The VILLAGE AT BROOKWOOD

— A Well·Spring Group Life Plan Community —

Disclosure Statement

May 31, 2025

Alamance Extended Care, Inc.
d.b.a.
The Village at Brookwood

1860 Brookwood Avenue
Burlington, NC 27215
(336) 570-8400

In accordance with Article 64 of Chapter 58 of the NC General Statutes:

- **This Disclosure Statement may be delivered until revised, but not after October 29, 2026.**
- **Delivery of this Disclosure Statement to a contracting party before execution of a contract for the provision of continuing care is required;**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

TABLE OF CONTENTS

Definition of Terms

“Assisted Living” means a level of care that combines housing, supportive services, personalized assistance, and healthcare designed to meet the individual’s needs on a daily basis.

“Confidential Financial Statement” means a financial disclosure by the resident for the purpose of qualifying for admission to The Village at Brookwood.

“Continuing Care Retirement Community” (CCRC) also known as Life Plan Community means the provision of residential housing together with nursing services, medical services, or other health related services, under an agreement effective for the life of the individual.

“Co-Resident Fee” means the additional entrance fee and the additional monthly fee associated with two persons occupying the same residence.

“Direct Admission to the Health Care” means an agreement between a resident and The Village at Brookwood to enter Health Care directly for residency. Health related services are provided at the full per-diem rate and specified amenities are billable services as used.

“Entrance Fee” means a one-time payment at move-in that assures a resident a residence.

“Fee-for-Service contract” means a contract that provides housing, residential services, and priority access to health-related services in exchange for an entrance fee and a monthly fee. Health related services are provided at the full per-diem rate and specified amenities are billable services as used.

“Gated Community” means fully fenced campus with strictly controlled entrances.

“Health Care Center” means the building where Assisted Living and Nursing Care are provided.

“Life Care Benefit” means the rate paid by a resident who has a “Life Care Contract” while residing in the Health Care Center. The rate at the time of transfer will apply to Assisted Living, Assisted Living Memory Care and Skilled Nursing accommodations.

“Life Care Contract” means a contract that provides housing, residential services, and priority access to health-related services in exchange for an entrance fee and a monthly fee. Unlimited access to long-term nursing care is available at little to no additional cost (Life Care Benefit), apart from periodic inflationary increases.

“Life Plan Community” also known as a CCRC means the provision of residential housing together with nursing services, medical services, or other health related services, under an agreement effective for the life of the individual.

“Non-refundable fee” means the portion of the fees paid to The Village at Brookwood that will not be refunded if the resident terminates the contract.

“Nursing Care” means the Skilled Nursing level of care as defined by the Nursing Home Rules and Regulations.

“Occupancy” means the time after which the resident pays their entrance fees, begins paying monthly fees, takes possession of the keys and moves into his/her residence at The Village at Brookwood.

“Provider” means the corporation, Alamance Extended Care, Inc., d/b/a The Village at Brookwood.

“Residence” means an Apartment, Garden Home, or Assisted Living residence.

“Residence and Services Agreement” means the contract for continuing care between The Village at Brookwood and the resident.

“Residency” means approval by the Provider to move into the CCRC, based on age, health, and financial qualifications of the prospective resident.

“Resident” means a purchaser of a Life Care or Fee for Service Residence and Services Agreement and residing on The Village at Brookwood campus.

“Residential Living” means garden homes and apartment residences.

“Skilled Nursing” means the level of care that requires the oversight of a Registered Nurse.

“The Village” means The Village at Brookwood.

“Wellness Center” means the facility that houses all exercise equipment, aerobics/exercise room and swimming pool.

I. ORGANIZATION

Alamance Extended Care, Inc. d/b/a The Village at Brookwood is a North Carolina not-for-profit corporation which was founded in 1986. The Village has received a determination letter from the Internal Revenue Service stating that the corporation is an organization exempt from federal income tax under Section 501(A) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 50l(c)(3) of the Code.

Well Spring Services, Inc., (the "Parent") a North Carolina not-for-profit organization located in Greensboro, is a not-for-profit corporation chartered by the State of North Carolina in 1986 and is the sole member of The Village, Well Spring Retirement Community, Inc., Well Spring Solutions and Well Spring Management & Development. The Parent is not liable for any activities of the Village.

In July 2022, Well Spring Services became the sole member of The Village through a member substitution agreement, “the Member Substitution Agreement” with ARMC and The Moses H. Cone Memorial Hospital (“Cone Health”). The Member Substitution Agreement was entered into January 26, 2022, and the member substitution was finalized on July 1, 2022.

In July 2020, AEC closed its Edgewood Place Public Skilled Nursing Facility and sold 54 of the 81 bed licenses, keeping the remaining 27 beds licenses. As of the date of this projection, Management has not determined the future use of the Edgewood Place public skilled nursing facility property nor the remaining 27 nursing bed licenses, and as such, Management has projected no activity during the projection period.

Affiliation

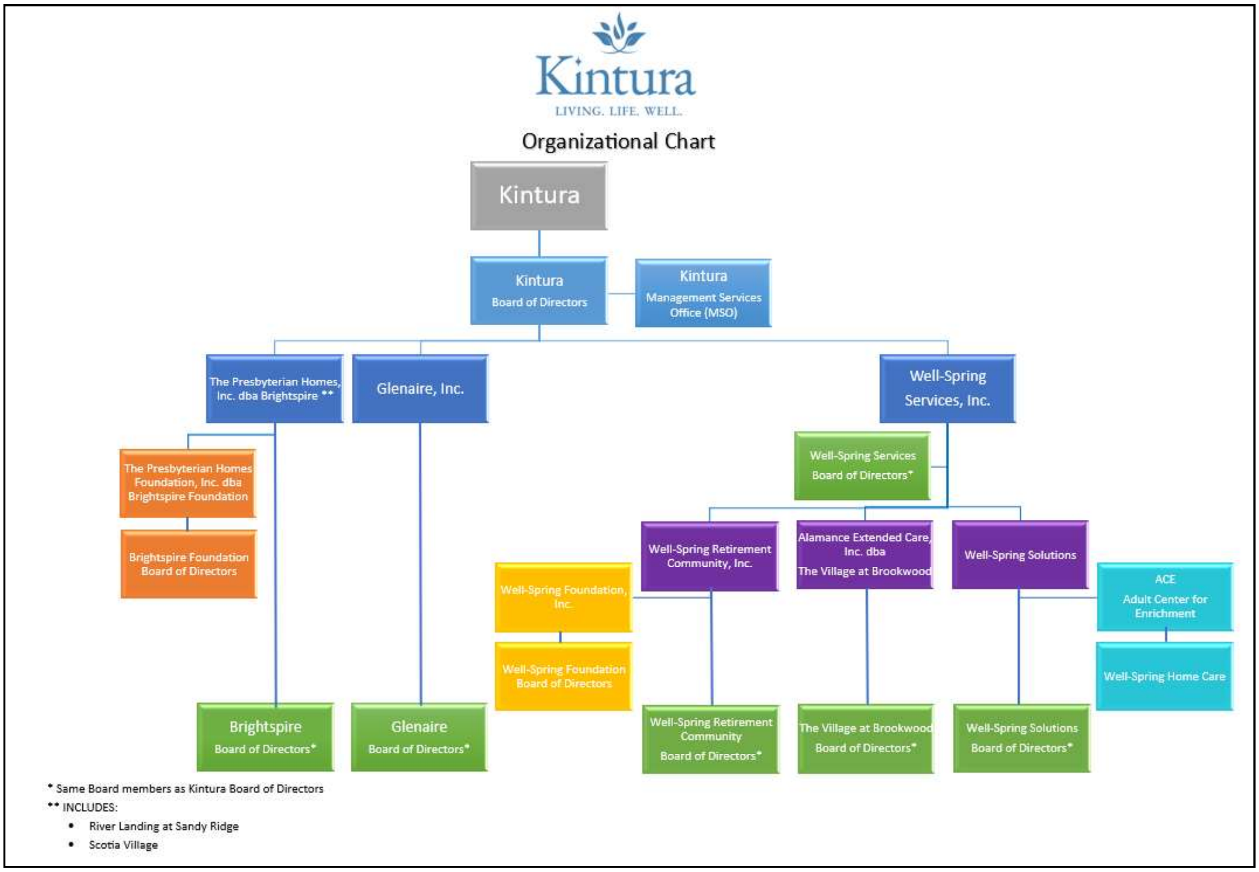
Kintura was founded in 2024 through the affiliation of the former organizations The Presbyterian Homes, Inc., (d/b/a Brightspire) and Well-Spring Services, Inc. (d/b/a The Well-Spring Group). Kintura, located in Greensboro, N.C., is a North Carolina not-for-profit corporation chartered by the State of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

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

Advisors – made up of resident representatives of each Kintura life plan community – provides insight and feedback to help inform Kintura decision-making.

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

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



II. FACILITY INTRODUCTION AND INFORMATION

The Village at Brookwood campus is approximately 47 acres located generally between Rockwood Avenue to the west, Hermitage Road to the east, Woodland Avenue and Arbor Drive to the north, and Edgewood Avenue to the south.

Construction of The Village at Brookwood began in November 2001, with occupancy of the retirement community on July 21, 2003.

The Community consists of 110 apartments in a five-story building; 66 one-story garden homes; a community center; and a health care center with 48 rooms of licensed Assisted Living, Memory Care, and Skilled Nursing care. In May 2009, The Village opened a Wellness Center with exercise rooms, swimming pool, Jacuzzi, and locker rooms.

The common areas are the center of activities for The Village and include a formal dining room, a café, a tavern, a private dining room, a living room and social lounge, a covered patio, a fire pit, an arts and crafts studio, a paint studio, an auditorium, a club room, a library, a beauty and barber shop, carpentry shop, a billiards room, a pickleball court, raised garden plots, an outdoor pavilion, a putting green, and a dog park. Residents have the choice of using the community center amenities for everyday needs or travelling outside The Village at Brookwood to the greater Burlington community.

The Health Care Center consists of an outpatient clinic, 24 Assisted Living rooms which are licensed as Adult Care (Home for the Aged), with 12 of these rooms dedicated to dementia-memory care, and 24 Skilled Nursing rooms, licensed as Nursing Care.

Legal Description

The Village at Brookwood is a division of Well Spring Services, Inc.

Organization

Well Spring Services, Inc. manages The Village at Brookwood subject to the direction of the Board of Directors.

Mr. Stephen P. Fleming is currently the Co-Chief Executive Officer and Co-President of Kintura. Prior to the affiliation in 2024, Mr. Fleming served as the President and Chief Executive Officer of the Well-Spring Group. Mr. Fleming joined Well-Spring Retirement as Executive Director in July 2000. Prior to joining Well-Spring Retirement, Mr. Fleming served as a Chief Operating Officer of a multi-facility corporation, as an Executive Director of a continuing care retirement community in New Hampshire and as an Administrator of a continuing care retirement community in North Carolina. Mr. Fleming holds an undergraduate degree in Public Health, Health Policy and Administration as well as a master's degree in business administration.

Mr. Timothy J. Webster is currently the Co-CEO and Co-President of Kintura. Prior to the affiliation, Mr. Webster served as the President and Chief Executive Officer, and Assistant Secretary of The Presbyterian Homes, Inc. dba Brightspire. He has been with the company since April of 1994. During his tenure he has held the positions of Assistant Controller, Controller, Director of Finance, Director of Operations, and Vice President and Chief Operating Officer. Mr. Webster is a Certified Public Accountant.

Mr. Hank Lovvorn is currently the Executive Vice President and Chief Operating Officer of Kintura. Prior to the affiliation, Mr. Lovvorn served as the Vice President and Director of Operations of The Presbyterian Homes, Inc. dba Brightspire He has been with the Company since June 2008. Prior to joining The Presbyterian Homes, Inc. dba Brightspire he served as Regional Vice President of Operations for a multi-community retirement organization in Florida.

Mr. K. Alan Tutterow is currently the Executive Vice President and Co-Chief Financial Officer of Kintura. Prior to the affiliation in 2024, Mr. Tutterow served as the Secretary, Treasurer and Chief Financial Officer of the Well-Spring Group. Mr. Tutterow joined Well-Spring in 1993. Mr. Tutterow is a Certified Public Accountant, a licensed North Carolina Nursing Home Administrator, and a Certified Aging Services Professional.

Mrs. Julia F. Hanover is currently the Executive Vice President and Co-CFO of Kintura. Prior to the affiliation, Mrs. Hanover served as the Vice President and Chief Financial Officer, and Assistant Treasurer of The Presbyterian Homes, Inc. dba Brightspire. She has been with the company since March of 1998. She has served as Director of Finance and Controller since her tenure with the corporation. Mrs. Hanover is a Certified Public Accountant.

Mr. Mark Collins is currently the Executive Vice President of Human Resources of Kintura. Prior to the affiliation, Mr. Collins served as the Vice President, Director of Human Resources of The Presbyterian Homes, Inc. dba Brightspire. He has been with the company since September 2012.

