a Resident's financial difficulty, a Resident requesting a move from one Living Accommodation to another which is approved by The Sharon at SouthPark shall pay to The Sharon at SouthPark the then current transfer fee plus any expenses incurred by The Sharon at SouthPark with respect to said move.

This part VIII. is not an attempt to provide a comprehensive solution for every situation that may arise with respect to the Living Accommodation. The Sharon at SouthPark shall evaluate each special situation on a case-by-case basis and work with the Resident to provide an appropriate solution consistent with sound financial and management practices.

IX. The Sharon at SouthPark Policy Concerning Financial Difficulty

It is the policy of The Sharon at SouthPark that this Agreement shall not be terminated solely because of the Resident's financial inability to continue to pay all or part of the Monthly Service Fee or Health Care Center Daily Rate. Nevertheless, the Resident's acceptance into The Sharon at SouthPark has been based on the accuracy of the Resident's financial statements as updated prior to admission, and The Sharon at SouthPark may request Residents to file annually a financial statement with the management of The Sharon at SouthPark. The Resident agrees not to divest or deplete his or her assets through gifts or other voluntary means to the extent that it might jeopardize his or her ability to pay for the cost of care at The Sharon at SouthPark.

If the Resident has misrepresented information on a financial statement or has diminished his/her ability (or the ability of his/her personal estate) to satisfy financial obligations under this Agreement, by the making of gifts of real or personal property or entering into financial transactions in bad faith, or for reasons other than financial gain, AFTER submitting or supplementing the financial statement and AFTER acceptance into The

Sharon at SouthPark, The Sharon at SouthPark reserves the right to terminate this Agreement, if as a result of such gifts or financial transactions the Resident is unable to pay and in fact does not pay the Monthly Service Fee or Health Care Center Daily Rate when due.

If the Resident accurately reported his/her financial condition and, with prudence, seeks to maintain his/her financial resources in order to fulfill in good faith the financial obligation assumed, it is the intention of The Sharon at SouthPark to provide the Resident with continuing care in accordance with the terms of this Agreement. Regardless of this policy and intention, however, the following provisions must apply:

A. Failure to Make Payments, Collection and Guarantee Agreement

If the Resident fails to pay the Monthly Service Fee, or to pay any other legitimate amounts shown on the monthly statement within thirty (30) days after the due date, then The Sharon at SouthPark may give written notice to the Resident to pay all such amounts. If the Resident fails to comply with such notice within thirty (30) days after the notice, The Sharon at SouthPark may terminate this Agreement, and shall provide Resident with the refund, if any, set forth in part X. hereof.

(a) If the Resident fails to pay any and all financial obligations incurred during the period of residency within 30 days after notification of such charges, then The Sharon at SouthPark reserves the right to pursue all legal remedies for collection of these charges. Resident acknowledges and agrees that he/she shall be obligated to reimburse The Sharon at SouthPark 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 The Sharon at SouthPark as allowed by North Carolina law.

(b) It is understood by the Resident that if a Guarantor is provided by the Resident as an incentive for The Sharon at SouthPark to favorably consider the application of the Resident, then the Resident and the Guarantor shall become liable for these charges, attorneys' fees and cost of collection.

(c) A copy of any applicable Guarantee Agreement is attached to this Resident Agreement and incorporated herein by specific reference.

B. Special Consideration

Without in any way qualifying the right of The Sharon at SouthPark to terminate this Agreement, it is The Sharon at SouthPark policy that, if the sole reason for nonpayment is insufficient funds, beyond the control of the Resident, the matter will be reviewed by The Sharon at SouthPark with the Resident. If the Resident presents facts which justify special financial consideration, The Sharon at SouthPark may, solely at its discretion, partly subsidize Resident's Monthly Service Fee or Health Care Center Daily Rate. All determinations made by The Sharon at SouthPark concerning the granting or continuance of special financial consideration shall be at the sole discretion of The Sharon at SouthPark

and shall be final, but shall be made in good faith. Any such determination made by The Sharon at SouthPark shall be regarded as a confidential transaction between The Sharon at SouthPark and the Resident, except for reports required by regulatory or other government bodies.

C. Reduction of Income

The Resident warrants that his/her sources of income are adequate to meet his/her financial responsibility to The Sharon at SouthPark and to meet and pay any additional costs of Resident, and to pay personal and incidental expenses during the period of residency. If the Resident's sources of income do not meet these requirements, the Resident will make every reasonable effort to obtain assistance from his/her family or other available means, to the extent that the Resident is eligible to receive such assistance. The Resident agrees that he/she will apply for and diligently seek such benefits.

X. Termination of Resident's Agreement and Refunds of Entry Fee and Other Amounts

A. Termination by Resident Within Thirty (30) Days of Executing This Agreement

Should Resident change his/her mind, Resident may rescind this Agreement within 30 days following the later of execution of this Agreement or receipt of a Disclosure Statement. In such event, the portion of the Entrance Fee paid to that date will be refunded to Resident within 30 days following such rescission, without interest less: (a) the amount of the application fee (to the extent the application fee does not exceed \$1,000), (b) the cost of the medical examination or other costs incurred by Resident, and (c) a reasonable service charge not to exceed the greater of one thousand (\$1,000) or two percent (2%) of the Entrance Fee. The Resident shall also not be entitled to have any nonstandard costs to modify the Living Accommodation (paid by the Resident) returned to the Resident. However, should Resident occupy the Living Unit during the rescission period, The Sharon at SouthPark shall have 60 days following rescission to refund any money or property transferred to The Sharon at SouthPark without interest, and The Sharon at SouthPark will also retain those periodic charges (including Monthly Service Fees) set forth in this Agreement which are applicable to the period Resident actually occupied the Living Unit. The Sharon at SouthPark cannot require Resident to move into The Sharon at SouthPark prior to the expiration of the 30 day right of rescission period.

B. Death, Illness, Injury, Incapacity Before Occupying a Living Accommodation

If the Resident dies before initially occupying a Living Accommodation at The Sharon at SouthPark or if on account of the Resident's illness, injury, incapacity, or for any other reason, under the terms of the Resident's Agreement, this Resident's Agreement shall

be canceled, the Resident or his/her "Designated Testamentary Recipient," as such term is defined in Section X.D.3 of this Agreement, if the cancellation is as the result of the death of the Resident, shall receive a refund of all money or property transferred to The Sharon at SouthPark less: (a) the nonstandard costs to modify the Living Accommodation incurred by The Sharon at SouthPark at the request of Resident on or prior to the date of cancellation, (b) the amount of the application fee (to the extent the application fee does not exceed \$1,000), and (c) the cost of the medical examination or other costs incurred by Resident.

If one Initial Joint Resident dies prior to initially occupying the Living Accommodation, the surviving Initial Joint Resident shall have the option to: (a) cancel the Resident's Agreement by written notice to The Sharon at SouthPark, in which case the Entry Fee of the deceased Initial Joint Resident shall be deemed to have been paid by the survivor pursuant to part VIII.B.3 and the refund made to the survivor pursuant to the preceding paragraph, or (b) maintain the Resident's Agreement in force as if the deceased Initial Joint Resident had died after occupying the Living Accommodation. The second person Entry Fee will be refunded.

If one Initial Joint Resident is precluded from initially occupying the Living Accommodation under the terms of this Agreement on account of illness, injury, or incapacity, then the Initial Joint Residents shall have the option exercisable jointly prior to the time either of the Initial Joint Residents occupies the Living Accommodation to: (a) cancel this Resident's Agreement by written notice to The Sharon at SouthPark, in which case refund shall be made as if both of the Initial Joint Residents were so precluded from initially occupying the Living Accommodation, or (b) the Initial Joint Resident who is able to occupy the Living Accommodation may do so and the disabled joint resident may be admitted directly into the Health Care Center or the Assisted Living Unit.

C. Termination Before the Expiration of the Probationary Period

At any time within the ninety (90) day period commencing on the Resident's Date of Occupancy of the Living Accommodation (the "Probationary Period"), the Resident may terminate this Agreement by giving written notice of termination to The Sharon at SouthPark. The Resident shall move from the Living Accommodation within thirty (30) days from the date on which such notice is received by The Sharon at SouthPark.

Within the ninety (90) day Probationary Period, if it should be determined by The Sharon at SouthPark that the Resident is unable to make a physical or mental adjustment to the style of living provided, The Sharon at SouthPark, at its discretion for any reason, may terminate this Agreement by providing the Resident with at least thirty (30) days written notice of such termination. If such action is taken by The Sharon at SouthPark, the Resident will have thirty (30) days to move from his/her Living Accommodation.

If this Resident's Agreement is terminated by The Sharon at SouthPark under this part X.C., the Resident shall be entitled to a refund of the entire Entry Fee. If this

Resident's Agreement is terminated under this part X.C. by the Resident, the Resident shall be entitled to a refund in accordance with the schedule subject to any changes provided in part X.A (for termination within 30 days following the later of execution of this Agreement or receipt of a Disclosure Statement) and subject to the condition set forth in part X.D.4. below as if this Agreement were terminated on the date the Resident vacates the Living Accommodation. The Resident shall also not be entitled to have any nonstandard costs to modify the Living Accommodation (paid by the Resident) returned to the Resident. The Resident shall be liable for the Monthly Service Fee and all other charges incurred through the last date on which the Resident occupies the Living Accommodation.

D. Termination After the Probationary Period

1. Termination By Voluntary Action of Resident or His/Her Legal Representative

The Resident or his/her legal representative has the right at any time to terminate this Agreement by written notice of termination to The Sharon at SouthPark. Provided, however, only the Resident's legal representative may terminate this Agreement during any time that the Resident lacks legal capacity in the opinion of The Sharon at SouthPark medical director. The written notice need not cite a specific reason for the termination, but it shall state a date when the termination is to become effective, and on or prior to such date the Resident shall move from The Sharon at SouthPark and release the Living Accommodation. The Resident shall be entitled to a refund of the Entry Fee as provided in the schedule below.

2. Termination By The Sharon at SouthPark

After the Probationary Period, The Sharon at SouthPark reserves the right to terminate this Agreement for what is in its reasonable judgment any just or sufficient cause (as described below), based on the judgment of the Board of Directors of The Sharon at SouthPark, by serving upon the Resident or his/her legal representative written notice of termination specified to be effective on a date not less than thirty (30) days after the date of the notice. Any such termination by the Board of Directors shall be final and conclusive.

For purposes of this part, X.D.2, The Sharon at SouthPark shall have cause to terminate this Agreement if the Resident makes or has made any material misrepresentation or omission in his/her application, financial statement or medical record or if it is determined by the Board of Directors of The Sharon at SouthPark that continued occupancy at The Sharon at SouthPark by the Resident creates a substantial concern to the life, health, safety and peace of any Resident, staff or other persons on the premises, or if the Resident shall be in breach of, or default under, the terms of this Agreement after reasonable notice and opportunities to cure any such breach or default. On or before the termination date in any such written notice, the Resident shall move from and release his/her Living Accommodation. After such removal, the Resident's obligation to continue Monthly Service

Fee payments shall cease, and the Resident shall be entitled to receive a refund of the Entry Fee as provided in the schedule in part X.D.4 below.