Ms. April Mayberry, NHA is currently the Executive Director & Director of Healthcare. Ms. Mayberry holds a bachelor's degree in Recreational Therapy from Western Carolina University and has been serving older adults for over 25 years. Her career in healthcare began in the for-profit industry with Genesis Healthcare which included Recreation Therapy Director, Behavioral Health Director, and Associate Administrator before becoming a Licensed Nursing Home Administrator in 2011. In 2019 April began working for The Well-Spring Group as the Director of Health Services at The Village at Brookwood in Burlington, NC and in 2022 was named Executive Director.

Kintura
BOARD OF DIRECTORS
2025

Cantey Alexander 5603 New Garden Village Drive Greensboro, NC 27410	Retired – Triad Regional President Truist Financial Corporation
Jane Baker 5603 New Garden Village Drive Greensboro, NC 27410	Retired – Executive Director NC Board of Examiners for Nursing Homes Administrators
Kathryn "Cookie" Billings **(Vice-Chair)** 5603 New Garden Village Drive Greensboro, NC 27410	Retired – Town Manager City of Jamestown
Bob Chandler 5603 New Garden Village Drive Greensboro, NC 27410	Vice President Chandler Concrete Company, Inc.
Tim Clontz **(Treasurer)** 5603 New Garden Village Drive Greensboro, NC 27410	Retired CEO and Executive Director, Community Care Center Senior Vice President, Cone Health
David Coulter 5603 New Garden Village Drive Greensboro, NC 27410	Retired WakeMed, Senior VP, Administrator at Cary Hospital
Wendy Gatlin 5603 New Garden Village Drive Greensboro, NC 27410	Senior Vice President US Trust, Bank of American Private Wealth Management
Barry Goldstein 5603 New Garden Village Drive Greensboro, NC 27410	Retired CFO and Executive Vice President for Office Depot Partner at Grant Thornton, international CPA firm
Lori Haddock **(Chair)** 5603 New Garden Village Drive Greensboro, NC 27410	Managing Partner at Midtown Financial Advisors
Leigh Ann Klee 5603 New Garden Village Drive Greensboro, NC 27410	CFO/COO PACE Communications
Harold Martin Sr., Ph.D. 5603 New Garden Village Drive Greensboro, NC 27410	Chancellor Emeritus - North Carolina Agricultural and Technical State University
Alexander L. Maultsby 5603 New Garden Village Drive Greensboro, NC 27410	Attorney, Partner Ramseur Maultsby, LLP
Bill McIlwain **(Secretary)** 5603 New Garden Village Drive Greensboro, NC 27410	Retired / District Court Judge
David Sprinkle 5603 New Garden Village Drive Greensboro, NC 27410	Retired Representative for Northwestern Mutual Life Insurance President and CEO of The Todd Organization
Ben Zuraw 5603 New Garden Village Drive Greensboro, NC 27410	Retired Civic educator and law firm partner

None of the Directors are employed by either Well Spring Services, Inc. or by The Village at Brookwood. The services as Director are without remuneration.
No member of the Board of Directors or the management staff has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or is subject to a currently effective injunctive or restrictive court order; or within the past five years, had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care community, nursing home retirement home, home for aged, or community subject to this Article 58-64 or a similar law in another state.

No member of the Board of Directors or the named management staff has a ten percent or greater interest in any professional service firm, association, trust, partnership, or corporation which is presently or expects to provide goods, leases or services to the community or to Residents of the community of an aggregate value of $500 or more within any year. No entity that provides or will provide goods or services to the community of $500 or more has a ten percent or greater interest in any members of the Board of Directors or management staff.

Annually each member of the Board of Directors shall state in writing that they are free of a Conflict of Interest and comply with the Code of Conduct. A copy of the Conflict of Interest Statement is included as Exhibit E.

III. POLICIES

A. Residency – Health and Financial Criteria

Generally, all Residents of Residential Living at The Village at Brookwood are required to live independently at the time of residency and/or settlement and have the financial resources to pay the Entrance and Monthly Service Fees. Residents are also encouraged to subscribe to Medicare Parts A and B and any other hospital or medical insurance benefit program which supplements Medicare or other comparable insurance accepted by Provider. The Resident shall provide Provider with evidence of such coverage or of an acceptable substitute insurance plan, and the Resident shall pay all premiums.

The process for residency and the financial and medical requirements is specifically outlined in the forms for residency given to every person interested in joining The Village.

The Resident may become a part of the Future Residents Program (FRP) by payment of a $1,200 application fee. Of that fee, all $1,200 will be credited toward the entry fee. Members of the Future Residents Program will receive advance notice of openings and will have priority in residence choices over all other prospective residents.

When a desired residence is available, the resident shall enter into the Reservation Agreement and place a 10% reservation fee on the residence that has been chosen. This will reserve the residence during the application approval process.

The Resident shall submit for approval by the Provider, an Application for Residency, which includes a confidential personal and health history and a financial disclosure, all on forms furnished by The Village. The application forms will be submitted to The Village within fourteen (14) days after the execution of the Reservation Agreement.

Upon receipt of the completed application forms, the Provider will review the forms submitted by the Resident for initial acceptance to The Village. Based on entrance criteria and policies established by the Board of Directors of the Provider, the Provider will approve or deny the application for initial acceptance within fourteen (14) days of receipt of the completed application forms. The Resident will be promptly notified of the decision of the Provider.

Provider will notify the Resident forty-five (45) days in advance of the date on which the Residence is available for occupancy. The Balance of the Entrance Fee and the first month's Monthly Fee are payable by the date of occupancy.

Prior to admission to The Village, the Provider requires the Resident to receive a health assessment conducted by our healthcare team. The Resident shall also submit a report of a physical examination of the Resident made by a physician selected by the Resident within Sixty (60) Days prior to occupancy. The report shall include a statement by the physician that the Resident is in good health and is capable of independent living (able to provide self-care in activities of daily living). The Resident shall be responsible for the cost of such physical examinations. If the health of the Resident as disclosed by such physical examination differs materially from that disclosed in the Resident's Application for Admission and Personal Health History, Provider shall have the right to decline admission of the Resident to the Residence and may offer occupancy in the Health Care Center as described below.

The Resident must have assets and income which will be sufficient to pay the financial obligations of the Resident under the Residence and Services Agreement and to meet their ordinary living expenses. Provider, at its discretion, may require the Resident(s) to furnish additional, current financial information.

The Resident affirms that the representations made in the Application for Residency, which include a confidential personal and health history and a financial disclosure, are true and correct and may be relied upon by the Provider as a basis for entering into the Residence and Services Agreement.

If it is determined by the Provider that the Resident is unable to live independently in the residence, such resident may be offered direct admission to the Health Care Center. Such Resident shall pay the current Direct Admission Entrance Fee and shall pay monthly fees equal to the current private pay rate (per diem market rate) in the Health Care Center (for the required level of care: Assisted Living, Skilled Care or Memory Care). Residents directly admitted to the Health Care Center shall complete a separate Direct Admission Agreement and applications as required by the Provider and North Carolina licensure statutes. The Co-Resident or spouse of a Resident who qualifies for direct admission shall continue to be governed by the terms of the Residence and Services Agreement as a single occupant of the Residence.

If the Resident experiences a subsequent change in health status that would allow the Resident to again qualify for admission to an independent residence, the Resident shall be allowed to apply for admission into any vacant independent residence that the Resident qualifies for. If the resident has a spouse or significant other, the resident will then pay the second person fee for the residence occupied. If the resident is single and there are no residences available that the resident qualifies for, the resident will be put on a wait list for admission to such residence according to the Priority Number assigned to the Resident upon entering the Residence and Services Agreement.

B. Cancellation/Termination

1. **Cancellation of Contract Prior to Occupancy:** The 10% deposit under the Residence and Services Agreement, Section VI., makes the following provisions regarding cancellation:

   a. **Termination by Resident Prior to Occupancy.** The Residence and Services Agreement may be terminated by the Resident for any reason prior to occupancy by giving written notice to Provider. In the event of such termination, the Resident shall receive a refund of the 10% Deposit paid by the Resident, less any expenses incurred by The Village and less a nonrefundable fee equal to 2% of the total amount of the selected Entrance Fee option.

      If a resident dies before occupying the Residence, or if, on account of illness, injury, or incapacity, a resident would be precluded from occupying the Residence under the terms of the Residence and Services Agreement, the Residence and Services Agreement is automatically canceled. The nonrefundable fee (equal to 2% of the total amount of the selected Entrance Fee option) will not be charged, however, if such termination is because of death of a Resident, or because the Resident's physical, mental or financial condition makes the Resident ineligible for entrance to The Village.

      Any such refund shall be paid by The Village within sixty (60) days following receipt of notification of such termination. Provider requires that such notification be in writing.

b. **Termination by The Village.** The Village at Brookwood may terminate the Residence and Services Agreement prior to occupancy if there has been a material misrepresentation or omission made by the Resident in the Resident's information provided prior to Residency, within the Personal Health History, or the Confidential Financial Statement; or if the Resident's financial status changes such that Resident no longer meets The Village's financial requirements for residency. In the event of termination for any such causes, the refund of the Entrance Fee paid by the Resident shall be determined in the manner described in Section III.C. below (Entrance Fee Plans).

2. **Cancellation of Contract Pursuant to Occupancy and Termination Other Than Death:** The Residence and Service Agreement, in, Section VI., makes provisions for cancellations and terminations after the Resident occupies a residence, as follows:

   a. **Voluntary Termination after Occupancy.** At any time after occupancy, the Resident may terminate the Residence and Services Agreement by giving Provider thirty (30) days written notice of such termination. Such notice effectively releases the Residence to The Village. Any refunds of the Entrance Fee due to the Resident shall be calculated based upon the Entrance Fee option chosen by the Resident and as described in Section III.C. Any refund due the Resident under this paragraph will be made at such time as such Resident's Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs. All refunds may be reduced by the cost of returning the Residence to its original condition and by any outstanding charges due from Resident.

   b. **Termination upon Death.** In the event of death of the Resident at any time after occupancy, the Residence and Services Agreement shall terminate, and the refund of the Entrance Fee paid by the Resident shall be calculated based upon the Entrance Fee option chosen by the Resident and as described in Section III.C. Any refund due to the Resident's estate will be made at such time as such Resident's Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs. All refunds may be reduced by the cost of returning the Residence to its original condition and by any outstanding charges due from Resident.

c. Termination by The Village. The Village may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History, or Confidential Financial Statement; if the Resident fails to make payment to Provider of any fees and charges due The Village within sixty (60) days of the date when due; or if the Resident does not abide by the rules and regulations adopted by Provider or breaches any of the terms and conditions of this Agreement. Any refunds of the Entrance Fee due to the Resident shall be calculated based upon the Entrance Fee option chosen by the Resident and as described in Section II.A. Any refund due the Resident under this paragraph will be made at such time as such Resident's Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs. All refunds may be reduced by the cost of returning the Residence to its original condition and by any outstanding charges due from Resident.

3. Rescission Period. Notwithstanding anything herein to the contrary, this Agreement may be rescinded by the Resident giving written notice of such rescission to The Village within thirty (30) days following the later of the execution of this Agreement or the receipt of the Disclosure Statement that meets the requirements of Section 58-64-25, et.seq. of the North Carolina General Statutes. In the event of such rescission, the Resident shall receive a refund of the Entrance Fee paid by the Resident, less 2%. The Resident shall not be required to move into The Village before the expiration of such thirty (30) day period. Any such refund shall be paid by The Village within sixty (60) days following receipt of written notice of rescission pursuant to this paragraph.

C. Entrance Fee Plans

Two Entrance Fee Plans are available to the Resident according to the terms listed below. The Entrance Fee Refund Plan is chosen by the Resident and may be changed up to the date of payment of the final balance.

1. Standard Life Care. Entrance Fee (less an initial 6% nonrefundable fee) accrues to The Village at a rate of 2% per month of occupancy or portion thereof for 47 months. The Resident will be due a refund of the Entrance Fee less: 2% thereof for each month of occupancy, plus any costs owed to The Village by the Resident, plus the amount necessary to restore the Residence to an acceptable condition except for reasonable wear and tear to the Residence. Refunds will be payable to the Resident at such time as such Resident's Residence shall have been reserved by a prospective Resident and such prospective Resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs.

2. **Standard Fee for Service.** The Entrance Fee (less an initial 6% nonrefundable fee) accrues to The Village at a rate of 2% per month of occupancy or portion thereof for 47 months. The Resident will be due a refund of the Entrance Fee less: 2% thereof for each month of occupancy, plus any costs owed to The Village by the Resident, plus the amount necessary to restore the Residence to an acceptable condition except for reasonable wear and tear to the Residence. Refunds will be payable to the Resident at such time as such Resident's Residence shall have been reserved by a prospective Resident and such prospective Resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs. The Residence and Services Agreement for this type of contract outlines the services that are included in the fees (Section V. of the Disclosure Statement applies to this type of contract). All Healthcare Services are provided at the prevailing per diem rate. Medicare and approved insurances may be used to pay for these services, however, when Medicare and insurances do not provide coverage, the resident will be charged the per diem rate.

D. Moves and Transfers

The Residence and Services Agreement outlines the policies for transfers in Section V, "Transfers or Changes in Levels of Care," and should be consulted for a complete description of the policy concerning moves and transfers. The Resident may transfer from one Independent Living Residence to another or from an Independent Living Residence to the Health Care Center for Assisted Living, Memory Care or Nursing Services. Section V. of the Residence and Services Agreement makes the following provisions:

Voluntary Transfer between Independent Residences. The Resident may transfer from one independent Residence to another. The Resident shall comply with The Village's current Friends Advantage Program for selection of such Residence. There may be a refurbishment fee (for the residence being vacated) charged for such a transfer.

1. **Transfer of Resident to a Larger Residence.** If the Resident elects to transfer to a larger Residence, an additional Entrance Fee (according to the Entrance Fee option selected with the Date of Occupancy) equal to the difference between the Entrance Fee for the smaller Residence and the Entrance Fee for the larger Residence will be due to The Village. The Resident will also pay the Monthly Service Fee associated with the larger Residence.

2. **Transfer of Resident to a Smaller Residence.** The Resident may elect to transfer to a smaller Residence and pay the current monthly service fee for that Residence. The transfer to a smaller Residence shall not result in any entrance fee refund.

3. **<u>Transfer to the Health Care Center.</u>** The Resident agrees that Provider shall have authority to determine that the Resident be transferred from one level of care to another level of care within The Village. Such a determination shall be based on the professional opinion of the Medical Director and shall be made after reasonable efforts to consult with the Resident or the Resident’s chosen and legal representative.

4. **<u>Transfer to Hospital or Other Facility.</u>** If it is determined by Provider that the Resident needs care beyond that which can be provided by The Village, the Resident may be transferred to a hospital or institution equipped to give such care; such care will be at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident, or a representative of the Resident's family or legal representative.

5. **<u>Surrender of Residence.</u>** If a determination is made by Provider that any transfer as described above is likely to be permanent in nature, the Resident agrees to surrender the Residence upon such transfer. Following a two-week grace period for the residence to be vacated, the Provider shall charge the monthly fees until such time that the unit is vacated. If Provider subsequently determines that the Resident can resume occupancy in a Residence or accommodation comparable to that occupied by the Resident prior to such transfer, the Resident shall have priority to such residence as soon as it becomes available.

E. Addition of a Co-Resident or Marriage

When a single Resident occupies a Residence in which The Village policy permits double occupancy, the Resident can allow another person to share occupancy of the Residence. The Village requires the new Resident to qualify for acceptance under the current Residence and Services Agreement type and refund option as the primary Resident.

F. Financial Assistance

Section VIII. of the Residence and Services Agreement makes the following provision for financial assistance:

> Provider declares that it is the intent of The Village to permit a Resident to continue to reside at The Village if the Resident is no longer capable of paying the prevailing fees and charges of The Village as a result of financial reversals occurring after occupancy, provided such reversals, in Provider’s judgment, are not the result of willful or unreasonable dissipation of the Resident's assets. In the event of such circumstances, Provider will give careful consideration to subsidizing the fees and charges payable by the Resident so long as such subsidy can be made without impairing the ability of Provider to operate on a sound financial basis. Any determination by Provider with regard to the granting of financial assistance shall be within the sole discretion of Provider.

IV. SERVICES - Life Care

A. Standard Services Available

The Village at Brookwood is a full-service Continuing Care Retirement Community. Residents will pay a one-time Entrance Fee and a Monthly Service Fee. The fees are designed to cover virtually all living expenses incurred by Residents of The Village. The Monthly Service Fee covers the following basic services:

- one meal, per person, per day (at the choice of Resident during the month)
- weekly housekeeping
- maintenance of the residence
- maintenance of grounds and landscaping
- regularly scheduled local transportation including local medical appointments
- planned social and recreational activities
- all utilities (electric, gas, water, and sewer)
- cable television (basic)
- high speed internet services (WIFI)
- 24-hour emergency call service and response
- 24-hour security services in a gated community
- personal emergency pendants
- electronic check-in
- trash removal
- parking
- assistance with filing insurance claims
- assistance with transfer to hospitals or other special care facilities
- life care health care services

B. Services for an Extra Charge

Services that may require additional payment include:

- additional meals
- packaging and meal delivery to residence
- charges for special activities or trips
- personal parties or group events in the Community Center
- special, personal, or group trip transportation
- beauty salon and barber shop services
- guest accommodations
- telephone including long distance
- expanded cable television
- charges for selected clinic health care services and wellness program activities
- charges for temporary health care services (more than 14 days a year in a healthcare accommodation) not covered by Medicare or other insurance.

C. Absences

Residents away from The Village at Brookwood for fourteen (14) consecutive days or more, and who make arrangements in advance with The Village (excluding hospitalizations), will be credited with a current published dining services credit determined by The Village.

D. Health Care Services Available

Section I.G.13 of the Residence and Services Agreement outlines the services available in The Village at Brookwood Health Care Center. The payment for such services will be found in Section II of the Residence and Services Agreement.

The Health Care Center includes licensed Assisted Living, Assisted Living Memory Care, and Skilled Nursing accommodations. A health care clinic is located on site for use by Residents during scheduled hours.

The Life Care Benefit is the rate paid for residency in the Health Care Center. The rate at the time of transfer will apply to Assisted Living, Assisted Living Memory Care and Skilled Nursing accommodations.

The clinic will provide services such as certain examinations, consultations, checks, treatments, and tests, as authorized by the staff and the Medical Director, and the cost of certain services may be the responsibility of the Resident as described in Section I.G.13(b) of the Residence and Services Agreements.

SERVICES – Fee for Service

A. Standard Services Available

The Village at Brookwood is a full-service Continuing Care Retirement Community. Residents will pay a one-time Entrance Fee and a Monthly Service Fee. The Monthly Service Fee covers the following basic services:

- 15 meals per person, per month
- housekeeping every other week
- maintenance of the residence
- maintenance of grounds and landscaping
- regularly scheduled local transportation
- planned social and recreational activities
- all utilities (electric, gas, water, and sewer)
- cable television (basic)
- high speed internet service (WIFI)
- 24-hour emergency call service and response
- 24-hour security services in a Gated Community
- personal emergency pendants

- electronic check-in
- trash removal
- parking
- assistance with filing insurance claims
- assistance with transfer to hospitals or other special care facilities
- health care services at the per diem rate

B. Services for an Extra Charge

Services that will require additional payment include:

- additional meals
- packaging and meal delivery to residence
- additional housekeeping services
- charges for special activities or trips
- personal parties or group events in the Community Center
- special, personal or group trip transportation
- beauty salon and barber shop services
- guest accommodations
- telephone including long distance
- expanded cable television
- charges for selected clinic health care services and wellness program activities
- charges for temporary health care services not covered by Medicare or Long-Term Care Insurance

C. Health Care Services Available

Section I.G.13 of the Residence and Services Agreement (Fee for Service) outlines the services available in The Village at Brookwood Health Care Center, and payment for such services is set forth in Section II. F.1-2.

The Health Care Center includes licensed Assisted Living, Memory Care, and Skilled Nursing accommodations. A health clinic is located on-site for use by Residents during scheduled hours. All charges for health care related services will be at the per diem rate.

The clinic will provide services such as certain examinations, consultations, checks, treatments, and tests, as authorized by the staff and the Medical Director, and the cost of certain services may be the responsibility of the Resident as described in Section I.G.13(b) of the Residence and Services Agreement.

VI. FEES

A. Residency Fees

Persons applying for residency will choose a type of residence and make a 10% deposit of the Entrance Fee (the amount of which is determined by both the residence type and the Entrance Fee option). Applications for residency will be provided and completed to determine eligibility. Once approved for residency, a Resident will be guaranteed admission to The Village regardless of change in their health status. If a Resident requires nursing services prior to being able to live independently in a Residence, as determined by The Village, they will be subject to the terms outlined in Section III.D of the Residence and Services Agreement, "Direct Admission to Health Care Center." The monthly fee is the prevailing Fee for Service per diem rate.

All funds are held in escrow and are refundable under the terms outlined in the Residence and Services Agreement.

2025 Life Care Entrance Fees & Monthly Service Fees

Style	Description	Occupancy	Entrance Fee	Monthly Fee
Azalea	826 sq. ft. one bedroom	Single	237,500	3,492
Azalea	826 sq. ft. one bedroom	Double	280,100	5,202
Birch	1,113 sq. ft. one bedroom and den	Single	291,900	3,798
Birch	1,113 sq. ft. one bedroom and den	Double	334,400	5,508
Camellia	1,206 sq. ft., two bedrooms	Single	310,100	4,151
Camellia	1,206 sq. ft., two bedrooms	Double	352,700	5,861
Dogwood	1,352 sq. ft., two bedrooms and den	Single	346,600	4,505
Dogwood	1,352 sq. ft., two bedrooms and den	Double	389,200	6,215
Elm	1,596 sq. ft., two bedrooms and den	Single	384,300	4,885
Elm	1,596 sq. ft., two bedrooms and den	Double	426,800	6,595
Holly	1,692 sq. ft., two bedrooms	Single	393,000	5,334
Holly	1,692 sq. ft., two bedrooms	Double	435,400	7,044
Juniper	1,772 sq. ft., two bedrooms	Single	451,900	5,402
Juniper	1,772 sq. ft., two bedrooms	Double	500,700	7,112
Maple/Magnolia	1,892 sq. ft., three bedrooms	Single	422,500	5,581
Maple/Magnolia	1,892 sq. ft., three bedrooms	Double	465,000	7,291
Oak	1,965 sq. ft., three bedrooms	Single	440,300	5,743
Oak	1,965 sq. ft., three bedrooms	Double	482,700	7,453
Pine	2,160 sq. ft., three bedrooms	Single	506,400	5,813
Pine	2,160 sq. ft., three bedrooms	Double	555,100	7,523

2025 Fee for Service Entrance Fees & Monthly Service Fees				
Style	**Description**	**Occupancy**	**Entrance Fee**	**Monthly Fee**
Azalea	826 sq. ft. one bedroom	Single	149,700	2,934
Azalea	826 sq. ft. one bedroom	Double	176,500	4,027
Birch	1,113 sq. ft. one bedroom and den	Single	189,800	3,237
Birch	1,113 sq. ft. one bedroom and den	Double	217,500	4,330
Camellia	1,206 sq. ft., two bedrooms	Single	217,100	3,591
Camellia	1,206 sq. ft., two bedrooms	Double	246,900	4,684
Dogwood	1,352 sq. ft., two bedrooms and den	Single	242,700	3,978
Dogwood	1,352 sq. ft., two bedrooms and den	Double	272,500	5,071
Elm	1,596 sq. ft., two bedrooms and den	Single	269,100	4,362
Elm	1,596 sq. ft., two bedrooms and den	Double	298,800	5,455
Holly	1,692 sq. ft., two bedrooms	Single	298,700	4,401
Holly	1,692 sq. ft., two bedrooms	Double	331,000	5,494
Juniper	1,772 sq. ft., two bedrooms	Single	343,500	4,473
Juniper	1,772 sq. ft., two bedrooms	Double	380,600	5,566
Maple/Magnolia	1,892 sq. ft., three bedrooms	Single	321,200	4,683
Maple/Magnolia	1,892 sq. ft., three bedrooms	Double	353,400	5,776
Oak	1,965 sq. ft., three bedrooms	Single	334,600	4,842
Oak	1,965 sq. ft., three bedrooms	Double	366,900	5,935
Pine	2,160 sq. ft., three bedrooms	Single	384,900	4,916
Pine	2,160 sq. ft., three bedrooms	Double	421,900	6,009

B. Entrance Fee and Monthly Service Fee

The Village requires that two fees be paid for residency: an Entrance Fee and a Monthly Service Fee. These fees are reviewed annually to ensure the financial viability of the organization.

C. Health Care Center Fees – Life Care

Health Care Center revenues are generated from services to Residents transferring from residential living areas, or Residents admitted directly into a nursing bed due to health condition changes since approved for residency in Independent Living.

Residents transferring from residential living areas to the Health Care Center on a permanent or temporary basis will be charged the Life Care Benefit rate at the time of transfer.

Fourteen (14) days of qualified respite care are available to Life Care Residents on an annual basis. This benefit applies to skilled nursing only.

D. Health Care Center Fees – Fee for Service

Charges for Health Care Services will be billed at the per diem rate. In addition to the Health Care fee and ancillary charges as described in Section II.F.1 of the Residence and

Services Agreement, the resident will be charged the rate for the healthcare residence they occupy.

E. Fee Change Policies

The Residence and Services Agreement, Section II.D., makes the following provisions regarding the periodic adjustment of fees:

> "The Monthly Fee provides for the facilities, programs, and services described in this Agreement and is intended to meet the cost of the expenses associated with the operation and management of The Village. The Village shall have the authority and discretion to adjust the Monthly Fee during the term of this Agreement to reflect increases and changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services provided to Residents. At least a thirty (30) day notice will be given to the Resident before any adjustment in fees or charges."