3. Termination By Death of Resident

Unless terminated earlier by other provisions in this Agreement, this Agreement shall terminate at the death of the Resident (in the case of a single Resident), or at the death of the last surviving Initial Joint Resident, whereupon all obligations of The Sharon at SouthPark under this Agreement, other than those relating to removal of personal property, shall cease. It is The Sharon at SouthPark policy to allow the legal representative of a deceased Resident a period (not to exceed 14 days) following death to remove the personal effects of the deceased Resident from the Living Accommodation. The Sharon at SouthPark reserves the right at any time following the termination of this Agreement to gain access to the Living Accommodation and to pack, remove and store elsewhere, at the expense of Resident's estate, the personal effects of the deceased Resident contained therein. Any personal effects of the Resident in the Living Accommodation theretofore occupied or held in storage shall be made available to the Resident's executor, administrator, or personal representative, or to other persons entitled by law to receive them. The Sharon at SouthPark is not responsible for loss or damage to personal property after the death of the Resident.

The estate of the deceased Resident shall pay one-half of the daily rate from the date of death until the deceased Resident's personal effects are removed from the Living Accommodation and other areas within The Sharon at SouthPark not to exceed 14 days. If the belongings are not removed from the accommodation within 14 days, the full monthly service fee will be charged until the accommodation is cleared and the key is returned to management. A packing and moving fee will apply for these services if needed after the 14 day period and will be billed to the estate of the Resident. If The Sharon at SouthPark stores the deceased Resident's personal effects off the premises, the estate of the Resident shall pay the cost of removal and storage. If the deceased Resident's personal effects are not claimed within ninety (90) days following death, The Sharon at SouthPark may dispose of the personal effects as it sees fit and the estate of the Resident shall be liable for all costs of storage (including storage beyond the ninety (90) day period) and disposition. At the death of the Resident, the Resident's Designated Testamentary Recipient shall be entitled to a refund of the Entry Fee as provided in the Schedule below. For purposes of this Agreement, "Designated Testamentary Recipient" shall mean the estate of the Resident unless (i) the Resident had designated in a writing, substantially in the form attached as Addendum 3 to this Agreement, that the Resident's Revocable Trust should be the recipient of such refund, and (ii) such Revocable Trust is in existence at the time of the death of the Resident.

4. Schedule for Refund of Entry Fee In the Event of Termination

If this Agreement is terminated pursuant to parts X.D.1., 2., or 3. above, or is terminated by the Resident during the Probationary Period pursuant to part X.C. above, then the amount of the Entry Fee that the Resident is entitled to receive as a refund shall be based on the refund plan selected and in accordance with the following table:

If Termination Occurs within the Following Number of Days after the Date of Occupancy:	The Percentage of the Standard Entry Fee that Shall be Refunded Is:	The Percentage of the 50% Refundable Entry Fee that Shall be Refunded Is:	The Percentage of the 90% Refundable Entry Fee that Shall be Refunded Is:
First 30 days	100%	100%	100.00%
31-60 days	95%	95.8%	99.13%
61-90 days	90%	91.7%	98.30%
91-120 days	85%	87.49%	97.47%
121-150 days	80%	83.32%	96.64%
151-180 days	75%	79.15%	95.81%
181-210 days	70%	74.98%	94.98%
211-240 days	65%	70.81%	94.15%
241-270 days	60%	66.64%	93.32%
271-300 days	55%	62.47%	92.49%
301-330 days	50%	58.30%	91.66%
331-365 days	40%	54.13%	90.83%
After 365 days	0%	50.00%	90.00%

After 365 days from the day on which Resident first occupies the Living Accommodation none of the Standard Entry Fee is refundable. Fifty percent is refundable under the 50% refund plan and ninety percent is refundable under the 90% refund plan. In the event that occupancy has been delayed, but the Resident has commenced paying monthly service fees, refunds are calculated based on the assigned Date of Occupancy.

Provided, however, The Sharon at SouthPark reserves the right to make conditional the Resident's entitlement to a refund of the Entry Fee under this part X.D.4., on the receipt by The Sharon at SouthPark of another Entry Fee of an equal or greater amount from a person who was not an Entry Fee depositor on The Sharon at SouthPark Future Residency Program List on the date this Agreement was terminated and provided that said Entry Fee has not been previously allocated to enable another Resident to receive a refund of his/her Entry Fee. This condition shall not apply if the Resident terminates the Resident's Agreement within 30 days of execution of the Resident's Agreement, or if the Resident dies before occupying a Living Accommodation, or if the Resident is precluded from initially occupying a Living Accommodation due to illness, injury or incapacity, or if The Sharon at SouthPark terminates the Resident's Agreement during the Trial Period.

A Resident who participates in the refundable entrance fee plan and subsequently qualifies for and receives financial assistance from The Sharon at SouthPark, agrees and consents that when the Resident or the Resident's estate becomes entitled to payment of any refundable entry fee, that such refund will be reduced by The Sharon at SouthPark in an amount equal to the financial assistance received by the Resident from The Sharon at

SouthPark. Once The Sharon at SouthPark is fully reimbursed, the Resident or the Resident's estate shall then receive the balance due under the refundable entrance fee plan. If the Resident does not receive any financial assistance from The Sharon at SouthPark, then any payments made by The Sharon at SouthPark under the refundable entry fee plan shall be paid without any such reduction.

E. Time for Payment of Refunds

Any refund of the Entry Fee (due under this Resident's Agreement) shall be payable before the later of (a) thirty (30) days after the Resident has vacated The Sharon at SouthPark or (b) thirty (30) days after the Resident becomes entitled to the refund under this Agreement.

F. Release of Obligation

Upon termination of this Agreement, The Sharon at SouthPark is released from any further obligations to the Resident except for the payment of any refund which may be due under this Agreement.

XI. Rights and Obligations of the Resident as to Property

The rights and obligation of the Resident as to property are as follows:

A. No Rights to Real Property

The rights and privileges of the Resident, as granted herein, do not include any rights, title or interest whether legal, equitable, beneficial or otherwise, in or to any part of any real property, including land, buildings, improvements and fixtures owned by The Sharon at SouthPark or in which The Sharon at SouthPark has any interest. Resident does not own property at The Sharon at SouthPark, and the Living Accommodation or assigned parking space may not be willed or otherwise assigned or sublet by Resident. The Resident's rights are for services granted herein on a contractual basis, and not by way of any legal or equitable ownership or other interest in any real property of The Sharon at SouthPark. Any rights, privileges or benefits arising under this Agreement or from the payment of any fees herein provided for or hereafter acquired or arising in any manner here from, shall be subordinate and inferior to all mortgages or deeds of trust on any of the premises or real properties of The Sharon at SouthPark, heretofore or hereafter given, to secure any loans or advances made to The Sharon at SouthPark or its successors, now outstanding or made in the future, and subordinate and inferior to all amendments, modifications, replacements, or refunding thereof, and Resident agrees that, upon request of The Sharon at SouthPark, or the holder of any such instrument, he/she will execute and deliver any document which is alleged to be necessary or required to effect or evidence such subordination.

B. Rights to Personal Property

As in the case of real property, the Resident has no right, title or interest, legal, equitable, beneficial or otherwise in or to any part of the personal property owned by The Sharon at SouthPark, including wall-to-wall carpets, (excluding area rugs owned by Resident) draperies, blinds, appliances, and fixtures in the Living Accommodation, even if upgraded at the Resident's cost, nor any right to any furniture, furnishings or fixtures in common areas and facilities owned by The Sharon at SouthPark.

C. Responsibility for Damages

Any loss or damage to real property of The Sharon at SouthPark, caused by the negligence of the Resident, Resident's guests or Resident's uninsured vendors or suppliers shall be charged to and paid for by the Resident. If any negligence of any Resident or any Resident's guests results in injury, illness or damage to the Resident or to any other Resident, The Sharon at SouthPark assumes no responsibility therefore, and the Resident hereby indemnifies, holds harmless, releases and discharges The Sharon at SouthPark from and against any and all claims, losses, liability, costs, damages, including attorneys' fees, in connection with or arising out of the negligence of the Resident or the Resident's guests, or the negligence of any other Resident or the guests of any other Resident. The Resident assumes all risks of personal damages which he or she may receive by reason of the termination of the Resident's occupancy in the home for misconduct or violation of the policies governing Residents, or for any other reason.

D. Responsibility for Protection of Resident's Property

The Sharon at SouthPark shall not be responsible for the loss of any personal property belonging to the Resident due to theft, fire or any cause, unless said property is specifically entrusted in writing to the care and control of The Sharon at SouthPark, and then The Sharon at SouthPark shall be responsible only for ordinary care to safeguard, and account for, such property. The Resident shall have the responsibility, at his/her own expense, of providing and maintaining a standard property and liability insurance policy to protect Resident's personal property.

The Sharon at SouthPark, upon either (1) the termination of this Agreement or (2) in the event that the Resident is in the Health Care Center and it has been determined by The Sharon at SouthPark medical director or the Resident's personal physician that it is unlikely that the Resident will be physically or mentally able to reoccupy his/her Living Accommodation for the reasonably foreseeable future, shall have the right, at the Resident's expense, to remove all personal property of the Resident from his/her Living Accommodation and to make that Living Accommodation available to others, and store the Resident's personal property, at the Resident's expense and risk. If the property is stored in a commercial storage facility, The Sharon at SouthPark shall have no responsibility for such

property after it has been placed in storage, and the Resident, or the Resident's estate, shall be liable for all storage fees incurred.

XII. Arrangement for Guardianship and Resident's Estate

A. Will and Financial Arrangements Required

The Resident, within three (3) months of the Date of Occupancy agrees to make, if not previously made, a will providing for disposal of his/her assets and appointment of an Executor of his/her estate. In addition, the Resident shall give The Sharon at SouthPark written instructions with respect to the location of the will, the Executor of Resident's estate, and the Resident's funeral and burial arrangements, which arrangements Resident shall pay for at his or her expense.

B. Legal Guardian

As provided in paragraph VII.I the Resident agrees to provide The Sharon at SouthPark in writing with the name of the person(s), as provided in paragraph VII.I, having been given Power of Attorney by the Resident and to keep this information current in the home's business office.

If the Resident becomes legally incompetent or unable properly to care for his/her self or his/her property, in the judgment of The Sharon at SouthPark, The Sharon at SouthPark shall contact the guardian or conservator nominated and appointed by the Resident pursuant to the provisions of North Carolina General Statute Section 32C-1-108 in any Power of Attorney or other instrument, or by the court, if one has been appointed. In the event the Resident has made no designation of a person or legal entity to serve as his/her guardian or conservator, the Resident hereby authorizes and requests The Sharon at SouthPark to apply to a court of competent jurisdiction for the appointment of a conservator or guardian, and if there is no proper person to serve in such capacity, Resident hereby nominates and appoints The Sharon at SouthPark as his/her guardian or conservator, to be confirmed in appointment by the court. The Resident or the Resident's estate shall reimburse The Sharon at SouthPark for all expenses it incurs pursuant to this part XIII.B. including but not limited to legal and other professional fees incurred by The Sharon at SouthPark in carrying out its duties hereunder.

XIII. Living Will and Health Care Power of Attorney

It is understood that the Resident has the right to make a Living Will, Medical Directives and to designate a Health Care Power of Attorney. Resident has the responsibility of providing a copy of the document to The Sharon at SouthPark and any subsequent modifications.