Changes in fees for the previous five years

During the past five years TVAB has increased service fees as follows:

	Independent Living LifeCare or Fee-for-service		**Assisted Living Per Diem**		**Skilled Care Per Diem**	
Effective Date	**% Per Month (Weighted average across all unit types)**	**$ Per Month (Weighted average across all unit types)**	**% Per Day**	**$ Per Day**	**% Per Day**	**$ Per Day**
10/1/2020	3%	$108	3%	$8	3%	$10
10/1/2021	5%	$113	5%	$13	5%	$17
10/1/2022	7%	$117	7%	$14	7%	$25
1/1/2024	6%	$124	7%	$19	7%	$25
1/1/2025	5.5%	$235	6.25%	$22	6.25%	$30

F. Changes in Fees for the Previous Five Years

G. Miscellaneous Ancillary Charges

Additional charges may apply depending on the service received or the Residence and Services Agreement that was selected. Each September The Village distributes a Miscellaneous Rate Adjustment Memo to all residents for the following year.

VII. FINANCIAL INFORMATION

A. Debt Overview & Member Substitution Agreement

In conjunction with the Member Substitution Agreement effective July 1, 2022, the Village joined an obligated group with Well Spring Retirement Community, Inc. and borrowed bank debt as follows:

- $25,000,000 in long term debt, interest only for 1 year followed by a 29-year amortization. The debt is variable based on SOFR and has a 15-year maturity.
  - $15,000,000 of the debt is fixed at 3.78% with an Interest Rate Swap agreement.
  - $10,000,000 of the debt is variable rate based on SOFR.

B. Change in Fiscal Year

In order to match the fiscal year of the related organizations and the other member of the obligated group, The Village changed its fiscal year to end on December 31, 2022 and subsequent December 31sts.

C. Residents with Continuing Care Contracts

As of March 31. 2025, there were a total of 273 residents receiving continuing care services. There were 239 residents in Independent Living, 17 in Assisted Living and 17 in Skilled Nursing.

D. Current Financial Statements

The Village at Brookwood began operations on July 21, 2003. Audited financial statements for the year ended December 31, 2024 are included as Attachment A.

E. Five Year Forecasted Statement

See Attachment B for financial projection statements prepared for the fiscal years 2025-2029.

E. Material Differences between Forecasted Financial Data and Actual Results

Narrative describing material differences between forecasted financial data as shown in previous Disclosure Statement and Audited Actual Results.

(in thousands of dollars)	2024 Forecast	2024 Audit	Difference	Explanation $1,000/($1,000)
Statement of Balance Sheets				
Cash and cash equivalents	3,233	2,905	(328)	
Investments	33,767	35,690	1,923	Note 1
Accounts receivable, net	693	515	(178)	
Pledges Receivable - Current & Long-term	365	100	(265)	
Related Party Receivable	744	216	(528)	
Other receivables	985	1,330	345	
Other current assets	430	173	(257)	
Reserves required by state statute	12,849	13,300	451	
Admission Deposits	613	797	184	
Refundable Entrance Fees	356	356	-	
Externally restricted under Donors Restrictions	1,451	1,451	-	
Board Designated	3,957	3,900	(57)	
Interest rate swap agreement	4,960	6,008	1,048	Note 2
Other Assets	241	206	(35)	
Land, buildings and equipment, net	134,650	129,862	(4,788)	Note 9
Accrued interest	198	191	7	
Accounts payable and accrued expenses	5,956	4,783	1,173	Note 6
Intercompany Payables	4,536	4,076	460	
Deferred revenue from entrance fees	1,157	1,513	(356)	
Current Portion of long-term Debt	2,412	2,415	(3)	
Other Liabilities	727	419	308	
Working capital term loan	5,000	-	5,000	Note 4
Admission deposits	2,481	1,095	1,386	Note 6
Deferred revenue - nonrefundable fees	73,008	67,656	5,352	Note 7
Refundable entrance fees	4,222	9,081	(4,859)	Note 7
Long-term debt	62,736	62,478	258	
Unamortized Def Finance Cost	(258)	-	258	
Assets without donor restrictions	35,705	41,438	5,733	Note 3
Assets with donor restrictions	1,414	1,664	250	
Statements of Operations				
Resident fees earned	43,778	43,346	432	
Amortization of advance fees	8,708	9,661	(953)	
Support from Affiliates, net	553		553	
Healthcare Endowment Income	183		183	
Investment Income	1,561	4,490	2,929	Note 1
Assets released from restrictions	221	891	(670)	
Other Revenue	2,637	1,882	755	
Healthcare expenses	14,534	14,498	36	
Resident services expenses	2,648	-	2,648	Note 8
Dietary Expense	9,445	8,528	917	
Housekeeping Expense	2,965	2,388	577	
Plant Operations Expense	7,105	7,060	45	
General & Admin Expense	9,913	13,255	(3,342)	Note 8
Depreciation	10,657	10,419	238	
Interest and Amortization	2,436	2,384	52	
Transfer of net assets	-	884	(884)	
Accreted Interest	(119)	(118)	(1)	
Change in Value of Swap		1,049	(1,049)	Note 2
Donor restricted Contributions		922	(922)	
Net assets released from Restrictions	(221)	(891)	670	

(in thousands of dollars)	2024 Forecast	2024 Audit	Difference	Explanation $1,000/($1,000)
Statement of Cash Flows				
Change in net assets	(2,402)	3,582	5,984	Note 3
Depreciation	10,657	10,419	(238)	
Amortization of entrance fees	(8,709)	(9,661)	(952)	
Amortization of deferred financing costs	105	110	5	
Entrance fees received	16,494	16,581	87	
Accredited Interest	119	118	(1)	
Decrease in admission deposits	-	(1,385)	(1,385)	Note 6
Unrealized and realized gains		895	895	
Change in value of interest rate swaps		(1,049)	(1,049)	Note 2
Prov for credit losses		(20)	(20)	
Change is assets and liabilities				
Trade and other receivables	(249)	274	(523)	
Pledges Receivable	-	(400)	400	
Other Receivables	152	243	(91)	
Other current assets	(14)	472	(486)	
Decrease in accounts payable and accrued expenses		(2,349)	2,349	Note 6
Accrued Interest Payable	(657)	(13)	(644)	
Accrued Salaries & Wages	67	242	(175)	
Other Current Liabilities	191	(116)	307	
Change in Investments	895	(1,028)	1,923	Note 1
Change is Assets Limited as to Use	(978)	(1,557)	579	
Capital Expenditures	(16,559)	(12,196)	(4,363)	Note 9
Principal Payments on Long - term debt	(2,454)	(2,453)	(1)	
Increase in working capital loan	5,115	-	5,115	Note 4
Entrance Fees Refunded	(1,284)	(543)	(741)	
Increase in cash and Cash Equivalents	489	166	323	

Variances

Note 1 - Due to gains on investments and we do not forecast investment realized or unrealized gains or losses.

Note 2 - Do not forecast for adjustment in the interest rate swap.

Note 3 - Factor of differences in other categories.

Note 4 - No amounts have been drawn down on the working capital loan

Note 5 - Intercompany transactions eliminated in the audited statements

Note 6 - Accounts payable, accrued expenses, and admission deposits forecasted to remain relatively flat in the forecast

Note 7 -Function of entry fees received or refunded, amortization of fees, and timing of resident move-ins.

Note 8 - In the audit the resident services are grouped in general and administration expense

Note 9 - The construction at the Village of Brookwood was not complete at year-end and not as many unit turnovers / refurbs of units.

VIII. RESERVES, ESCROW AND TRUSTS

A. Trustee-Held Funds

There are no Trustee-held funds.

B. Operating Reserves

According to the provisions of G.S. 58-64-33, Well Spring Services, Inc is required to have operating reserves equal to 25% of its operating costs projected for the first fiscal year of the forecast, if occupancy levels remain in excess of 90%. Well Spring Life Plan Community and The Village at Brookwood have and expect to maintain an occupancy rate in excess of 90%.

The required reserve for 2025 based on the forecasted operating costs is $13,218,000 and is shown on the balance sheet as Reserves Required by State Statute. These assets are managed by Mercer. The current investment manager is Mr. Chris Milionis, Principal Senior Investment Consultant, Not-for-profit Southeast.

C. Board Designated Funds

The Board has established a resident assistance fund to be used at the discretion of the Executive Director and the Board of Directors to provide financial assistance to Residents who are unable to meet their financial responsibilities.

D. Investment Accounts

The Village maintains an investment account with Mercer of $4,000,000. These funds were transferred as a loan from Well·Spring Life Plan Community. The Village has a liability recorded on its financial statements for the funds received.

IX. FACILITY DEVELOPMENT OR EXPANSION

The initial construction of The Village at Brookwood consisted of 155 residential living residences (110 apartments and 45 garden homes) and 48 health care residences. The Wellness Center that includes exercise rooms, pool, Jacuzzi, and locker rooms opened in May 2009. Today the community contains 176 residential living residences and 48 health care residences.

The community is currently working on a master plan which would add additional residential living units and common space amenities

X. RESIDENCE AND SERVICES AGREEMENTS

The Residence and Services Agreements (Standard Life Care and Standard Fee for Service) are attached (Attachments D and E). All persons interested in residency at The Village at Brookwood should carefully review the selected Agreement.

The Village at Brookwood continually monitors the trends and new developments related to Residence and Services Agreements in the market. As new options become available and reviewed by management and approved by the Board of Directors, they will be submitted to the Department of Insurance for approval.

XI. MISCELLANEOUS

A. Marketing Incentives

Throughout the marketing of The Village at Brookwood, various incentives have been employed at times. Some of the initial Residents (referred to as "Founders' Club") were provided with financial (in the form of credits) and other incentives at the time of move-in to the Community. Other Residents were encouraged to reserve their residence with a Ten Percent (10%) Deposit even if they were uncertain as to their being ready at the time of opening (the "Ready List"); they were assured that they could leave their deposit with the Community and obtain a priority for future move-in when they decide to move in. There are several Residence and Services Agreements that are no longer offered.

The Village at Brookwood reserves the right to offer at any time the same or similar incentives or any other incentives it may decide.

B. Wait List

The Wait List is called the Future Residents Program (FRP). Prospective residents will sign an agreement and make a $1,200 deposit ($200 of which is non-refundable) that will initiate the assignment of a reservation priority number for the purpose of holding a place in line for future availability of any residence that is not then-currently available. The Village will contact the prospective resident by order of reservation priority number and according to the choice of residence preferred when such a residence becomes available. Once notified of availability and the prospective resident has accepted the residence, then the Reservation Agreement must be completed, and a 10% entry fee deposit must be made.

C. Edgewood Place Divestiture

Alamance Extended Care (AEC) is an organization that includes Edgewood Place Skilled Nursing Facility and The Village at Brookwood Continuing Care Retirement Community. In early 2020, AEC announced its intent to sell the licenses for the 81 Edgewood Place Nursing beds housed on the AEC campus. Of the 81 beds, 54 were sold to two (2) local institutions that aim to keep these beds in Alamance County.

Appendix A

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2024 AND 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Well•Spring Services, Inc.
(An Affiliate of Kintura)
Greensboro, North Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Well•Spring Services, Inc. (an affiliate of Kintura) (Services) (a North Carolina nonprofit corporation), and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2024 and 2023, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Services as of December 31, 2024 and 2023, and the results of their operations, changes in their 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 Services 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 the 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 Services' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 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 Services' 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 Services' 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 Trustees
Well•Spring Services, Inc.
(An Affiliate of Kintura)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating schedules are presented for purposes of additional analysis and is not a required part of the consolidated 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 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 24, 2025

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 6,678,233	$ 4,720,695
Investments	37,014,781	37,148,946
Resident and Client Accounts Receivable	705,766	633,729
Less: Allowance for Credit Losses	(43,572)	(64,453)
Resident and Client Accounts Receivable, Net	662,194	569,276
Pledges Receivable	300,000	320,870
Other Receivables	1,611,045	729,909
Other Current Assets	1,114,148	860,595
Total Current Assets	47,380,401	44,350,291
ASSETS LIMITED AS TO USE		
Statutory Operating Reserves	13,300,000	11,928,000
Health Care Endowment	2,308,414	2,267,104
Wellness Center Operational Endowment	150,052	137,758
Admissions Deposits	797,660	612,890
Refundable Entrance Fees	355,996	355,996
Benevolence Assistance	4,678,034	5,103,043
Charitable Gift Annuity	-	345,315
Future Expansion of Well•Spring Retirement Community, Inc.	-	477,298
Endowment for the Arts	2,319,931	2,124,338
Community Benefit Reserve	560,904	514,947
Externally Restricted - Donor Restricted	1,451,079	1,451,079
Total Assets Limited as to Use	25,922,070	25,317,768
PROPERTY AND EQUIPMENT		
Property and Equipment	213,626,144	232,551,532
Accumulated Depreciation	(82,350,593)	(102,284,612)
Total Property and Equipment, Net	131,275,551	130,266,920
ASSETS UNDER INTEREST RATE SWAP AGREEMENTS	6,008,151	4,959,195
PLEDGES RECEIVABLE, NET OF CURRENT PORTION	200,000	751,000
OTHER ASSETS		
Investment in Joint Ventures	14,606,372	9,361,038
Other	205,782	241,036
Total Other Assets	14,812,154	9,602,074
Total Assets	$ 225,598,327	$ 215,247,248