XIV. Pets

Pets maybe permitted under certain guidelines, in accordance with The Sharon at SouthPark Pet Policy currently in effect.

XV. Non-Transferable

The rights and privileges of the Resident under this Agreement to the Living Accommodation, facilities, services and medical care are personal to the Resident and cannot be transferred or assigned by act of the Resident, or by any proceeding at law, or otherwise. Any attempted assignment of this Agreement shall be void and shall give The Sharon at SouthPark the right to terminate this Agreement. If any person, other than the person who has signed this Agreement, seeks to live in the Resident's Living Accommodation without following the proper admissions procedure established by The Sharon at SouthPark, The Sharon at SouthPark shall have the right to terminate this Agreement.

XVI. Notice

All notices to be given in accordance with this Agreement shall be deemed to have been properly given if and when delivered personally or sent by mail, postage prepaid, as follows:

To The Sharon at SouthPark: The Presbyterian Home at Charlotte, Inc.
5100 Sharon Road
Charlotte, North Carolina 28210
Attention: President & CEO

To Resident (before at the address shown on the
taking occupancy): Resident's application forms.

To Resident (after at the Resident's Living Accommodation
taking occupancy): or Health Care Center room, as the case may be.

XVII. Miscellaneous

A. Entire Agreement

This Agreement, including any addenda, together with the application form, financial statements, medical records and the continuing care disclosure statement constitute the entire agreement between The Sharon at SouthPark and the Resident. The Resident warrants that all statements made herein or in the foregoing are true and correct. The Sharon at SouthPark is not liable and shall not be bound by any statements, representations or promises made by any person representing or purporting to represent The Sharon at SouthPark, unless such statements, representations or promises are set forth

in this Agreement as Special Provisions or in the continuing care disclosure statement delivered prior to or simultaneously with this Agreement.

B. Rights of Management

The absolute right of management is reserved to The Sharon at SouthPark. The Sharon at SouthPark reserves the right to accept or reject any person for residency. Residents do not have the right to accept or reject any person for residency. Residents do not have the right to management or the right to determine admission, or transfer of any other Resident.

C. Rules and Regulations

The Resident acknowledges receiving a copy of the Residents' Handbook and will observe all rules and regulations which The Sharon at SouthPark may from time to time adopt for the convenience, comfort, safety and well-being of all Residents.

D. No Waiver

Any failure by the Resident or The Sharon at SouthPark to exercise any right or remedy granted to either of them under this Agreement shall not be construed as a waiver of the right to exercise the same or any other right or remedy at any time, or from time to time thereafter.

E. Invalidity, Unenforceability

If any portion of this Agreement shall, for any reason, be held to be invalid or unenforceable in any jurisdiction in which it is to be enforced, such invalidity and unenforceability shall not affect any other provision of this Agreement, and it shall be construed as if such invalid or unenforceable provision were omitted.

F. Amendments

This Agreement may be amended only in writing executed by an authorized officer of The Sharon at SouthPark and by the Resident, and such amendment shall be attached as an addendum to this Agreement.

G. Section Headings

Section headings are for reference purposes only.

H. Binding Effect

This Agreement shall be binding upon, and inure to the benefit of, The Sharon at SouthPark and the Resident, and their respective successors, permitted assigns and personal representatives.

I. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute but one agreement.

J. North Carolina Law

All matters affecting the interpretation of this Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of North Carolina.

K. Presbyterian Church (U.S.A.)

The entire Board of Directors of The Sharon at SouthPark is elected by the Presbytery of Charlotte, a duly established governing body of the Presbyterian Church (U.S.A.). The Presbyterian Home at Charlotte, Inc. is a non-profit corporation under the laws of the state of North Carolina and a separate and distinct legal entity from the Presbyterian Church (U.S.A.) or any division thereof. Neither the Presbyterian Church (U.S.A.), nor its General Assembly nor any board, synod, presbytery, session, church, congregation nor any instrumentality, agency, division, combination or organization of the foregoing shall have any responsibility with respect to the organization, operation, financial affairs, liabilities or debts of The Sharon at SouthPark or The Presbyterian Home at Charlotte, Inc.

IN WITNESS WHEREOF, the parties have executed this Agreement, the day and year as referenced on Page 1 of this Agreement.

THE SHARON AT SOUTHPARK: THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
[Corporate Seal]

By: _____

Title: _____

RESIDENT or POA:

_____ [SEAL]

_____ [SEAL]

Addendum 1

To Resident's Agreement

Special Provisions

(Attached)

Addendum 2

To Resident's Agreement

Power of Attorney

(Attached)

**ARTICLE I
DESIGNATION OF AGENT**

I, _____, of _____ County, North Carolina, being of sound mind, appoint The Presbyterian Home at Charlotte, Inc., a non-profit corporation (hereinafter "The Sharon at SouthPark"), as my Attorney-in-Fact (herein referred to as my "Agent") for the purposes set out below.

**ARTICLE II
GRANT OF AUTHORITY**

I grant to my Agent general authority to act for me with respect to claims and litigation, as set forth in Section 32C-2-212 of the North Carolina General Statutes, related to accidents, injuries or other damages incurred by me caused by a third party. The authority granted to my Agent pursuant to this power of attorney may be exercised by my Agent even though the exercise of that authority may benefit the Agent.

**ARTICLE III
GRANT OF SPECIFIC AUTHORITY**

I expressly grant my Agent the authority and power to delegate to another person any of the authority granted to my Agent or engage another person on my behalf. If an appointment of another Agent is necessary, my Agent may appoint such person and revoke the appointment.

**ARTICLE IV
LIMITATION ON EXERCISE OF POWERS BY AGENT**

The following limitations shall apply to the exercise of the powers by my Agent in addition to any other limitations provided in this power of attorney:

A. If I or any other agent or attorney-in-fact appointed by me is actively pursuing any claims or litigation, then my Agent shall not exercise any powers granted in this power of attorney.

**ARTICLE V
MISCELLANEOUS MATTERS RELATED TO MY AGENT**

A. Accountings. My Agent shall keep a record of all receipts, disbursements, and transactions made on my behalf, but my Agent is not required to disclose such records to

me or anyone else unless ordered by a court or requested by me or my guardian, or upon my death by my personal representative or the successor in interest of my estate.

B. Revocation of Agent's Authority. In addition to other events or occurrences revoking my Agent's authority under this power of attorney, I may revoke that authority and remove my Agent by a writing executed by me and delivered to my Agent in person or to my Agent's last known address by certified or registered mail return receipt requested.

C. Resignation of Agent. My Agent shall have the right to resign by giving written notice of resignation to me if I am not incapacitated or if I am incapacitated to my guardian if one has been appointed and any coagent or, if none, the successor agent next designated.

D. Duty and Liability of Agent. If my Agent accepts the authority under this power of attorney, then in exercising a power granted to my Agent, my Agent shall act in accordance with my reasonable expectations if known and, otherwise, in my best interests, in good faith, and only within the scope of the authority granted in this power of attorney.

E. Coordination with Health Care Agent. My Agent shall cooperate with my Health Care Agent appointed pursuant to a Health Care Power of Attorney meeting the requirements of Article III, Chapter 32A of the General Statutes. Any decision affecting my property or financial affairs, including a decision as to the disbursement of money or other property belonging to me, which is made by my Health Care Agent, shall be superior to and binding upon my Agent acting under this power of attorney, and my Agent shall not be required to inquire as to whether any such decision is necessary to exercise the powers relating to health care, or whether costs incurred by my Health Care Agent are reasonable, and shall not be liable to me or to my successors, assigns, heirs or personal representatives for any acts or omissions arising from any such decision.

F. Compensation of its Agent. Any corporation acting as my agent, may receive that compensation for services which it customarily charges for like services at the time the services under this power of attorney are rendered.

ARTICLE VI RELIANCE ON THIS POWER OF ATTORNEY

A person that in good faith accepts this power of attorney without actual knowledge that the power of attorney or my Agent's purported authority is void, invalid, or terminated, or that my Agent exceeded my Agent's authority, may rely on the power of attorney and my Agent's authority as if they were genuine, valid, and still in effect and shall not be held responsible for any breach of fiduciary duty by my Agent.

**ARTICLE VII
TERMINATION**

This power of attorney shall terminate upon (i) my death, (ii) my revocation of this power of attorney, (iii) my revocation of my Agent’s authority, or upon my Agent’s dissolution or resignation, if this power of attorney does not provide for another agent to act, or (iv) upon termination by my general guardian or the guardian of my estate.

**ARTICLE VIII
MEANING AND EFFECT**

The meaning and effect of this power of attorney shall for all purposes be determined by the law of the State of North Carolina.

**ARTICLE IX
EFFECTIVE DATE AND DURABILITY**

This power of attorney is effective on the date it is signed by me and shall not be affected by my subsequent incapacity.

I have signed and sealed this Durable Limited Power of Attorney this ___ day of _____, 20__.

(SEAL)

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I certify that _____ personally appeared before me this day, acknowledging to me that **he/she** signed the foregoing instrument.

Date: _____

[NOTARIAL SEAL]

Signature of Notary Public

Printed or Typed Name of Notary Public

My Commission Expires: _____

Addendum 3

To Resident's Agreement

Designation of Designated Testamentary Recipient

(Attached)

**Designation of
Designated Testamentary Recipient**

If as the result of my death, my "Designated Testamentary Recipient" is entitled to receive a refund from The Presbyterian Home at Charlotte, Inc. ("The Sharon at SouthPark"), as provided by Article X.B. or Article X.D. of The Presbyterian Home at Charlotte, Inc. Resident's Agreement which The Sharon at SouthPark and I executed on _____, _____, I designate that my Revocable Trust under agreement dated _____, _____, as may be amended from time to time (the "My Revocable Trust Agreement"), shall be my "Designated Testamentary Recipient" of such refund from The Sharon at SouthPark.

For purposes of this Agreement, I do hereby certify that:

1. My Revocable Trust Agreement is my primary estate planning document;
2. I am the only person authorized to amend, modify, change or revoke My Revocable Trust Agreement during my lifetime, and
3. After my death or incapacity, no one is authorized to amend, modify, change or revoke My Revocable Trust Agreement.

I and the witnesses do hereby sign this Designation on the _____ day of _____, 20__.

WITNESSES

RESIDENT(S)

On behalf of The Presbyterian Home at Charlotte, Inc. ("The Sharon at SouthPark"), I do hereby acknowledge the execution of the Designation of Designated Testamentary Recipient executed by Resident(s), _____ and _____ on this the _____ day of _____, 20__.

THE PRESBYTERIAN HOME AT CHARLOTTE, INC.

By: _____

Title: _____

**EARLY ADVANTAGE PROGRAM AGREEMENT
THE PRESBYTERIAN HOME AT CHARLOTTE**

This EARLYADVANTAGE PROGRAM AGREEMENT ("Agreement") is made this ___ day of _____, 20___ between THE PRESBYTERIAN HOME AT CHARLOTTE, INC., a nonprofit corporation, organized and existing under the laws of North Carolina, which operates a continuing care facility at 5100 Sharon Road, Charlotte, North Carolina (The Presbyterian Home at Charlotte, Inc. and the continuing care facility operated by it are referred to herein as "The Sharon at SouthPark" or "We", "Our" or "Us"), and _____ (herein referred to, whether this Agreement is executed by one or two individuals, as "Resident", "Member", "You" or "Your"). You agree to take financial responsibility for this Agreement on the above date (the "Date of Acceptance").

WHEREAS, the retirement community (referred to as the "Community") consists of independent living homes and apartments, common areas and amenities, and on-campus facilities for certain outpatient services, assisted living care and skilled nursing care; and

WHEREAS, You desire to enter into this Agreement as an off-campus resident of the Community in connection with The Sharon at SouthPark's offering continuing care without lodging through its "Early Advantage Program" in order for You to access some of the services provided by The Sharon at SouthPark while remaining in Your home and not residing at the Community.

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

- I. **ACCEPTANCE AS THE SHARON AT SOUTHPARK RESIDENT WITHOUT LODGING**
- A. **General.** You have gone through the admission process, and The Sharon at SouthPark has accepted You as an off-campus Resident of the Community without lodging through its "Early Advantage Program" in order for You to access some of the services provided by The Sharon at SouthPark while remaining in Your home and not residing at the Community. As a Resident without lodging of The Sharon at SouthPark, You will continue to reside in Your own home and not at the Community, and You are hereby entitled to the services specifically set forth in this Agreement. If there is a fee related to particular services provided to You as a Resident, You will be charged the then prevailing fee that corresponds to being a resident of The Sharon at SouthPark rather than a guest.
- B. **Priority.** This Early Advantage Program Agreement allows You to continue residing at Your Residence outside of the Community, and also gives You priority to convert to occupancy of an independent living unit in the facility upon qualifying for, and executing The Resident's Agreement for continuing care.

The COMMUNITY will offer to Member such Unit Type, as it may become available, according to the following priority basis, as determined and administered in the sole discretion of The COMMUNITY (the "Order of Priority"):

The Early Advantage Program Agreement Member has priority over the \$1,000 Future Residency Program Depositor for converting to occupancy of an independent living unit under The Resident's Agreement for continuing care based on the Date of Acceptance of the Early Advantage Program Agreement. Priority to the available Unit Type is governed by the level of active interest in the Unit Type.

If the Unit Type becomes available and the Community offers the available Unit Type to the Early Advantage Program Agreement Member ("Unit Offer") and the Early Advantage Program Agreement Member wishes to accept the Unit Offer and convert to The Resident's Agreement for continuing care, Member must accept the Unit Offer on or before the third (3rd) business day after The Sharon at SouthPark makes the Unit Offer. To accept a Unit Offer, the Member must execute a Reservation Agreement. If the Member does not timely accept the Unit Offer, the Unit Offer will be deemed declined and the available Unit Type will be offered to someone else.

MEMBER'S RIGHT TO THE ORDER OF PRIORITY DOES NOT LOCK IN OR FREEZE THE ENTRY FEE THAT IS ASSOCIATED WITH THE UNIT TYPE. IF MEMBER CONVERTS, THE ENTRY FEE IN EFFECT WITH THE UNIT TYPE AT THE TIME OF CONVERSION WILL APPLY.

IF THIS AGREEMENT IS TERMINATED OR CONVERTED, MEMBER'S RIGHT TO THE ORDER OF PRIORITY TERMINATES.

At the time You choose to accept an accommodation on The Sharon at SouthPark's campus, You will be required to go through our admissions process for residing at the Community, including, but not limited to, providing Us updated medical and financial information in order to determine Your ability to live independently and to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit. The Sharon at SouthPark reserves the right to decline Your admission to the Community for residency if Your medical and financial circumstances have changed so that You are not able to live independently or are not able to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit.

The living units available at The Sharon at SouthPark are described in the attached Exhibit A.

- C. Execution of the Residence Agreement Following Acceptance.** Prior to taking occupancy and financial responsibility for a particular residential unit on The Sharon at SouthPark's campus, You agree to execute The Sharon at SouthPark's Resident's Agreement (the "Resident's Agreement") then in effect. Your occupancy of a

residence shall be expressly conditioned upon Your execution of such agreement. The executed Resident's Agreement shall supersede and replace this Agreement in its entirety.

If the Resident's Agreement is subsequently terminated, as outlined in that Resident's Agreement, this Agreement may be re-executed upon mutual agreement of the parties, allowing You to remain a Resident of The Sharon at SouthPark who does not reside on campus, as long as the reason for termination of the Resident's Agreement does not preclude continuation of a contractual relationship with The Sharon at SouthPark.

II. GENERAL SERVICES PROVIDED ON CAMPUS

- A. Community Common Areas and Amenities.** We will provide common areas and amenities for the use and benefit of all residents. These facilities currently include the main dining room, private dining room, lobbies, assembly hall, library, social, and recreational facilities (indoor and outdoor), and craft facilities. Some common areas may require advance reservation. All common areas are smoke-free environments.
- B. Health Center.** The Sharon at SouthPark will provide or arrange admission to the facilities necessary for the medical care and services specified in this Agreement at the then prevailing fees charged by The Sharon at SouthPark or other facilities, as applicable, and such fees shall be the sole responsibility of Resident. In this Agreement, the term "Health Center" includes the facilities for certain outpatient services, assisted living care ("Assisted Living") and skilled nursing care. A restraint-free policy is upheld in The Sharon at SouthPark's facilities.
- C. Parking.** The Sharon at SouthPark will provide and maintain unassigned parking areas for residents and guests.
- D. Activities.** Social, recreational, educational, and cultural activities are available to residents and are provided through an active staff-directed program. Residents may be required to pay additional fees for certain activities.
- E. Meals.** You may dine in the The Sharon at SouthPark's dining venues, and You will be charged the prevailing resident meal charge and will be billed monthly.
- F. Security.** We will use reasonable care in providing security on the premises of The Sharon at SouthPark. The Sharon at SouthPark will provide twenty-four (24) hour security staffing on site in the Community. You are responsible for taking appropriate security measures to protect yourself and Your personal property at the Community. We are not responsible to provide security to You in Your off- campus residence or for loss, theft or damage to Your personal property at the Community or otherwise.
- G. Other Services.** The Sharon at SouthPark may also make available to Resident additional services, at Resident's request, at the then prevailing rates charged by The

Sharon at SouthPark, which may be changed from time to time at the discretion of The Sharon at SouthPark.

- H. **Changes in Services and Fees.** The Sharon at SouthPark residents pay Monthly Fees and other charges to cover services provided by The Sharon at SouthPark. At least annually, during budget preparation, The Sharon at SouthPark reviews services and costs of operation, and the need for any changes in services or in The Sharon at SouthPark's schedule of fees and charges. The Sharon at SouthPark reserves the right to change, when deemed necessary, the services provided to residents and the associated fees and charges. The Sharon at SouthPark will strive to deliver services efficiently and economically.

III. **MEDICAL AND OTHER HEALTH CARE SERVICES PROVIDED OR COORDINATED BY THE SHARON AT SOUTHPARK**

- A. **General.** You hereby acknowledge and agree that The Sharon at SouthPark is not responsible for furnishing You or causing to be furnished to You medical services in Your home. In consideration for the Entry Fee and Monthly Fee The Sharon at SouthPark will make available to You or cause to be made available to You the following medical and health care services at the Community that You may choose to receive, and You will be responsible for all costs and expenses of such services at the then prevailing rates of The Sharon at SouthPark or such other provider You choose:

- 1) An annual wellness assessment conducted by qualified staff at The Sharon at SouthPark. The assessment is designed to identify opportunities and strategies for achieving and maintaining the highest possible quality of overall well-being.
- 2) Access to recreational, educational, cultural and spiritual life programs. Most recreational offerings are available without an additional charge. Early Advantage Program Residents who desire to participate in outings, trips or other programs that require additional charges may have these costs applied to their residency account.
- 3) Access to Medicare beds with the same priority as on-campus residents who have a contract for continuing care.
- 4) Access to limited in-patient temporary care in The Sharon at SouthPark skilled nursing facility's non-Medicare beds with the same priority as on-campus residents who have a contract for continuing care. The Sharon at SouthPark Nursing and Continuing Care staff will assist with admission to and discharge from The Sharon at SouthPark's licensed facilities, including skilled nursing and assisted living. Early Advantage Program Residents pay the same

discounted per diem rate for non-Medicare temporary stays as on-campus residents, beginning on the day of admission.

- 5) Early Advantage Program Residents may use the licensed facilities for recuperation and rehabilitation. Physical, occupational, and speech therapy are available on an in-patient or out-patient basis. Some costs for therapy may be covered by Medicare and/or other health insurance.
- 6) Access to The Sharon at SouthPark fitness center, consultation with our wellness staff, a variety of exercise and wellness classes and development of a personal health and fitness plan.
- 7) Use of The Sharon at SouthPark dining and on-site catering facilities. – Each Member pays for any room rental fees plus food and alcohol purchased.

B. Community's Physicians and Physician Assistants/Nurse Practitioners. The Sharon at SouthPark will appoint a Medical Director and physicians and physician assistants/nurse practitioners, as needed during a temporary Health Center stay. During your temporary stay, they will be responsible for Your medical care, including office visits, medical review, Health Center visits, hospital attendance, and referral to specialists, if You choose to use them.

C. Hospitalization. During a temporary Health Center stay, when one of The Sharon at SouthPark's physicians determines that it has become necessary to hospitalize You, the physician will have the authority to arrange such hospitalization. Such determination will be made by Us in consultation with Your attending physician if not a The Sharon at SouthPark physician, and You, to the extent possible, and Your personal representative, if appropriate. When the conditions necessitating such hospitalization no longer exist, the physician will have the authority, in consultation with Your attending physician if not a The Sharon at SouthPark physician, and You, to the extent possible, and Your personal representative, if appropriate, to arrange for Your discharge and transfer or return to Your home, or to the Health Center at The Sharon at SouthPark if that is needed.

D. Medical Referrals. During your temporary stay, The Sharon at SouthPark will be responsible for coordinating and following Your medical, surgical and other health care services when such services either (i) are provided by The Sharon at SouthPark, or (ii) are provided by licensed outside providers to whom You have been referred in writing by one of The Sharon at SouthPark physicians or physician assistants/nurse practitioners for treatment or consultation. Such responsibility will be limited to the specific condition for which referral was made. The Sharon at SouthPark will not be responsible for secondary referrals or for follow-up visits unless approved in advance by one of The Sharon at SouthPark's physicians or physician assistants/nurse practitioners.

The Sharon at SouthPark cannot be responsible for filing for insurance reimbursement for services provided by other providers of Your choice. However, The Sharon at SouthPark will supply the referral provider with Your policy information upon request, and, upon request, will assist You in coordinating with other providers to ensure they are filing with Your insurance diligently, in order to help maximize Your Medicare and supplemental insurance benefits.

E. Wellness Assessment, and Transfer to Assisted Living, the Health Center, a Special Service Facility, or a Hospital.

The Sharon at SouthPark shall furnish a yearly wellness assessment to You on site at the Community by qualified staff. The assessment is designed to identify opportunities and strategies for achieving and maintaining the highest possible quality of overall well-being.

You hereby acknowledge and agree that The Sharon at SouthPark is not responsible for furnishing You or causing to be furnished to You medical or other personal care services in Your home.