See accompanying Notes to Consolidated Financial Statements.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2024 AND 2023

LIABILITIES AND NET ASSETS	2024	2023
CURRENT LIABILITIES		
Accrued Interest Payable	$ 191,527	$ 204,201
Accounts Payable and Other Accrued Expenses	2,536,360	4,528,435
Accrued Salaries and Wages	3,460,977	2,785,616
Deferred Resident Fee Revenue	248,150	256,971
Deferred Revenue from Entrance Fees	1,265,000	1,050,000
Current Portion of Long-Term Debt	2,415,452	2,453,477
Other Liabilities	1,487,875	1,576,380
Total Current Liabilities	11,605,341	12,855,080
LONG-TERM LIABILITIES		
Admission Deposits	1,095,006	2,480,456
Charitable Gift Annuity Payment Liability	-	156,860
Deferred Revenue from Entrance Fees, Net of Current Portion	67,656,223	66,290,221
Refundable Entrance Fees	9,081,101	4,167,497
Long-Term Debt, Net	62,478,547	64,784,437
Total Long-Term Liabilities	140,310,877	137,879,471
Total Liabilities	151,916,218	150,734,551
NET ASSETS		
Net Assets Without Donor Restrictions	66,451,289	57,259,093
Net Assets With Donor Restrictions:		
Purpose Restrictions	4,385,622	4,408,406
Perpetual in Nature	2,845,198	2,845,198
Total Net Assets	73,682,109	64,512,697
Total Liabilities and Net Assets	$ 225,598,327	$ 215,247,248

See accompanying Notes to Consolidated Financial Statements.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
REVENUE, GAINS, AND OTHER SUPPORT		
Resident Fees Earned and Client Fees, Including Amortization of Deferred Revenue from Nonrefundable Entrance Fees of $9,661,132 in 2024 and $7,707,102 in 2023	$ 56,484,843	$ 51,159,885
Investment Income, Net	4,954,230	7,321,741
Change in Value of Charitable Gift Annuities	-	(16,275)
Net Assets Released from Restrictions for Use in Operations	1,392,559	1,052,002
Contributions of Nonfinancial Assets	31,200	31,200
Other Revenue	3,138,765	5,276,795
Total Revenue, Gains, and Other Support	66,001,597	64,825,348
EXPENSES		
Resident Care	17,549,495	17,446,519
Dietary	8,528,636	8,156,422
Housekeeping	2,388,196	2,278,844
Plant Operations	7,060,111	7,281,829
General and Administrative	14,114,570	15,287,081
Depreciation	10,505,562	10,335,062
Interest and Amortization	2,383,700	2,468,098
Total Expenses	62,530,270	63,253,855
OPERATING INCOME	3,471,327	1,571,493
OTHER INCOME (LOSS)		
Change in Value of Interest Rate Swap Agreements	1,048,956	(835,927)
Loss on Disposal of Property and Equipment	-	(13,198)
Accreted Interest	(118,421)	(239,340)
Provision for Gains of Membership Interests	5,790,334	2,220,566
Total Other Income	6,720,869	1,132,101
EXCESS OF REVENUE, GAINS, AND OTHER SUPPORT OVER EXPENSES	$ 10,192,196	$ 2,703,594

See accompanying Notes to Consolidated Financial Statements.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
BALANCE - DECEMBER 31, 2022	$ 54,545,144	$ 7,010,764	$ 61,555,908
Excess of Revenue, Gains, and Support Over Expenses	2,703,594	-	2,703,594
Donor Restricted Contributions	-	781,996	781,996
Net Assets Released from Restricted for Use in Operations	-	(1,052,002)	(1,052,002)
Net Assets Released from Restricted for Purchases of Property and Equipment	10,355	(10,355)	-
Unexpended Earnings on Perpetual in Nature Restricted Net Assets	-	523,201	523,201
Increase in Net Assets	2,713,949	242,840	2,956,789
BALANCE - DECEMBER 31, 2023	57,259,093	7,253,604	64,512,697
Excess of Revenue, Gains, and Support Over Expenses	10,192,196	-	10,192,196
Donor Restricted Contributions	-	923,494	923,494
Net Assets Released from Restricted for Use in Operations	-	(1,392,559)	(1,392,559)
Capital Contribution to Kintura	(1,000,000)	-	(1,000,000)
Unexpended Earnings on Perpetual in Nature Restricted Net Assets	-	446,281	446,281
Increase in Net Assets	9,192,196	(22,784)	9,169,412
BALANCE - DECEMBER 31, 2024	$ 66,451,289	$ 7,230,820	$ 73,682,109

See accompanying Notes to Consolidated Financial Statements.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$ 9,169,412	$ 2,956,789
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	10,505,562	10,335,062
Amortization of Deferred Financing Costs	109,563	95,425
Amortization of Deferred Revenues	(9,661,132)	(7,707,102)
Nonrefundable Entrance Fees Received	11,066,880	10,525,104
Accreted Interest	118,421	239,340
Decrease in Charitable Gift Annuity Liability	(156,860)	(22,400)
Increase (Decrease) in Admission Deposits	(1,385,450)	1,309,386
Net Unrealized and Realized Gains on Investments	(2,562,466)	(5,638,712)
Loss on Disposal of Property and Equipment	-	13,198
Change in Value of Interest Rate Swap Agreements	(1,048,956)	835,927
Provision for Gains of Membership Interests	(5,790,334)	(2,220,566)
Provision for Credit Losses	(20,881)	51,121
Increase in Resident and Client Accounts Receivable, Other Receivables and Deferred Resident Fees	(961,994)	(76,534)
Decrease in Pledges Receivable	571,870	455,217
Increase in Other Current Assets	(253,553)	(531,461)
(Increase) Decrease in Other Assets	35,254	(19,144)
Increase (Decrease) in Accounts Payable and Other Accrued Expense	(1,310,064)	822,189
Increase in Accrued Salaries and Wages	675,361	534,933
Increase (Decrease) in Accrued Interest Payable	(12,674)	14,965
Increase (Decrease) in Other Liabilities	(88,505)	(315,924)
Net Cash Provided by Operating Activities	8,999,454	11,656,813
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Investments and Assets Limited as to Use	3,759,244	(700,172)
Capital Expenditures	(12,196,204)	(10,062,666)
Proceeds from Membership Interests	545,000	-
Net Cash Used by Investing Activities	(7,891,960)	(10,762,838)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(2,453,478)	(1,884,685)
Refundable and First Generation Entrance Fees Received	5,513,600	355,996
Capital Contribution to Kintura	(1,000,000)	-
Entrance Fees Refunded	(543,163)	(1,149,659)
Net Cash Provided (Used) by Financing Activities	1,516,959	(2,678,348)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2,624,453	(1,784,373)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	6,905,865	8,690,238
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 9,530,318	$ 6,905,865

See accompanying Notes to Consolidated Financial Statements.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash and Cash Equivalents	$ 6,678,233	$ 4,720,695
Cash and Cash Equivalents Included in Assets Limited as to Use	2,852,085	2,185,170
Total	$ 9,530,318	$ 6,905,865
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid During the Year for Interest, Net of Amounts Capitalized	$ 2,286,811	$ 2,357,708
Purchases of Capital Assets in Accounts Payable	$ 1,279,979	$ 1,961,990

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying consolidated financial statements are of Well•Spring Services, Inc. (an affiliate of Kintura) (Services). Services was incorporated in 2012 as a nonprofit corporation to provide support and to serve as the sole member of Well•Spring Retirement Community, Inc. (the Community). The accompanying consolidated financial statements include the accounts of the affiliates of Services, which includes the Community, Well•Spring Foundation (the Foundation), Adult Center for Enrichment, Inc. (ACE), Well•Spring Management and Development, Inc. (Management & Development), and Alamance Extended Care, Inc. dba The Village at Brookwood (the Village) (collectively, the Organization). Services is the sole member of each of these affiliates.

The Community is a nonstock, nonprofit organization established to develop and operate a continuing care retirement community and to provide housing, health care, and related services to older adults. The Community offers two residence and care agreement options: Lifecare Residence and Care and Modified Lifecare Residence and Care. Both of these options require payment of a one-time entrance fee and monthly service fees. Generally, payment of these fees entitles residents to the use and privileges of the facility for life. The occupancy agreement does not entitle the residents to an interest in the real estate or other property owned by the Community. On a limited basis, a per-diem option in health care may be available. All residents are fully responsible for payment of the above fees.

The Community consists of approximately 90 acres in Greensboro, North Carolina, and Guilford County, North Carolina; a mid-rise apartment building containing 123 residential units, 50 one-story garden apartment residential units, 88 one-story villa residential units, and 24 hybrid apartments, for a total of 285 residential units; a health care center consisting of 71 assisted living units and 70 skilled nursing units; an aquatic and fitness center; a central services building, and a resident activities center which includes a 340 seat state of the art theatre and multiple resident art, craft and hobby stations.

The Foundation was incorporated in 2000 as an organization to serve exclusively as a supporting organization for the benefit of the Community. The mission of the Foundation is to strengthen the quality and expand the quantity of life-enriching programs for all residents of the Community.

Management & Development was incorporated in 2012 as a management company, organized to provide management services to the Community and other health care organizations.

ACE is a private nonprofit agency whose mission is to exceed the needs of a diverse and evolving population of older adults through innovative and supportive home and community based services. ACE offers one adult day center, three group respite sites, and Caregiver Education. Services became the sole member of ACE in 2013 to establish a collaborative arrangement for the creation, development, and management of an aging services continuum centered around adult day care in Guilford County, North Carolina. In 2016, the Community transferred its Home Care operations to Well•Spring Home Care, LLC (WSHC). WSHC is a single member LLC with ACE being the sole member. Assets of the home care operation were transferred to WSHC at net book value, which approximated fair market value at the time of transfer.

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

Organization (Continued)

In 2017, Services and the related organizations went through an organization-wide rebranding effort. As a result of the rebranding effort, the Community is now doing business as Well•Spring, A Life Plan Community. Services is now doing business as The Well•Spring Group. ACE is now doing business as Well•Spring Solutions. WSHC is now doing business as Home Care From Well•Spring Solutions.

In July 2022, Well•Spring Services became the sole member of the Village through a member substitution agreement (the Member Substitution Agreement) with ARMC and The Moses H. Cone Memorial Hospital (Cone Health). The Member Substitution Agreement was entered into January 26, 2022, and the member substitution was finalized on July 1, 2022. The Village owns and manages a life plan community situated on approximately 76 acres located in Burlington, North Carolina. The Village consists of 110 independent living apartment units and 66 independent living cottage units; a 24-unit assisted living facility, which contains 12 tradition assisted living units and 12 memory support units; a 24-bed sheltered nursing unit; a community center; and a wellness center.

In 2024, the Well•Spring Group and Brightspire (formerly The Presbyterian Homes) signed a binding definitive agreement to move forward with an affiliation of the two organizations. A new parent entity called Kintura was created as the sole controlling corporate member of both Well•Spring Group and Brightspire. Kintura began operations October 1, 2024. The newly formed organization includes five life plan communities serving more than 2,000 residents and employes more than 2,100 team members over its communities and additional services and programs provided. To support the formation and operation of Kintura, the Well•Spring Group made a capital contribution of $1,000,000 to Kintura during the year ended December 31, 2024.

All transactions between Services, the Community, the Foundation, ACE, Management & Development, and the Village are eliminated in the accompanying consolidated financial statements.

Basis of Accounting

The Organization classifies its funds for accounting and reporting purposes as either without donor restrictions or with donor restrictions. Under these provisions, net assets, revenue, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes.

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

Basis of Accounting (Continued)

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported as assets and liabilities and disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Estimates also affect the reported amount of revenues and expenses during the reporting period. Estimates made by the Organization relate primarily to the collectability of accounts and pledges receivable, the obligation to provide future services, the life expectancy used to amortize deferred revenue from entrance fees and the portion of entrance fees to be refunded. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, other than those included in assets limited as to use, with a maturity of three months or less when purchased, to be cash equivalents.

Restricted cash included in assets limited as to use represents funds held by the trustee for use on expansion expenditures as required under the Community's bond agreements.

Investments

Investments are measured at fair market value in the accompanying consolidated balance sheets based on quoted market values. The Organization considers its investment portfolio to be a trading portfolio and, accordingly, all investment income or loss (including realized gains and losses on investments) is included in the excess of revenue, gains, and other support over expenses, unless the income is restricted by donor or by law.

Assets Limited as to Use

Assets limited as to use include assets held by a trustee under the terms of the loan and trust agreements whose use is specified in such agreements, amounts set aside for statutory operating reserves, amounts permanently restricted through endowments, amounts held as admission deposits, amounts held as refundable entrance fees, amounts set aside for benevolence assistance, amounts set aside for future community benefit and expansion, and other amounts designated by the board of trustees.