No Entry Fee adjustment is made with temporary or permanent transfer from Your home to The Sharon at SouthPark's Assisted Living or Health Center facilities or to another special service facility. In the event You make a temporary or permanent transfer from Your home to The Sharon at SouthPark's Assisted Living or Health Center facilities or to another special service facility, You will be charged The Sharon at SouthPark's or other facility's then prevailing Monthly Fee and/or per diem rates for such services. The new Monthly Fee and/or per diem rates take effect on the date that You make such a temporary or permanent transfer.

IV. MEDICAL, HEALTHCARE, AND OTHER SERVICES EXCLUDED IN THIS AGREEMENT

A. Use of Medical Practitioners and Facilities Not Referred by The Sharon at SouthPark. You may engage the services of primary care physicians other than those who are part of The Sharon at SouthPark practice, and seek care at other hospital, specialty medical, surgical or allied health services with whom The Sharon at SouthPark does not have referral relationships. The Sharon at SouthPark will not be liable for any expenses relating to such care, including, but not limited to, the cost of medical, surgical, hospital or nursing care provided, ordered, prescribed or occasioned by any such practitioner or such facilities. If a healthcare provider should seek payment for such services from The Sharon at SouthPark, You will indemnify, defend and hold The Sharon at SouthPark harmless from all loss or liability arising from such claims for payment.

In situations when The Sharon at SouthPark's medical staff is not involved in the referral to a physician or other health care provider from whom You seek services, it

is Your responsibility to require those providers to furnish The Sharon at SouthPark, promptly in writing and in confidence, with medical information regarding Your condition, diagnosis, medications, and treatment.

You may not engage third parties for medical or other health-related services to be rendered at The Sharon at SouthPark without prior notification to and written authorization by The Sharon at SouthPark's management.

- B. Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Community's facilities and services are not designed to care for persons who have an active psychiatric illness, who have a dangerous communicable disease or who are involved with drug or alcohol abuse. Should The Sharon at SouthPark determine that Your physical or psychiatric illness, or that Your condition as a result of drug or alcohol abuse, is such that Your continued stay in Your home or use of the Community facilities is either dangerous or detrimental to Your life, health, safety or peace, or the life, health, safety, or peace of others in Your home or in the Community, then The Sharon at SouthPark may transfer You to another facility of Your choosing. You will continue to be responsible for payment of the Monthly Fee as if You were at home. You will also be responsible for payment of any additional amount needed for Your care at any other such facility. The Sharon at SouthPark may terminate this Agreement if You refuse to make the recommended transfer.
- C. Transportation.** The Sharon at SouthPark will not be responsible for providing any type of transportation to You during this Agreement, including but not limited to any transportation to or from the The Sharon at SouthPark campus or to any medical appointments or other locations and emergency transportation to any hospital or other health care facility.
- D. Security.** The Sharon at SouthPark will not be responsible for providing any type of security, staff emergency response, emergency call devices, smoke detectors or the like to Your home or personal residence during this Agreement.
- E. Housekeeping, Maintenance and Grounds Keeping.** The Sharon at SouthPark will not be responsible for providing any type of laundry or housekeeping services to Your home or personal residence during this Agreement. The Sharon at SouthPark will not be responsible for providing any type of home maintenance or grounds keeping care to Your home or personal residence during this Agreement.
- F. Utilities.** The Sharon at SouthPark will not be responsible for furnishing any type of utilities, including, but not limited to, heating, air conditioning, water, electricity and/or gas, sewage disposal, trash removal, television service, internet service and telephone service, to You during this Agreement.
- G. Taxes.** The Sharon at SouthPark will not be responsible for paying any taxes owed by You, including, without limitation, any income taxes or personal or real property taxes

assessed on Your personal or real property during this Agreement. You are solely responsible for all taxes, owed by You, including, without limitation, all personal income taxes and all taxes assessed on Your personal and real property.

H. **Other Excluded Services.** Other excluded services include, but are not limited to, prescription and non-prescription medications, refractions, eye-glasses, contact lenses, audiological tests, hearing aids, dentistry, dentures, dental inlays, incontinent and other personal hygiene supplies, orthopedic appliances, podiatry, chiropractic services, organ transplants, renal dialysis, treatment for alcohol and drug abuse, and diagnosis and therapy for psychiatric disorders.

I. **Illness or Accident.** If You have an accident or if You are ill, We will have no responsibility to pay for costs resulting from or in connection with such accident or illness.

V. **TERMS OF BEING A SHARON AT SOUTHPARK RESIDENT**

A. **Rights of Resident.** As a Resident, You have the right to use and enjoy the common areas, amenities, programs, and services of The Sharon at SouthPark, as provided in this Agreement, during Your lifetime unless this Agreement is terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by The Sharon at SouthPark other than the rights and privileges as described in this Agreement.

B. **Policies and Procedures.** In order to operate The Sharon at SouthPark in the best interest of the Community, The Sharon at SouthPark has established policies, rules and regulations relating to residency, which are subject to modification from time to time as deemed appropriate by The Sharon at SouthPark. Resident has received information as to the current policies, rules and regulations in the Disclosure Statement and in other written information provided by The Sharon at SouthPark. The Sharon at SouthPark reserves the right to make or change policies, rules and regulations, and will use its reasonable efforts to communicate through appropriate means to all residents the substance and content of such additions or changes; also, copies of particular policies, rules and regulations relating to residency will be furnished to Resident on request. Resident agrees to comply with The Sharon at SouthPark's policies, rules and regulations. Resident understands and agrees that, in order for The Sharon at SouthPark to operate in the best interest of both Resident and the Community, The Sharon at SouthPark must have the cooperation of Resident's family, friends, responsible parties and other associates to comply with The Sharon at SouthPark's applicable policies, rules and regulations. Any continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by The Sharon at SouthPark that it is no longer feasible for The Sharon at SouthPark to provide services to Resident. Upon such determination, The Sharon at SouthPark will have a right to terminate this Agreement.

- C. **Relationships Between Residents and Staff.** The Sharon at SouthPark is built on mutual respect and instructs its staff to be cordial and helpful to You. The relationship is to remain professional. Employees must not be delayed or deterred by residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. You will not employ The Sharon at SouthPark's employees nor hire former The Sharon at SouthPark's employees without the prior written consent of the management of The Sharon at SouthPark.
- D. **Loss of Property.** The Sharon at SouthPark will not be responsible for the loss of or damage to any property belonging to You due to theft, mysterious disappearance, fire, employee accident, or any other cause. It is understood that You have the responsibility of providing any desired insurance protection covering any such loss.
- E. **Representations.** You affirm that the representations made in the Application for Admission, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by The Sharon at SouthPark as the basis for entering into this Agreement. You agree to provide updates of this information in a timely way to Us. As one of those representations, You affirm that You are at least 60 years old.
- F. **Behavior Deemed Harmful to The Sharon at SouthPark.** If Resident is deemed competent and capable of controlling his or her behaviors and engages in behaviors deemed by the President/CEO to be disruptive, hostile, illegal, or otherwise harmful to others or to The Sharon at SouthPark, The Sharon at SouthPark reserves the right to terminate this Agreement. If such a circumstance arises, The Sharon at SouthPark will discuss the matter thoroughly with Resident to provide Resident with knowledge of the behaviors deemed intolerable by The Sharon at SouthPark. The Sharon at SouthPark will provide Resident a written warning to desist from the behavior or any similarly disruptive, hostile, illegal or harmful behavior. Upon determination that Resident is continuing to engage in the behaviors against which Resident has been warned, The Sharon at SouthPark will have the right to terminate this Agreement.
- G. **Sex Offender Registry.** Resident hereby acknowledges that it is the policy of The Sharon at SouthPark to conduct sex offender screening for every prospective resident, regardless of independent status or level of care, at the time of application for admission to The Sharon at SouthPark and again prior to entering into a Residence Agreement. If the screening shows that the prospective resident is identified as a sex offender, The Sharon at SouthPark will deny admission of Resident on that basis and not execute a Resident's Agreement. In addition, Resident hereby acknowledges and agrees that if, after The Sharon at SouthPark and Resident have entered into a Resident's Agreement, The Sharon at SouthPark becomes aware that Resident is listed on any sex offender registry, The Sharon at SouthPark may terminate this Agreement with Resident and remove Resident from The Sharon at SouthPark.

VI. FINANCIAL ARRANGEMENTS

A. Entry Fee. You agree to pay The Sharon at SouthPark an entry fee in the amount of \$_____ (less any previous amount paid toward the Future Residency Program) as a condition to this Agreement (the "Entry Fee"). The Entry Fee is a lump sum payment due as of the Date of Acceptance and will not be increased or changed during the term of this Agreement, except for changes required by state or federal programs or execution of a subsequent Residence Agreement should You move to The Sharon at SouthPark some time in the future. In the event You decide to move to The Sharon at SouthPark and enter into a Resident's Agreement, notwithstanding the amortization of the Entry Fee for refund purposes as set forth in Section VIII.D of this Agreement, the full amount of the Entry Fee will be applied towards the then prevailing entry fee for the apartment or home at the Community You select. The ability to apply the full amount of the Entry Fee towards an entry fee for an on-campus living accommodation at The Sharon at SouthPark shall survive the termination of this Agreement, subject to the execution of a Residence Agreement between You and The Sharon at SouthPark.

B. Monthly Fee and Other Charges. You agree to pay a monthly fee (the "Monthly Fee") during the term of this Agreement. The current Monthly Fee associated with this Agreement is \$____ per month. The Monthly Fee will commence at the Date of Acceptance and will be subject to adjustment in accordance with Section VI.D. below. The Monthly Fee will be paid on a prorated basis for any partial month.

The Sharon at SouthPark will furnish Resident a monthly statement with the total amount of the Monthly Fee and other charges, if any, owed by Resident. Resident shall pay such fees and charges by the [15th] day of the month. If Resident's payment is late, The Sharon at SouthPark may charge Resident a one and one-half percent (1.5%) interest fee per month, from the first of the month in which the payment is late. Upon thirty (30) days' advance written notice, The Sharon at SouthPark may change the billing date and payment due date. The Sharon at SouthPark shall have the right to offset against any Entry Fee repayment any unpaid Monthly Fees or other charges owed by Resident to The Sharon at SouthPark. If You fail to comply with the terms of this provision, We may terminate this Agreement.

C. Assisted Living or Health Center Charges. If You need care in The Sharon at SouthPark's Assisted Living or Health Center facilities, You will be charged an additional daily fee based on the particular level of care and type of accommodation at The Sharon at SouthPark's then prevailing rates. This fee is in addition to the Monthly Fee, which You will continue to be charged.

D. Adjustments in the Monthly Fee and Other Charges. The Sharon at SouthPark may adjust the Monthly Fee, the Assisted Living and Health Center fees, and any and all other charges from time to time on the basis of experience or to reflect changes in the cost of achieving the mission or purposes of The Sharon at SouthPark. The Sharon

at SouthPark agrees that, in the exercise of its discretion, which will be binding on You, The Sharon at SouthPark will endeavor to maintain all fees and charges at the lowest feasible amounts which, in the judgment of the Board of Directors of The Sharon at SouthPark, is consistent with sound financial operation and maintenance of the quality of facility, program and service provided.

- E. Health Care Insurance Requirements.** You shall be responsible for carrying both Medicare Part A and Medicare Part B insurance coverage, or a substitute policy acceptable to The Sharon at SouthPark. You shall also carry a supplemental insurance policy acceptable to The Sharon at SouthPark, which adequately covers the hospital, medical, and skilled nursing deductibles and co-payments required of Your primary insurance plan. Both Your primary and supplemental health insurance policies must recognize The Sharon at SouthPark as a health care provider. You assume the financial responsibility for services provided that otherwise could be covered by Medicare or insurance.

You shall be responsible for ensuring that the health insurance coverage that was approved does not lapse, and You shall provide The Sharon at SouthPark with evidence of such coverage upon request. If Your health insurance coverage should lapse, The Sharon at SouthPark may require that You reapply for suitable coverage. If You are unable to obtain adequate new coverage, The Sharon at SouthPark shall charge You for any costs of medical and other health care services provided to You that otherwise would have been covered by an approved policy.

- F. The Sharon at SouthPark's Filing for and Rights to Insurance Benefits.** The Sharon at SouthPark shall be responsible for filing for reimbursement from Your Medicare and supplemental health insurance plans for covered medical, nursing, and outpatient therapy services when provided by The Sharon at SouthPark. The Sharon at SouthPark has a right to the benefits payable under the insurance You carry for services provided by The Sharon at SouthPark as, required in this Agreement, except where costs of care were borne solely by You and not The Sharon at SouthPark. You hereby authorize The Sharon at SouthPark to file claims for benefits to which You are entitled under this Agreement and to execute all documents necessary to enable The Sharon at SouthPark to collect or enforce such claims. If, for any reason, The Sharon at SouthPark cannot apply directly for benefits payable under insurance required by this Agreement, You agree to make such application and to pay The Sharon at SouthPark the proceeds received that are due for services provided by The Sharon at SouthPark.

For those services provided by The Sharon at SouthPark that are covered by Medicare, We will accept Medicare Assignment, billing Medicare first and accepting Medicare's allowable reimbursement rates as payment in full. You shall be responsible for amounts allowed by Medicare or Your supplemental insurance that are treated as deductibles, co-payments or other cost-sharing amounts imposed by Medicare or Your supplemental insurance. For those services provided by The

Sharon at SouthPark that are not covered by Medicare or Your supplemental insurance, You shall be responsible for all costs and expenses related to such services at the then prevailing rates. For all services not provided by The Sharon at SouthPark but are provided by another provider, You shall be responsible for all costs and expenses related to such services.

- G. **Automobile Accident Insurance.** If You are a licensed driver, You are responsible for maintaining automobile accident insurance to cover medical costs from automobile accidents causing injury.
- H. **The Sharon at SouthPark's Rights in Case of Injury Caused by a Third Party.** In the event The Sharon at SouthPark has incurred costs, expenses and damages on Your behalf relating to injuries or illnesses caused to You by a third party (including, but not limited to, reasonable costs of care The Sharon at SouthPark may furnish You because of such accident or injury), You hereby agree that any amount recovered by You or on Your behalf from any and all sources relating to Your injuries or illnesses shall first be paid to The Sharon at SouthPark in an amount to reimburse The Sharon at SouthPark for its costs, expenses and damages incurred, with the balance of any amount recovered then paid to You or credited to Your account, or, in the event of Your death, paid to Your estate.
- I. **Application for Benefits; Assignment of Benefits.** Resident shall apply for any federal, state or local benefits for which Resident may be eligible or entitled upon request by The Sharon at SouthPark. If requested by The Sharon at SouthPark, any or all such benefits will be applied to the Monthly Fee or other charges incurred by Resident at The Sharon at SouthPark.

VII. FINANCIAL ASSISTANCE

In order to operate The Sharon at SouthPark on a fiscally sound, nonprofit basis, The Sharon at SouthPark has established fees and charges, which are subject to modification from time to time as deemed necessary and appropriate by The Sharon at SouthPark. Resident agrees to pay when due all required fees and charges. Resident has received from The Sharon at SouthPark a schedule of current fees and charges.

Resident agrees to provide, if requested, periodic financial statements and current financial information for the purpose of demonstrating capacity to meet financial obligations to The Sharon at SouthPark. Should Resident experience financial difficulty that might result in Resident's immediate or eventual inability to meet the financial obligations under this Agreement, including any spend down of assets that might result from payment of expected fees and charges to The Sharon at SouthPark, Resident will inform The Sharon at SouthPark immediately, and submit a current financial statement. Resident and, if appropriate, Resident's responsible party, and The Sharon at SouthPark shall discuss and, if possible, agree on a plan by which

Resident's financial obligation to The Sharon at SouthPark can be met. Residents whose funds are depleted primarily through payment of fees associated with this Agreement, to include costs associated with their medical care, may be eligible for consideration for financial assistance through The Sharon at SouthPark. Such assistance, however, is conditional upon demonstration that other options for fulfilling this financial obligation to The Sharon at SouthPark have been explored and deemed impracticable by either party. When Resident is deemed eligible for financial assistance through The Sharon at SouthPark, The Sharon at SouthPark, to the extent of its available resources dedicated for financial assistance, will attempt to furnish financial assistance when it is needed. Termination of residency for Resident's inability to fulfill the financial obligations incurred under this Agreement shall be an option exercised as necessary to assure the financial viability of The Sharon at SouthPark and of its financial assistance program.

VIII. TERMINATION AND REFUNDS

- A. Voluntary Termination After Date of Acceptance.** This Agreement may be terminated by You at any time by providing The Sharon at SouthPark sixty (60) days advanced written notice of such termination. You may be entitled to a prorated refund of the Entry Fee pursuant to Section VIII.D.
- B. Termination Upon Death.** In the event of Your death at any time after the Date of Acceptance, this Agreement will terminate upon the date of death. Your estate may be entitled to a pro-rated refund of the Entry Fee pursuant to Section VIII.D.
- C. Termination by The Sharon at SouthPark.** The Sharon at SouthPark may terminate this Agreement at any time (i) pursuant to Section III.E., Section IV.B., Section V.B., Section V.F. or Section V.G. of this Agreement, (ii) if there has been any material misrepresentation or omission made by You in the application forms, (iii) if You fail to make payment to The Sharon at SouthPark and The Sharon at SouthPark gives notice provided for in Section VI.B., (iv) if You fail to abide by The Sharon at SouthPark's policies and procedures, or (v) if You breach the terms of this Agreement. In such events, You may be entitled to a pro-rated refund of the Entry Fee pursuant to Section VIII.D, subject to the terms of this Agreement. The Sharon at SouthPark will provide timely advance written notice of termination that is in compliance with prevailing laws, regulations and The Sharon at SouthPark's policies. The Sharon at SouthPark shall exercise such right of termination only after first attempting to work out satisfactory solutions with Resident and/or Resident's responsible party. If agreement cannot be reached between the President/CEO and Resident and/or Resident's responsible party, the President/CEO will refer the matter to the Executive Committee of the Board of Directors of The Sharon at SouthPark (the "Executive Committee") for hearing and decision. The Executive Committee shall afford Resident an opportunity to be heard, and shall render a decision with respect to the matter referred to it. The decision of the Executive Committee shall be put in writing and shall be signed by the Chair of the Board of Directors of The Sharon at SouthPark

(the "Chair") or, in the absence of the Chair, the Chair Elect of the Board of Directors of The Sharon at SouthPark. It is understood and agreed that the written, signed decision of the Executive Committee shall be final and binding.

D. Calculation for Pro-Rated Refunds. If termination of this Agreement occurs during the first three hundred and sixty-five (365) days of this Agreement, You or Your estate will be entitled to a partial refund of the Entry Fee, subject to the terms and conditions of this Agreement. You will receive a refund in the amount equal to: (i) the Entry Fee less a non-refundable fee in the amount of \$1,000 (the "Net Entry Fee"); less (ii) the Net Entry Fee based on the number of days that this Agreement has been in effect for up to three hundred and sixty-five (365) days; less (iii) any amounts due to The Sharon at SouthPark. After three hundred sixty-five (365) days, there is no refund of the Entry Fee. The three hundred and sixty-five (365) day period begins with the Date of Acceptance. Refund, if any, shall be provided within sixty (60) days of written notice of termination and receipt by The Sharon at SouthPark of all billable costs incurred by the resident.

First 30 days	100%
31-60 days	95%
61-90 days	90%
91-120 days	85%
121-150 days	80%
151-180 days	75%
181-210 days	70%
211-240 days	65%
241-270 days	60%
271-300 days	55%
301-330 days	50%
331-365 days	40%
After 365 days	0%

IX. RIGHT OF RESCISSION

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by You giving written notice of such rescission to The Sharon at SouthPark within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1 et. seq. of the North Carolina General Statutes. In the event of such rescission, if it is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee, less a non-refundable application fee of \$100.00 per individual. If the rescission is for a reason other than change in Your health status, You will receive a refund of the Entry Fee less a non-refundable fee in the amount of \$1,000. Any such refund will be paid by The Sharon at SouthPark within sixty (60) days following receipt of written notice of rescission pursuant to this Section IX.

X. GENERAL

- A. Assignment.** This Agreement and the rights and privileges for You under this Agreement to the common areas, amenities, and services and programs of The Sharon at SouthPark are personal to You and may not be transferred or otherwise assigned by You.
- B. Management of the Community.** The absolute rights of management are reserved by The Sharon at SouthPark and its Board of Directors. The Sharon at SouthPark reserves the right to accept or reject any person as a resident. Residents do not have the right to determine admission or terms of acceptance of any other resident.
- C. Entire Agreement.** This Agreement, together with any Arbitration Agreement between The Sharon at SouthPark and You, constitutes the entire Agreement between The Sharon at SouthPark and You. The Sharon at SouthPark will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent The Sharon at SouthPark, unless such statements, representations, or promises are set forth in this Agreement.
- D. Capacity.** This Agreement has been executed on behalf of The Sharon at SouthPark by The Sharon at SouthPark's duly authorized agent, and no officer, trustee, agent or employee of The Sharon at SouthPark shall have any personal liability to Resident under this Agreement.
- E. Amendments and Modifications.** This Agreement shall not be modified, amended or changed in any respect except in writing signed by The Sharon at SouthPark and Resident. Each waives any right to amend this Agreement in any other way. Notwithstanding the foregoing, The Sharon at SouthPark may amend this Agreement to ensure compliance with applicable laws and regulations.
- F. Waiver.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial waiver of any Right preclude any exercise of the same or of any other Right. No waiver shall be in effect unless in writing and signed by the party asserted to have granted such waiver.
- G. Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- H. Interpretation.** The headings in this Agreement are for convenience and reference only, and shall not affect the interpretation of any provision of this Agreement.
- I. Successors and Assigns.** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of The Sharon at SouthPark and

Your heirs, executors, administrators, responsible parties, attorneys-in-fact and permitted assigns.