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

Property and Equipment

Property and equipment are recorded at cost. All items with a cost of over $1,000 and an estimated useful life of three years or more are capitalized. Donated property and equipment are recorded as an addition to net assets when received, based on the fair value of the asset on the date contributed. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets.

The following estimated useful lives are used to calculate depreciation:

Land Improvements	3 to 25 Years
Buildings	20 to 40 Years
Building Improvements	3 to 40 Years
Furniture and Equipment	3 to 20 Years

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

Pledges Receivable

Pledges are recognized as revenue in the period in which the unconditional pledge is made. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. Pledges receivable that are restricted by the donor for the acquisition of long-term assets or other purposes are classified as long-term assets. A current portion of the pledge receivable is included in the accompanying consolidated balance sheet for the amount that is scheduled to be received within the next year. The Community had $500,000 and $1,134,676 of pledges receivable at December 31, 2024 and 2023, respectively.

Pledges receivable have been recorded at net present value as of December 31, 2024 as follows:

Due in Less Than One Year	$ 300,000
Due in Two Years or More	200,000
Total	500,000
Less: Current Portion	(300,000)
Pledges Receivable, Net	$ 200,000

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

Accounts Receivable and Allowance for Credit Losses

Resident receivables are reported net of an allowance for credit losses to represent the Organization's estimate of expected losses at the consolidated balance sheet date. The Organization separates resident receivables into risk pools based on payors and aging. In determining the amount of the allowance as of the consolidated balance sheet date, the Organization develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Allowances for credit losses were approximately $44,000 and $64,000 at December 31, 2024 and 2023, respectively.

Charitable Gift Annuity Liability

Under a program established in 2007, the Organization receives charitable gift annuities when a donor contributes assets to the Organization in exchange for the Organization paying a fixed annuity through the remainder of the donor's lifetime. The Organization calculates the present value of expected future annuity payments and records a liability, which are reassessed on an annual basis. The discount rate used during fiscal years 2024 and 2023 was 3.75%. The difference between the fair value of the charitable gift asset and the present value of the liability for future annuity payments is recorded as either a contribution with or without restrictions, depending upon the donor's specifications. As of December 31, 2023, the charitable gift assets at fair value and the present value of future payments were $345,515 and $156,860, respectively. As of December 31, 2024, the Organization held no charitable gift assets or liabilities.

Deferred Revenue from Entrance Fees and Refundable Entrance Fees

Entrance fees from the Organization's residency and care agreements, excluding the portion thereof that is estimated to be refundable to the resident, are recorded as deferred revenue from nonrefundable entrance fees and recognized as income over the estimated life expectancy, adjusted annually, for each resident.

A portion of the entrance fee may be refundable when the residency is terminated. In accordance with the continuing care contract, the nonrefundable portion is reduced each month, commencing with the date of occupancy and recognized as income over the estimated life expectancy, annually, for each resident. Under certain contracts, a minimum of 90% of the original entrance fee will be refunded. Such minimum refundable amounts are shown as refundable entrance fees in the accompanying consolidated balance sheets. Total contractual refund obligations for the Community and the Village in the event of move-out, death, or termination at December 31, 2024 and 2023 were approximately $21,092,000 and $15,927,000, respectively. Management's estimate of the portion of these amounts that will actually be refunded in addition to the minimum amount is recorded as deferred revenue from entrance fees within current liabilities in the accompanying consolidated balance sheets.

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

Deferred Financing Costs

Deferred Financing Costs include costs incurred in connection with the bond financing and issuance of bank-qualified debt. Such costs are amortized using the straight-line method, which approximates the effective interest method, over the term of the bonds and the term of the bank-qualified debt. Amortization of $109,563 and $95,425 in 2024 and 2023, respectively, is included with interest expense in the accompanying consolidated financial statements.

Assets Under Interest Rate Swap Agreements

The Organization entered into interest rate swap agreements to limit the effect of increases in the interest rates of variable rate debt. These interest rate swap agreements are reported in the accompanying balance sheets at the estimated fair value at December 31, 2024 and 2023. The Organization does not hold derivative instruments for any purpose other than limiting the effects of interest rate fluctuations and does not hold interest rate swap agreements for speculative or investment purposes.

Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services). The obligation is discounted at 5.5%. The Organization recorded no net obligation associated with Lifecare or Modified Lifecare contract holders for the years ended December 31, 2024 and 2023.

Consolidated Statements of Operations

Provision of resident care and client services are the sole functions of the Community, the Village, and ACE. For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of resident care services are reported within revenues, gains, and other support over expenses.

Benevolent Assistance

The Organization has a benevolent assistance policy to identify residents who are unable to pay and uses certain funds designated for benevolent assistance to subsidize the charges for entrance fees and services provided to those residents. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since the Organization does not charge the residents for services provided, estimated charges for benevolent assistance are not included in revenue.

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

Benevolent Assistance (Continued)

The Organization has estimated its direct and indirect costs of providing benevolent assistance under its benevolent assistance policy. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the cost to provide services to residents and amount charged to residents. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing benevolent assistance. Using this methodology, the Organization has estimated the costs for services under the Organization’s benevolent assistance policy to be approximately $1,289,000 and $1,025,000 for the years ended December 31, 2024 and 2023, respectively.

The Organization received approximately $1,650,000 and $1,414,000 to subsidize the costs of providing benevolent assistance under its benevolent assistance policy for the years ended December 31, 2024 and 2023, respectively.

Contributions

The Organization reports contributions of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the accompanying consolidated statements of operations and changes in net assets as Net Assets Released from Restrictions.

The Organization reports contributions of property and equipment as support without restriction unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restriction. Absent explicit donor stipulations about how long these must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Nonfinancial Assets

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with various projects. The Organization receives more than 6,000 volunteer hours per year. The Organization did not record any contributed nonfinancial assets related to these volunteer services for the years ended December 31, 2024 and 2023.

Various sites are used by the Organization on a part-time basis for the ACE respite programs. No rent was paid for use of the respite sites. For consolidated financial statements reporting purposes, a fair market value of $31,200 for the years ended December 31, 2024 and 2023 has been calculated for donated facilities and reported on the consolidated statements of operations and changes in net assets as contributions of nonfinancial assets and related expenses. The fair market rental value is determined through inquiries of real-estate professionals and compared to rental rates for similar locations and facilities.

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

Advertising

Advertising costs are expensed as incurred. Advertising expenses were approximately $438,000 and $373,000 for the years ended December 31, 2024 and 2023, respectively.

Excess of Revenue, Gains, and Other Support Over Expenses

The consolidated statements of operations and changes in net assets include excess of revenue, gains, and other support over expenses, which the Organization uses as its measure of operations. Changes in net assets without donor restrictions which are excluded from the operating measure, consistent with industry practice, are net assets released from restrictions for purchases of property, plant, and equipment, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), and transfers of net assets between affiliates.

Concentration of Credit Risk

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

Income Tax Status

Services, the Community, ACE, the Foundation, and the Village are nonprofit organizations exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

Management & Development was a for-profit taxable corporation. During the year ended December 31, 2023, Management & Development converted from a for-profit taxable corporation to a nonprofit, single-member LLC of Services.

Services, the Community, the Foundation, ACE, the Village, and Management & Development file as tax-exempt organizations. Should any status be challenged in the future, Services, the Community, the Foundation, ACE, the Village, and Management & Development are open for examination by federal, state, and local authorities. Management is not aware of any activities that would jeopardize the tax-exempt status of Services, the Community, the Foundation, ACE, the Village, or Management & Development. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for Services, the Community, the Foundation, ACE, or the Village.

Services, the Community, the Foundation, ACE, Management & Development, and the Village follow guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance has had no impact on the Organization's consolidated financial statements.

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

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 clients 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 value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the 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 is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement 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. Assets and liabilities valued using Level 2 inputs include charitable gift annuities and interest rate swap agreements. The Organization does not hold any assets or liabilities that are valued using Level 3 inputs.

The Organization also follows guidance that allows reporting certain financial instruments at fair value. The 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.

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

Membership Interest in PACE Programs

In 2010, the Community contributed $76,500 to PACE of Guilford & Rockingham Counties, Inc. (PGRC), a nonprofit aging services provider, and became a member of PGRC. PGRC provides services in the community under the Program of All Inclusive Care for the Elderly (PACE), a risk-based long-term care program. The Community's membership interest in PGRC provided substantial benefits; however, the Community did not have a majority voting interest. The membership in PGRC was accounted for under the equity method due to the close affiliation between the Community and PGRC. During 2012, the Community transferred its membership interests in PGRC to Services. As a result of the membership interest being transferred to Services, the liability representing the Community's share of the cumulative change in net assets of PGRC was transferred to Services. During the years ended December 31, 2024 and 2023, Services recorded an increase in net assets of approximately $5,790,000 and $2,221,000, respectively, representing Service's share of the change in net assets of PGRC. No distribution was received in 2024 and 2023.

In February 2020, Services entered into a membership interest purchase and sale agreement for the purchase of an additional membership interest in PGRC. Effective June 1, 2020, the Community received an additional membership interest in PGRC of 3.5% for a total purchase price of $329,613. The additional membership interest did not impact Services' voting interest or the accounting of Services' membership interests with PGRC.

The following are condensed financial statements of PGRC as of December 31:

Condensed Statements of Financial Position

	2024	2023
Assets	$ 23,550,616	$ 22,865,297
Liabilities	4,662,490	5,089,728
Net Assets	18,888,126	17,775,569
Total Liabilities and Equity	$ 23,550,616	$ 22,865,297

Condensed Statements of Operations

	2024	2023
Total Operating Revenues	$ 34,724,335	$ 28,699,628
Total Operating Expenses	(25,811,780)	(23,698,246)
Change in Net Assets without Donor Restrictions	$ 8,912,555	$ 5,001,382

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

Membership Interest in PACE Programs (Continued)

Assets of approximately $14,606,000 and $9,361,000 are shown as an Investment in Joint Ventures on the consolidated balance sheets at December 31, 2024 and 2023, respectively. Services does not anticipate any material commitments or contingencies arising from its membership interest in PGRC.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 24, 2025, the date the consolidated financial statements were available to be issued.

NOTE 2 RESIDENT FEES EARNED AND CLIENT FEES

Resident fees earned and client fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care, home care services, and adult day programs. 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 Organization bills the residents and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization 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 residents receiving residential services in the facilities or clients receiving adult day or home care services. The Organization considers daily services provided to residents of the skilled nursing facilities, adult day clients and home care recipients, and 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 our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

NOTE 2 RESIDENT FEES EARNED AND CLIENT FEES (CONTINUED)

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization 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 Organization 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 Organization's policy, and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience and expectations about current and future economic conditions.

Agreements with third-party payors typically provide for payments at amounts less than established charges. Payment agreements with government assistance programs provide for payment using prospectively determined daily rates.

Generally, clients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for clients 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 charges to the estimate of the transaction price are generally recorded as adjustments to client fees 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, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as credit losses.

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

The composition of resident fees earned and client fees by primary payor for the years ended December 31 is as follows:

	2024	2023
Private	$ 55,407,887	$ 50,031,585
Government Assistance Programs	1,076,956	1,128,300
Total	$ 56,484,843	$ 51,159,885

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

NOTE 2 RESIDENT FEES EARNED AND CLIENT FEES (CONTINUED)

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

	2024	2023
Service Lines:		
Independent Living	$ 35,861,733	$ 31,432,566
Assisted Living	5,671,077	5,015,995
Health Care Services	11,473,755	11,528,199
Adult Day	1,456,540	1,407,576
Home Care	2,021,738	1,775,549
Total	$ 56,484,843	$ 51,159,885
Method of Reimbursement:		
Monthly Service Fees	$ 38,517,572	$ 35,014,986
Amortization of Entrance Fees	9,661,132	5,432,437
Fee for Service	8,306,139	10,712,462
Total	$ 56,484,843	$ 51,159,885
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	$ 56,484,843	$ 51,159,885

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to its expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The opening and closing contract balances were as follows:

	Accounts Receivable	Deferred Revenue From Entrance Fees
January 1, 2023	$ 577,840	$ 64,902,284
December 31, 2023	569,276	67,340,221
December 31, 2024	662,194	68,921,223

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use, which are primarily cash, money market funds, mutual funds, and equities, are carried at market value. The following table summarizes the investments and assets limited as to use of the Organization:

	2024	2023
Investments and Assets Limited as to Use:		
Cash and Money Market	$ 2,852,085	$ 2,185,170
Equities	1,395,024	1,320,243
Mutual Funds - Fixed Income	21,371,991	22,673,017
Mutual Funds - Equities	37,263,153	36,231,460
Limited Partnership	54,598	56,824
Total	$ 62,936,851	$ 62,466,714

Investment Income

Investment income for the years ended December 31 is comprised of the following:

	2024	2023
Interest and Dividends	$ 2,391,764	$ 1,683,029
Net Realized Gains	817,854	90,239
Subtotal	3,209,618	1,773,268
Net Change in Unrealized Gains	1,744,612	5,548,473
Total	$ 4,954,230	$ 7,321,741

The Organization’s investment portfolio is managed by an outside investment advisor and management does not maintain control over individual investments decisions. Although the Organization provides overall directions to the investment advisor, the determination as to when to buy or sell a specific investment is made by the outside investment advisor. Therefore, the Organization has classified its investment portfolio as a trading investment portfolio and all investment income, including unrealized gains and losses on investments, is included in the excess of revenue, gains, and other support over expenses.

Statutory Operating Reserve

Under regulations of the North Carolina Insurance Commission, the Organization is required to maintain an operating reserve equal to 25% of the total occupancy costs projected for the 12-month period following the period covered by the most recent statements filed with the Department of Insurance. The operating reserve of 25% is based upon an occupancy percentage of 90% or more.

At December 31, 2024 and 2023, management has estimated that approximately $13,300,000 and $11,928,000, respectively, would be necessary to meet the operating reserve requirements for the Community and the Village. Investments and assets limited as to use for statutory operating reserves are both available to fund the operating reserve requirement. The Organization has adequate reserves to meet this requirement.

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

Health Care, Wellness Center, and the Arts Endowment

The Organization has received donations that were used to establish a health care endowment to underwrite the cost of additional staff to provide increased care to health care and assisted living residents. The Organization has received donations that were used to establish an endowment to underwrite the cost of operating the Organization's wellness center. Additionally, the Organization has received donations that were used to establish an endowment for the arts to fund performances and other events for the Organization's residents.

Admission Deposits

Admission deposits consist of future occupancy list fees and reservations fees. The Organization collects an admission deposit of $1,000 and $1,200, at the Community and the Village, respectively, to secure a space on the future occupancy list for a residential unit. A reservation fee of 10% of the entrance fee is received when a unit is available and a reservation agreement is executed. When a 10% reservation fee is received, a residential unit is considered reserved.

When the applicant takes occupancy of a unit and becomes a resident, the entire admission deposit of $1,000 and $1,200, at the Community and Village, respectively, is applied toward the entrance fee due. In the event of withdrawal from the future occupancy list or termination of the reservation, the applicant receives a refund of the admission deposit paid, less an administrative fee of $250 and $200, at the Community and Village, respectively. If the Organization terminates agreement, or the applicant is not accepted for admission, the entire admission deposit of $1,000 and $1,200, at the Community and Village, respectively, is refunded.

Benevolent Assistance and Other Assets Limited as to Use

Included in these amounts are funds that have been designated for benevolent assistance and other uses to benefit the residents and the Community.

NOTE 4 PROPERTY AND EQUIPMENT

A summary of property and equipment for the years ended December 31 is as follows:

	2024	2023
Land	$ 10,823,661	$ 10,823,661
Land Improvements	7,396,960	10,605,018
Buildings	139,092,332	121,916,370
Building Improvements	34,777,843	38,533,159
Furniture and Equipment	21,362,103	23,970,006
Subtotal	213,452,899	205,848,214
Less: Accumulated Depreciation	(82,350,593)	(78,828,828)
Subtotal	131,102,306	127,019,386
Construction-In-Progress	173,245	3,247,534
Total	$ 131,275,551	$ 130,266,920

The Organization had remaining commitments of approximately $1,373,000 and $7,429,000 related to certain capital projects at the Community and the Village that were in progress as of December 31, 2024 and 2023, respectively. Construction in progress at December 31, 2024 is related to general construction and renovations. Construction in progress at December 31, 2023 is related to general construction, renovations, and the Village's Garden Homes expansion project. The Community capitalized approximately $79,000 and $42,000 of interest during the years ended December 31, 2024 and 2023, respectively.

NOTE 5 LONG-TERM DEBT

A summary of long-term debt outstanding at December 31 is as follows:

Description	2024	2023
Series 2016A-2, bank qualified debt. Monthly payment of principal began November 25, 2016. All unpaid principal and interest is due January 1, 2027. Interest is payable monthly at a variable interest rate (4.958% at December 31, 2024).	$ 1,750,417	$ 2,532,501
Series 2016B; interest only through January 2019. Monthly payment of principal began January 25, 2019. All unpaid principal and interest is due January 1, 2041. Interest is payable monthly at a variable rate (5.190% at December 31, 2024).	26,045,834	26,716,667
Series 2020A-1; interest only through April 2023. Monthly payment of principal began April 1, 2023. All unpaid principal and interest is due April 1, 2048. Interest is payable monthly at a variable rate (4.750% at December 31, 2024).	13,425,000	13,845,000
2022 Bank Loan; interest only through June 2023. Monthly payment of principal began July 1, 2023. All unpaid principal and interest is due June 1, 2037. Interest is payable monthly at a variable rate (5.80% at December 31, 2024).	24,276,837	24,857,398
Total	65,498,088	67,951,566
Less: Current Maturities	(2,415,452)	(2,453,477)
Less: Unamortized Deferred Financing Costs	(604,089)	(713,652)
Total	$ 62,478,547	$ 64,784,437

NOTE 5 LONG-TERM DEBT (CONTINUED)

In October 2016, the Community issued two loan agreements totaling $40,000,000 in relation to the Public Finance Authority Retirement Facilities Revenue Refunding Bonds (Series 2016A Bonds) and the Public Finance Authority Retirement Facilities Revenue Bonds (Series 2016B). Proceeds of the Series 2016A Bonds, broken into two parts, Series 2016A-1 and Series 2016A-2, were used to refund the then outstanding Series 2003 Bonds and taxable variable rate debt. The bonds are secured by a lien on substantially all of the real and personal property comprising the Community and by a security interest in the Community's revenues without donor restrictions.

Effective January 1, 2018, interest rates changed on the Community's debt related to provisions in the debt agreements triggered by a decrease in the corporate tax rate. The Series 2016A-1, 2016A-2 and 2016B Bonds now bear interest at an adjustable rate which is 82.646% of One-Month LIBOR, as adjusted monthly with changes in One-Month LIBOR, plus 0.869%, 1.106% and 1.343% per annum, respectively. Effective January 1, 2023, these interest rates changed on the Community's debt related to Interest Rate reform to replace one-month LIBOR with one-month CME Term SOFR.

In March 2020, the Community issued a loan agreement totaling $22,410,000 in relation to the Public Finance Authority Retirement Facilities Revenue Bonds (Series 2020A Bonds). Proceeds of the Series 2020A Bonds, broken into two parts, Series 2020A-1 and Series 2020A-2, were to be used to fund the construction of 24 new hybrid apartments. The bonds were secured by a lien on substantially all of the real and personal property comprising the Community. The Series 2020A-2 bond, amounting to $8,250,000, was repaid during 2022 with entrance fees received on the initial occupants of the apartments. The remaining bond proceeds of $14,160,000 relate to the Series 2020A-1 bond. The first 36-months of the Series 2020A-1 bond requires payments of interest only, with principal payable monthly starting April 2023. The Series 2020A-1 bond matures in April 2048. The Series 2020A-1 bond accrues interest at 79% of 1-Month LIBOR plus 1.0665%. Effective January 1, 2023, these interest rates changed on the Community's debt related to Interest Rate reform to replace one-month LIBOR with one-month CME Term SOFR.

NOTE 5 LONG-TERM DEBT (CONTINUED)

On July 1, 2022, the Village entered into a loan agreement totaling $25,000,000 with a financial institution (2022 Acquisition Loan). Proceeds of the 2022 Acquisition Loan were used to finance the acquisition of the membership interest of the Village in order to integrate the assisting living and health care facilities of the Village into the Well•Spring system. The Acquisition Loan is secured by a lien on substantially all of the real and personal property comprising the Village and by a security interest in the Village's unrestricted revenues. The Acquisition Loan bears interest at an adjustable rate of One-Month SOFR plus 1.25%. The first 12 months of the Acquisition Loan requires payments of interest only, with principal payable monthly starting July 2023.

On July 1, 2022, the Village entered into a loan agreement totaling $5,000,000 with a financial institution (2022 Working Capital Term Loan). Proceeds of the 2022 Working Capital Term Loan are to be used to finance working capital expense and/or capital improvements. The Working Capital Term Loan is secured by a lien on substantially all of the real and personal property comprising the Village and by a security interest in the Village's unrestricted revenues. The Working Capital Term Loan bears interest at an adjustable rate of One-Month SOFR plus 1.25%. The first 12 months of the Working Capital Term Loan requires payments of interest only, with principal payable monthly starting July 2023. The Working Capital Term Loan matures in June 2037. No amounts have been drawn down on this loan as of December 31, 2024 and 2023.

In conjunction with the Member Substitution Agreement effective July 1, 2022, the Village joined an Obligated Group with the Community, who is a co-borrower on the 2022 Acquisition Loan and the 2022 Working Capital Term Loan. As part of the Obligated Group, the Village is required to adhere to covenant requirements per the Community's debt agreements.

The Amended and Restated Master Trust Indenture and Continuing Covenants Agreements require the maintenance of a long-term debt service coverage ratio in excess of 1.20 and 1.25, respectively. In addition, they contain other covenants restricting, among other things, incurrence of indebtedness, existence of liens on property, consolidation, and merger, and disposition of assets. At December 31, 2024 and 2023, management was not aware of any noncompliance with such restrictions and measures of financial performance.

The maturities of the long-term debt for the years subsequent to December 31, 2024 are as follows:

Year Ending December 31,	Amount
2025	$ 2,415,452
2026	2,505,697
2027	2,580,882
2028	2,639,430
2029	2,704,017
Thereafter	52,652,610
Total	$ 65,498,088

NOTE 5 LONG-TERM DEBT (CONTINUED)

Interest Rate Swap Agreements

During 2016, the Community entered into three variable-to-fixed interest rate swap agreements to manage the interest rate risk on the variable rate indebtedness on the Series 2016A and Series 2016B Bonds. Under the first swap agreement (Series 2016A-1 Swap), the Community's variable rate on the Series 2016A-1 borrowings was effectively converted to 1.435%. The Series 2016A-1 Swap had an effective date of October 18, 2016, and terminated on January 1, 2021. Under the second swap agreement (Series 2016A-2 Swap), the Community's variable rate on the Series 2016A-2 borrowings is effectively converted to 1.905% on a notional amount of $4,647,500. The Series 2016A-2 Swap has an effective date of October 18, 2016, and terminates on January 1, 2027. Under the third swap agreement (Series 2016B Swap), the Community's variable rate on the Series 2016B borrowings is effectively converted to 2.385% on the assumed notional amount of $30,795,000. The Series 2016B Swap was a forward swap on the Series 2016B Bonds (as defined above). The Community entered into the Series 2016B Swap on October 12, 2016, to secure a favorable fixed rate and received no benefits of the Series 2016B Swap until the effective date of July 1, 2018, and terminates on November 1, 2031. The Series 2016A-1 Swap, Series 2016A-2 Swap and Series 2016B Swap will be collectively referred to as the "2016 Swap Agreements."

In January of 2018, the 2016 Swap Agreements were amended due to an interest rate reset on the Community's debt related to provisions in the debt agreements triggered by a decrease in the corporate tax rate. The Series 2016A-2 Swap now has an effective date of January 1, 2018. The Community now pays a fixed rate of 2.479% on a current notional amount of $1,750,417. The Series 2016B Swap now has an effective date of July 1, 2018. The Community now pays a fixed rate of 3.024% on a current notional amount of $27,045,833.

In February of 2020, the Community entered into an additional variable-to-fixed interest rate swap agreement to manage the interest rate risk on the variable rate indebtedness on the Series 2020A-1 Bonds. Under the swap agreement (Series 2020A-1 Swap), the Community's variable rate on the Series 2020A-1 borrowings is effectively converted to 2.213% on a notional amount of $13,425,000. The Series 2020A-1 Swap has an effective date of September 1, 2021, and terminates on March 1, 2035.

During 2022, the Village entered into a variable-to-fixed interest rate swap agreement to manage the interest rate risk on the variable rate indebtedness on a portion of the 2022 Acquisition Loan. Under the swap agreement, the Village's variable rate on the 2022 Acquisition Loan is effectively converted to 3.78% on a national amount of $14,563,920. The swap has an effective date of July 1, 2022, and terminates on June 1, 2037.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Interest Rate Swap Agreements (Continued)

The total estimated fair value of the Swap Agreements as of December 31, 2024 and 2023, were assets of $6,008,151 and $4,959,195, respectively. The amounts are included on the consolidated balance sheets as Assets Under Interest Rate Swap Agreements. The change in fair value was a gain of $1,048,956 and loss of $835,927 and is included in Other Income (Loss) in the consolidated statements of operations for the years ended December 31, 2024 and 2023, respectively.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Self-Insured Health Plan

Effective January 1, 2018, the Organization changed from a fully insured health insurance plan for its employees to a self-insured employee health plan. The Organization has purchased specific stop-loss protection for all claims over $130,000 and aggregate stop-loss protection for total claims which exceed $2,645,659. An accrual for the self-insurance program was established to estimate claims incurred through December 31, 2024 and 2023, but not reported. This accrual totaled approximately $355,000 and $309,000 at December 31, 2024 and 2023, respectively, and is included in Accounts Payable and Other Accrued Expenses on the consolidated balance sheets.