- J. **Rights Subordinate to Mortgage.** Pursuant to the requirements of any lender, You agree that Your rights under this Agreement are subordinate to the right of the lender under any mortgage, deed of trust or security interest executed now or in the future by The Sharon at SouthPark.
- K. **Durable Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** You agree to keep in effect an appropriate Durable Power of Attorney designating some competent person as attorney-in-fact. You agree to execute a Will, Living Will, and designate a Durable Health Care Power of Attorney. Within ninety (90) days of the Date of Acceptance, You will deliver to The Sharon at SouthPark copies of the following documents, and will promptly deliver any changes to such documents to The Sharon at SouthPark during this Agreement: (a) health insurance coverage information; (b) copy of current Durable Power of Attorney; (c) copy of current Durable Health Care Power of Attorney and Living Will; and (d) evidence of the executor or other legally responsible person of Resident's estate, such as a copy of Resident's will documenting the name of the executor of his or her estate.
- L. **Uncontrollable Interruption of Services.** No breach of The Sharon at SouthPark's obligations under this Agreement and no liability for injury to Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of The Sharon at SouthPark, specifically including (without limitation) strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. The Sharon at SouthPark shall make reasonable efforts to continue to provide the usual services in such event.
- M. **Confidentiality.** The Sharon at SouthPark has the responsibility to keep all of the personal, medical, and financial information You have supplied to The Sharon at SouthPark confidential. You agree that The Sharon at SouthPark can disclose such information to those who have a need, in Our judgment, or right to know.
- N. **Indemnity.** You agree to indemnify, defend and hold The Sharon at SouthPark harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and/or any damages to property caused by, resulting from, attributable to or in any way connected with, directly or indirectly, Your act or omission or those of Your guests, including private duty nurses or any other third party service contracted by You. This Section X.N. shall survive termination of this Agreement.

Initials

- O. **Affiliations.** The Sharon at SouthPark is affiliated with the Presbyterian Church, which is not responsible for the financial and contractual obligations of The Sharon at SouthPark.
- P. **Notice Provisions.** Notices required by this Agreement will be in writing and delivered either by personal delivery or mail. If delivered by mail, notices will be sent by certified or registered mail, return receipt requested, with all postage and charges prepaid. Notices and other communications will be deemed to have been given when delivered by personal delivery or if mailed, such notice shall be deemed to have been given on the third business day after being deposited in the United States mail, postage prepaid. All notices and other written communications required under this Agreement will be addressed to You or to Your personal representative at the address provided to Us. Notices shall be sent to us at the following address:

The Sharon at SouthPark
5100 Sharon Road
Charlotte, NC
Attention: President and CEO

Your address for the purpose of giving notice is the address appearing after Your signature below or such other address You provide to Us in writing.

- Q. **No Guarantee of Residence.** The Sharon at SouthPark's execution of this Agreement does not guarantee that any apartment or home will be available for Your occupancy during Your lifetime or prior to the termination of this Agreement for any reason.
- R. **Governing Law; Venue.** This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of laws or any jurisdiction other than North Carolina. Except to the extent that the parties have agreed to an alternative mechanism for the resolution of a dispute, to the full extent permitted by law, any action, suit or proceeding arising out of or relating to this Agreement shall be brought and enforced in the courts of the State of North Carolina located in Mecklenburg County or of the United States District Court for the Middle District of North Carolina, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and irrevocably waive any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts. In the event of any such dispute, the non-prevailing party shall pay all reasonable costs, expenses and attorneys' fees incurred by the prevailing party.
- S. **Survival.** Those rights and obligations that have accrued under this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms,

as shall any obligation of Resident to pay costs or expenses under this Agreement that remain unpaid as of such termination.

Resident hereby acknowledges the receipt of The Sharon at SouthPark's Disclosure Statement dated _____. Resident acknowledges that the Disclosure Statement was received prior to the execution of this Agreement and the payment of the Entry Fee to The Sharon at SouthPark. Resident understands this matter involves a financial commitment and associated risk, as well as a legally binding contract. Resident has had the opportunity to consult with an attorney and/or financial advisor who could advise Resident concerning this Agreement.

IN WITNESS WHEREOF, The Sharon at SouthPark has executed this Agreement and You have read and understand this Agreement and have executed this Agreement.

Resident Name:

Your Address:

Street Address

City, State & Zip Code

The Sharon at SouthPark

Name: _____

Title: _____

THE SHARON AT SOUTHPARK, THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
RESERVATION AGREEMENT

THIS RESERVATION AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, by and between: _____ (hereafter referred to, whether this Agreement is executed by one or two individuals, as "**Resident**"), whose address is _____ and **The Presbyterian Home at Charlotte, Inc.**, a non-profit continuing care retirement community doing business as The Sharon at SouthPark (hereinafter, "**The Sharon at SouthPark**"), whose address is: The Sharon at SouthPark, 5100 Sharon Road, Charlotte, North Carolina 28210

WITNESSETH:

WHEREAS, Resident desires the right to reside in one of the residential units, subject to the rules and regulations of The Sharon at SouthPark as contained in the document entitled "Resident's Agreement" ("**Resident's Agreement**"), and Resident desires to enter into this Agreement to govern said reservation.

IN CONSIDERATION of the mutual covenants and conditions contained herein, Resident and The Sharon at SouthPark hereby agree to the following terms and conditions:

1. **Accommodation.** Resident, upon payment of the Entry Fee (hereinafter defined in Paragraph 2) and execution of the Resident's Agreement, shall be granted the right to occupy a residential unit designated as accommodation number _____, Floor Plan _____, Floor _____ (**the "Unit"**) as shown on the plans and specifications provided to Resident, which Unit also includes one designated parking space. Resident acknowledges receipt of a copy of the plans and specifications for the Unit.

(Initials of Resident)

(Initials of Resident)

2. **Entry Fee.** Resident shall pay to The Sharon at SouthPark an entry fee (the "Entry Fee") of \$ _____ payable as follows:
 - a. **Reservation Deposit.** \$ _____ (the "Reservation Deposit") is due and payable upon execution of this Agreement by Resident, representing ten percent (10%) of the Entry Fee, as an earnest money deposit.

- b. **Cancellation due to death.** If this Agreement is canceled due to death of the Resident, Resident's estate shall receive a full refund of the Reservation Deposit, the Progress Deposit (if applicable), and the \$1,000 Wait List deposit (if applicable). In the event of death of a spouse of Resident and the surviving Resident provides a Termination Notice to The Sharon at SouthPark within thirty (30) days after such death, this Agreement shall be terminated and The Sharon at SouthPark will refund to the surviving Resident the Reservation Deposit, the Progress Deposit (if applicable) and the \$1,000 Wait List deposit (if applicable).
- c. **Cancellation due to illness.** If Resident provides a Termination Notice with evidence satisfactory to The Sharon at SouthPark that Resident is canceling this Agreement on account of illness, injury or incapacity that would preclude either Resident from occupying a Unit under the Resident's Agreement, this Agreement shall be terminated and The Sharon at SouthPark will refund to Resident the Reservation Deposit, the Progress Deposit (if applicable) and the \$1,000 Wait List deposit (if applicable and requested by the Resident).
- d. **Other Cancellations.** In all other circumstances where Resident cancels this Agreement by providing a Termination Notice to The Sharon at SouthPark or should The Sharon at SouthPark terminate this Agreement due to the failure of Resident to comply with the terms herein, The Sharon at SouthPark shall retain an amount not to exceed the greater of \$3,000 or two percent (2%) of the Entry Fee from Paragraph 2 above as a reasonable service charge (the "Service Fee") plus the Custom Upfits Cost and the Custom Upfits Restoration Cost (if applicable), and The Sharon at SouthPark and shall return the balance of the Reservation Deposit and the Progress Deposit to Resident.

Upon cancellation of this Agreement by either party, return of the applicable deposits as provided herein and Resident's payment of any Custom Upfits Restoration Cost, The Sharon at SouthPark and Resident shall have no further obligations to each other under this Agreement.

- 5. **Occupancy of Unit.** The Resident will be notified in writing of the date on which the Resident can occupy his/her living accommodation. The date is referred to as the "Date of Availability." The Date of Availability will be determined by The Sharon at SouthPark, based on availability of the accommodation, and will be within a reasonable time following acceptance of the written offer.

Payment of the Entry Fee and Monthly Fee is due on the Date of Availability, whether or not the Resident chooses to physically occupy the living accommodation on that date. The first monthly service fee shall be prorated based on the number of days in the month, from the date of availability through the end of that month.

If customized renovations are made to a living accommodation at the Resident's request, the Date of Availability shall remain the date by which the accommodation would have been ready had the extra work not been ordered.

6. **Final Payment.** The Sharon at SouthPark will provide Resident with a closing statement showing Resident the balance due to The Sharon at SouthPark, which shall be paid on or before the Date of Availability. This balance will be calculated as follows: Entry Fee less the \$1,000 Wait List deposit (if applicable) and Reservation Deposit (10% deposit due at execution of this Agreement). If Resident does not pay the balance due on or before the Date of Availability, The Sharon at SouthPark shall have the right to terminate this Agreement and refund any deposits, less retainage of the Service Fee as provided in Paragraph 4(d) above.
7. **Rules and Regulations of The Sharon at SouthPark.** Resident's rights to occupy the Unit are subject to the rules and regulations governing the operation of The Sharon at SouthPark as contained in the Resident's Agreement, and Resident agrees to be bound by the terms contained therein.

(Initials of Resident)

(Initials of Resident)

8. **Miscellaneous.** Oral representations and agreements are not binding on The Sharon at SouthPark or Resident, and Resident acknowledges that Resident is not relying on any oral representations or agreements of The Sharon at SouthPark or any agents of The Sharon at SouthPark (including any sales representatives). Existing plans for the Unit are subject to modification by The Sharon at SouthPark at any time. Any notice in connection with this Agreement must be in writing and will be deemed delivered when delivered personally, when deposited in the United States Mail, postage prepaid, registered or certified mail, return receipt requested (with a copy to be mailed by first class mail), or when delivered to a nationally recognized overnight courier (charges prepaid), properly addressed to The Sharon at SouthPark or Resident, as the case may be. This Agreement embodies the entire agreement between the parties and cannot be modified or amended except by the written

agreement of the parties. This Agreement may not be assigned by Resident. This Agreement shall be governed by the laws of the State of North Carolina.

I/We have received The Sharon at SouthPark's current Disclosure Statement.

(Initials of Resident)

(Initials of Resident)

THIS IS A BINDING AGREEMENT BETWEEN RESIDENT AND THE SHARON AT SOUTHPARK, as evidenced by their signatures below.

RESIDENT(S):
doing

The Presbyterian Home at Charlotte, Inc.,
business as THE SHARON AT SOUTHPARK

_____ (seal)

by: _____

Authorized Agent

_____ (seal)

_____ (Date)

_____ (Date)

THE SHARON AT SOUTHPARK, THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
BELMORE RESERVATION AGREEMENT

THIS RESERVATION AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, **20**____, by and between: _____ (hereafter referred to, whether this Agreement is executed by one or two individuals, as "**Resident**"), whose address is: _____ and **The Presbyterian Home at Charlotte, Inc.**, a non-profit continuing care retirement community doing business as The Sharon at SouthPark (hereinafter "**The Sharon at SouthPark**"), whose address is: The Sharon at SouthPark, 5100 Sharon Road, Charlotte, North Carolina 28210.

WITNESSETH:

WHEREAS, The Sharon at SouthPark plans to construct Belmore upon its property located at 5100 Sharon Road, Charlotte, North Carolina, which will contain 64 residential units, and

WHEREAS, Resident desires the right to reside in one of the residential units, subject to the rules and regulations of The Sharon at SouthPark as contained in the document entitled "Resident's Agreement" ("**Resident's Agreement**"), and Resident desires to enter into this Agreement to govern said reservation.

IN CONSIDERATION of the mutual covenants and conditions contained herein, Resident and The Sharon at SouthPark hereby agree to the following terms and conditions:

1. **Accommodation.** Resident, upon payment of the Entry Fee (hereinafter defined in Paragraph 2) and execution of the Resident's Agreement, shall be granted the right to occupy a residential unit designated as an apartment accommodation number _____, Floor Plan _____, Floor ____ (the "**Unit**") as shown on the plans and specifications provided to Resident, which Unit also includes one designated covered parking space. Resident acknowledges receipt of a copy of the plans and specifications for the Unit. _____ (Initials of Resident) _____ (Initials of Resident)
2. **Entry Fee.** Resident shall pay to The Sharon at SouthPark an entry fee (the "Entry Fee") of \$ _____, payable as follows:

- a. **Reservation Deposit.** \$ _____ (the “**Reservation Deposit**”) is due and payable upon execution of this Agreement by Resident, representing ten percent (10%) of the Entry Fee, as an earnest money deposit. This will be placed in a designated Entry Fee escrow account at Truist Bank. All Belmore Non-Binding Reservation Deposits and portions of the Belmore Entry Fee held prior to occupancy shall be maintained in accordance with the escrow and trust-account requirements of North Carolina law, and interest earned, if any, shall belong to The Sharon at SouthPark unless otherwise required by law.
 - b. **Progress Deposit at 50% Completion.** \$ _____ (the “**Progress Deposit**”) representing five percent (5%) of the Entry Fee shall be due and payable within ten (10) days of receiving notice from The Sharon at SouthPark that construction of Belmore is certified as fifty percent (50%) complete. This will be placed in a designated Entry Fee escrow account at Truist Bank.
 - c. **Balance of Entry Fee.** The balance of the Entry Fee shall be due and payable on or before the Date of Occupancy (hereinafter defined in Paragraph 5).
3. **Custom Upfits to Unit.** Resident, without invalidating this Agreement, may request that The Sharon at SouthPark modify the Unit to add additional features (“**Custom Upfits**”). If The Sharon at SouthPark agrees to add Custom Upfits at the request of Resident, Resident and The Sharon at SouthPark shall execute an addendum to this Agreement containing the agreed upon Custom Upfits, and Resident shall pay the cost of the Custom Upfits (the “**Custom Upfits Cost**”), as determined by The Sharon at SouthPark, at the time of the execution of the Addendum. No Custom Upfits shall be ordered or added to the Unit prior to payment of the Custom Upfits Cost by Resident. All Custom Upfits are subject to construction feasibility and applicable code requirements as determined by The Sharon at SouthPark and shall not delay overall project completion. Should Resident cancel this Agreement for any reason, The Sharon at SouthPark shall have the right to retain all of the Custom Upfits Cost paid by Resident. Resident’s payment(s) of the Custom Upfits Cost will be used to pay the General Contractor and is not subject to refund under any circumstances. If Resident cancels this Agreement for any reason and The Sharon at SouthPark determines that Resident’s Custom Upfits are such that they would hinder remarketing of the Unit, Resident will be required to pay, and hereby agrees to promptly pay to The Sharon at SouthPark, the cost (the “**Custom Upfits Restoration Cost**”) of restoring the Unit to a marketable condition as determined

by The Sharon at SouthPark. Once Custom Upfits are in place, they become the property of The Sharon at SouthPark and may not be removed by Resident.

4. **Cancellation of Reservation.** In the event that The Sharon at SouthPark decides not to complete construction of Belmore, The Sharon at SouthPark may cancel this Agreement by providing written notice to Resident. In such event, The Sharon at SouthPark shall return the \$1,000 Non-Binding Reservation Deposit (if applicable), the Reservation Deposit, and the Progress Deposit (if applicable) to Resident. Resident may cancel this Agreement at any time prior to occupancy of the Unit by providing written notice (a **“Termination Notice”**) to The Sharon at SouthPark at the above address. As The Sharon at SouthPark will suffer losses due to cancellation by Resident, The Sharon at SouthPark shall be entitled to retain a portion of funds paid by Resident pursuant to Paragraph 2 under certain circumstances as set forth herein together with the Custom Upfits Cost (if applicable). Upon written cancellation of this Agreement, deposits paid by Resident shall be distributed within thirty (30) days after the effective date of termination as follows:

a. **Cancellation within 30 days.** This Agreement may be cancelled by the Resident giving written notice of termination within thirty (30) days following either the later of i. the execution of this Agreement or ii. the receipt of a disclosure statement and any material revision thereof, that meets the requirements of North Carolina G.S. 58-64A-150. In such case of cancellation The Sharon at SouthPark will refund to Resident the \$1,000 Non-binding Reservation Deposit (if applicable), the Reservation Deposit and the Progress Deposit (if applicable). The \$1,000 Wait List deposit shall be refunded at the Resident’s request. Resident acknowledges receipt of The Sharon at SouthPark’s current Disclosure Statement and understands that this Reservation Agreement is subject to the terms of that Disclosure Statement and to the Continuing Care Contract to be executed prior to occupancy.

(Initials of Resident)

(Initials of Resident)

b. **Cancellation due to death.** If Resident is one individual, this Agreement is automatically canceled due to death of the Resident, and Resident’s estate shall receive a full refund of the \$1,000 Non-binding Reservation Deposit (if applicable), the Reservation Deposit, the Progress Deposit (if applicable), and the \$1,000 Wait List deposit. In the case where two individuals have signed this Reservation Agreement, in the event of death of the spouse of

one Resident, should the surviving Resident provide a Termination Notice to The Sharon at SouthPark within thirty (30) days after such death, this Agreement shall be terminated and The Sharon at SouthPark will refund to the surviving Resident the \$1,000 Non-binding Reservation Deposit (if applicable), the Reservation Deposit, and the Progress Deposit (if applicable). The \$1,000 Wait List deposit shall be refunded at the Resident's request.

- c. **Cancellation due to illness.** If Resident provides a Termination Notice with evidence satisfactory to The Sharon at SouthPark that Resident is canceling this Agreement on account of illness, injury or incapacity that would preclude either Resident from occupying the Unit under the Resident's Agreement, this Agreement shall be terminated and The Sharon at SouthPark will refund to Resident the \$1,000 Non-binding Reservation Deposit (if applicable), the Reservation Deposit, and the Progress Deposit (if applicable). The \$1,000 Wait List deposit shall be refunded at Resident's request.
- d. **Other Cancellations.** In all other circumstances where Resident cancels this Agreement by providing a Termination Notice to The Sharon at SouthPark or should The Sharon at SouthPark terminate this Agreement due to the failure of Resident to comply with the terms herein, The Sharon at SouthPark shall retain an amount not to exceed the greater of \$3,000 or two percent (2%) of the Entry Fee from Paragraph 2 above as a reasonable service charge (the "Service Fee") plus the Custom Upfits Cost and Custom Upfits Restoration Cost and shall return the balance of the Reservation Deposit and the Progress Deposit (if applicable) to Resident. The \$1,000 Wait List deposit shall be refunded at the Resident's request.

Upon cancellation of this Agreement by either party, return of the applicable deposits as provided herein and Resident's payment of any Custom Upfits Restoration Cost, The Sharon at SouthPark and Resident shall have no further obligations to each other under this Agreement.

- 5. **Occupancy of Unit.** The Resident will be notified in writing of the date on which the Resident can occupy his/her living accommodation. This date is referred to as the "**Date of Availability.**" The Date of Availability will be determined by The Sharon at SouthPark, based on the date The Sharon at SouthPark receives a certificate of occupancy for Belmore. Payment of the Entry Fee and Monthly Fee is due on the Date of Availability, whether or not the Resident chooses to physically occupy the

living accommodation on that date. The "Date of Occupancy" is the date on which the Resident actually moves into The Sharon at SouthPark or the date on which he/she begins paying the Monthly Service Fee, whichever comes first. If, after The Sharon at SouthPark has established and communicated the Date of Availability, the Resident fails to take occupancy or begin payment of the Monthly Service Fee by the Date of Occupancy determined under this Agreement, The Sharon at SouthPark may terminate this Agreement and refund any deposits, less retainage of the Service Fee as provided in Paragraph 4(d) above. Notwithstanding the foregoing, delays caused by events beyond the reasonable control of The Sharon at SouthPark, including but not limited to acts of God, labor shortages, supply disruptions, governmental delays, or other causes of like nature, shall excuse performance and extend the Date of Availability accordingly.

6. **Final Payment.** The Sharon at SouthPark will provide Resident with a closing statement showing Resident the balance due to The Sharon at SouthPark, which shall be paid on or before the Date of Occupancy described in Paragraph 5 above. This balance will be calculated as follows: Entry Fee less the \$1,000 Non-binding Agreement deposit (if applicable), the \$1,000 Wait List deposit (if applicable), Reservation Deposit, and Progress Deposit. If the Resident does not pay the balance due on or before the Date of Occupancy, The Sharon at SouthPark may terminate this Agreement and refund any deposits, less retainage of the Service Fee as provided in Paragraph 4(d) above.

7. **Rules and Regulations of The Sharon at SouthPark.** Resident's rights to occupy the Unit are subject to the rules and regulations governing the operation of The Sharon at SouthPark as contained in the Resident's Agreement, and Resident agrees to be bound by the terms contained therein.

(Initials of Resident)

(Initials of Resident)

8. **Miscellaneous.** Oral representations and agreements are not binding on The Sharon at SouthPark or Resident, and Resident acknowledges that Resident is not relying on any oral representations or agreements of The Sharon at SouthPark or any agents of The Sharon at SouthPark (including any sales representatives). Existing plans for the Unit are subject to modification by The Sharon at SouthPark at any time. Any notice in connection with this Agreement must be in writing and will be deemed delivered when delivered personally, or delivered by Email, or when

deposited in the United States Mail, postage prepaid, registered or certified mail, return receipt requested (with a copy to be mailed by first class mail), or when delivered to a nationally recognized overnight courier (charges prepaid), properly addressed to The Sharon at SouthPark or Resident, as the case may be. This Agreement embodies the entire agreement between the parties and cannot be modified or amended except by the written agreement of the parties. This Agreement may not be assigned by Resident. If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall remain in full force and effect. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver of that or any other provision. This Agreement shall be governed by the laws of the State of North Carolina.

THIS IS A BINDING AGREEMENT BETWEEN RESIDENT AND THE SHARON AT SOUTHPARK, as evidenced by their signatures below.

RESIDENT(S):
doing

The Presbyterian Home at Charlotte, Inc.,
business as THE SHARON AT SOUTHPARK

_____ (seal)

by: _____

Authorized Agent

_____ (seal)

Appendix E — Statutory Ratio and Supporting Definitions

This Appendix reproduces certain statutory definitions referenced in Section 35 — Key Financial Metrics. The definitions below are quoted verbatim from N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 and are provided for reference only.

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). If the statutory definitions are amended, the statute as amended controls.