Professional Malpractice Liability Insurance

The Organization maintains insurance coverage for general and professional liability on an occurrence basis. Management is not aware of any claims, asserted or unasserted. Excess coverage is provided by an umbrella insurance policy.

NOTE 7 RETIREMENT PLAN

The Organization has multiple tax-deferred retirement savings plans that cover substantially all employees age 21 and over who have completed at least one year of service. The plans provide for a tax-deferred contribution by the Organization and an employee elective contribution. The Organization's total tax-deferred contribution was approximately $316,000 and $514,000 in 2024 and 2023, respectively. Assets of the plans are held in trust by the Variable Annuity Life Insurance Company and CUNA Mutual Group. Administrative expenses are paid from the assets of the plans.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 are available for the following purposes:

	2024	2023
Subject to Expenditure for Specific Purpose:		
Resident Activity Center / Dining Expansion	$ 554,098	$ 512,199
Residents Gratitude Fund	52,423	55,917
Employee Financial Assistance	60,936	61,436
Medical Director	150,432	150,432
Blessing Fund	215,381	249,729
Resident Financial Assistance	96,789	130,731
Health Care Fund	39,330	1,023
Counseling Fund	54,630	54,630
Wait Staff Scholarship	92,268	99,258
Art Gallery Fund	50,175	50,175
Entertainment Booster Fund	175,303	105,227
Other	349,754	250,316
Subject to the Organization's Spending Policy and Appropriation:		
Investment in Perpetuity (including Amounts Above Original Gift Amount of $2,845,198 in 2024 and 2023), the Income from which is Expendable to Support:		
Health Center Staffing	2,061,933	2,581,618
Endowment for the Arts	2,319,931	2,124,338
Nursing Scholarship	246,481	173,870
Wellness Center	150,052	137,758
Community Benefit	560,904	514,947
Total	$ 7,230,820	$ 7,253,604

During the years ended December 31, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2024	2023
Purpose Restrictions Accomplished:		
Residents Gratitude Fund	$ 538,333	$ 336,984
Adult Day and Care Partners	1,620	36,000
Benevolence Assistance	265,315	2,171
Other	587,291	687,202
Total	$ 1,392,559	$ 1,062,357

NOTE 9 ENDOWMENT FUNDS

The Organization's endowment funds consist of five (5) individual funds established for a variety of purposes, including benevolent assistance, health care staff, wellness center operations, community benefit, and the arts. Its endowments include both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

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

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

Funds with Deficiencies

It is the Organization's policy to maintain the corpus amounts of each individual Donor-Restricted Endowment Fund received. If the fair value of assets associated with Individual Donor-Restricted Endowment Funds were to fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration, in accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions.

NOTE 9 ENDOWMENT FUNDS (CONTINUED)

Return Objectives and Risk Parameters

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. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Management targets a diversified asset allocation that meets the Organization’s long-term rate of return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization’s spending policy is consistent with its objective of preservation of the fair value of the original gift of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Endowment funds represented the following net asset categories:

December 31, 2024	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Donor-Restricted Endowment Funds: Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	$ -	$ 2,659,246	$ 2,845,198	$ 5,504,444
Board-Designated Endowment Funds	4,537,891	-	-	4,537,891
Total	$ 4,537,891	$ 2,659,246	$ 2,845,198	$ 10,042,335
December 31, 2023				
Donor-Restricted Endowment Funds: Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	$ -	$ 2,712,333	$ 2,845,198	$ 5,557,531
Board-Designated Endowment Funds	5,091,957	-	-	5,091,957
Total	$ 5,091,957	$ 2,712,333	$ 2,845,198	$ 10,649,488

NOTE 9 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets for the fiscal year ended December 31, 2024 are as follows:

	2024			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets - Beginning of Year	$ 5,091,957	$ 2,712,333	$ 2,845,198	$ 10,649,488
Investment Return	464,086	446,281	-	910,367
Contributions	586,212	50	-	586,262
Appropriation of Endowment Assets for Expenditure	(1,604,364)	(499,418)	-	(2,103,782)
Endowment Net Assets - End of Year	$ 4,537,891	$ 2,659,246	$ 2,845,198	$ 10,042,335

Changes in endowment net assets for the fiscal year ended December 31, 2023 are as follows:

	2023			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets - Beginning of Year	$ 4,800,379	$ 2,121,351	$ 3,230,198	$ 10,151,928
Investment Return	731,263	523,201	-	1,254,464
Contributions	487,223	45,952	15,000	548,175
Donor Redesignation of Endowment	-	400,000	(400,000)	-
Appropriation of Endowment Assets for Expenditure	(926,908)	(378,171)	-	(1,305,079)
Endowment Net Assets - End of Year	$ 5,091,957	$ 2,712,333	$ 2,845,198	$ 10,649,488

NOTE 10 LIQUIDITY

The Organization invests cash in excess of short-term requirements in short-term investments. The Organization has long-term mutual funds and equity investments which are liquid within one week. As of December 31, 2024 and 2023, the Organization had working capital of $35,775,060 and $31,495,211, respectively.

NOTE 10 LIQUIDITY (CONTINUED)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2024	2023
Cash and Cash Equivalents	$ 6,678,233	$ 4,720,695
Investments	37,014,781	37,148,946
Statutory Operating Reserves	13,300,000	11,928,000
Board Designated Investments	560,904	992,245
Receivables, Net	2,573,239	1,620,055
Less: Purpose Restricted Net Assets	(4,385,622)	(4,408,406)
Total	$ 55,741,535	$ 52,001,535

NOTE 11 FAIR VALUE MEASUREMENTS

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. The following table presents the fair value hierarchy for the consolidated balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of December 31:

	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments and Assets Limited as to Use				
Mutual Funds - Fixed Income	$ 21,371,991	$ -	$ -	$ 21,371,991
Equities	1,395,024	-	-	1,395,024
Mutual Funds - Equities	37,263,153	-	-	37,263,153
Assets Under Interest Rate Swap Agreements	-	6,008,151	-	6,008,151
Total Investments and Assets Limited as to Use Measured at Fair Value	$ 60,030,168	$ 6,008,151	$ -	$ 66,038,319

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

	2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments and Assets Limited as to Use				
Mutual Funds - Fixed Income	$ 22,673,017	$ -	$ -	$ 22,673,017
Equities	1,320,243	-	-	1,320,243
Mutual Funds - Equities	36,231,460	-	-	36,231,460
Assets Under Interest Rate Swap Agreements	-	4,959,195	-	4,959,195
Total Investments and Assets Limited as to Use Measured at Fair Value	$ 60,224,720	$ 4,959,195	$ -	$ 65,183,915
Liabilities:				
Charitable Gift Annuities	$ -	$ 156,860	$ -	$ 156,860
Total Liabilities Measured at Fair Value	$ -	$ 156,860	$ -	$ 156,860

During 2014, the Community entered into a subscription agreement (the Agreement) to purchase units of limited partnership interests (Units) from a limited partnership (the Fund). Under the terms of the Agreement, the Community has committed to purchasing one-half of a Unit, representing a commitment of $125,000. The Fund was created for the purpose of making equity investments in companies that provide health care services and health care technology focused on the senior living and aging population market. Under the terms of the Agreement the Fund may make calls for payment of capital commitments at any time and from time to time after the closing date until the fourth anniversary of the closing date. Each call period shall be 12 months in length with each call not to exceed 35% of total capital commitments. As of December 31, 2024 and 2023, the carrying value of the Fund is $54,598 and $56,824, respectively, which represents the Community's capital commitments net of return of capital distributions. As of December 31, 2024 and 2023, these amounts are being carried at cost and are shown as Investments within the consolidated balance sheets.

NOTE 12 FUNCTIONAL EXPENSES

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

	2024						
	Program Services						
	Life Plan Retirement Communities	Adult Day Centers	Home Care	Total	Management and General	Fundraising	Total
Salaries	$ 19,647,906	$ 1,043,510	$ 1,077,518	$ 21,768,934	$ 1,634,277	$ -	$ 23,403,211
Payroll Tax	1,597,474	84,693	101,983	1,784,150	240,901	-	2,025,051
Employee Benefits	3,233,790	258,180	139,811	3,631,781	456,587	-	4,088,368
Management Services	-	-	-	-	3,341,658	78,414	3,420,072
Legal Fees	-	-	-	-	40,022	-	40,022
Accounting Fees	-	-	-	-	167,547	-	167,547
Outside Services	2,510,132	58,920	4,560	2,573,612	-	5,253	2,578,865
Community Outreach	-	-	-	-	696,325	-	696,325
Advertising and Marketing	50,564	40,014	135	90,713	729,270	-	819,983
Office Expenses	2,005,110	77,789	22,751	2,105,650	16,981	-	2,122,631
Occupancy	2,210,836	23,144	-	2,233,980	18,016	-	2,251,996
Travel and Transportation	33,984	-	-	33,984	5,624	-	39,608
Conferences and Meetings	56,997	6,745	372	64,114	10,611	-	74,725
Interest	2,262,974	26,540	-	2,289,514	-	-	2,289,514
Depreciation	10,334,248	85,971	-	10,420,219	85,343	-	10,505,562
Insurance	1,059,912	18,996	4,559	1,083,467	8,736	-	1,092,203
Food	3,030,408	-	-	3,030,408	-	-	3,030,408
Equipment Rental and Maintenance	2,322,908	-	-	2,322,908	-	-	2,322,908
Resident Activities	309,511	-	-	309,511	-	-	309,511
Maintenance and Horticultural	628,129	-	-	628,129	-	-	628,129
Miscellaneous	148,449	-	61,379	209,828	413,803	-	623,631
Total Expenses by Function	$ 51,443,332	$ 1,724,502	$ 1,413,068	$ 54,580,902	$ 7,865,701	$ 83,667	$ 62,530,270

NOTE 12 FUNCTIONAL EXPENSES (CONTINUED)

	2023						
	Program Services						
	Life Plan Retirement Communities	Adult Day Centers	Home Care	Total	Management and General	Fundraising	Total
Salaries	$ 18,955,185	$ 758,118	$ 1,529,676	$ 21,242,979	$ 2,672,753	$ 20,876	$ 23,936,608
Payroll Tax	1,190,217	41,229	77,938	1,309,384	334,541	1,392	1,645,317
Employee Benefits	2,956,998	119,259	174,479	3,250,736	906,028	3,430	4,160,194
Management Services	-	-	-	-	1,368,474	65,238	1,433,712
Legal Fees	-	-	-	-	80,646	-	80,646
Accounting Fees	-	-	-	-	185,530	-	185,530
Outside Services	2,579,923	31,660	11,992	2,623,575	73,397	4,484	2,701,456
Community Outreach	-	-	-	-	365,719	-	365,719
Advertising and Marketing	19,866	59,289	515	79,670	385,430	-	465,100
Office Expenses	1,397,089	38,697	39,747	1,475,533	341,538	370	1,817,441
Occupancy	2,117,264	59,859	12,667	2,189,790	34,215	-	2,224,005
Travel and Transportation	11,784	1,204	-	12,988	1,950	-	14,938
Conferences and Meetings	51,224	-	-	51,224	8,478	-	59,702
Interest	2,599,847	-	-	2,599,847	-	-	2,599,847
Depreciation	10,195,138	78,257	275	10,273,670	61,392	-	10,335,062
Insurance	810,061	30,444	30,444	870,949	2,862	-	873,811
Food	2,222,072	94,558	-	2,316,630	-	-	2,316,630
Equipment Rental and Maintenance	3,022,390	31,708	1,222	3,055,320	31,667	-	3,086,987
Resident Activities	122,893	-	-	122,893	88,336	-	211,229
Maintenance and Horticultural	476,823	-	-	476,823	-	-	476,823
Miscellaneous	525,829	55,350	1,364	582,543	3,679,893	662	4,263,098
Total Expenses by Function	$ 49,254,603	$ 1,399,632	$ 1,880,319	$ 52,534,554	$ 10,622,849	$ 96,452	$ 63,253,855

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses for the Life Plan Retirement Communities are specifically identified in their code to break out by program, management, and fundraising classifications. Expenses for Adult Day Centers and Home Care are allocated on the following methods. Salaries for management and fundraising were specifically identified and the following expenses were allocated based on those salaries as a percent of total salaries: payroll tax, employee benefits, other employee expenses, office supplies, dues, and subscriptions and miscellaneous. Depreciation for management was specifically identified. The following expenses were allocated based on that depreciation as a percent of total depreciation: telephone, utilities, and repairs and maintenance.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Well•Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well•Spring Foundation	Well•Spring Services, Inc.	Well•Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
CURRENT ASSETS										
Cash and Cash Equivalents	$ 2,824,608	$ 80,230	$ -	$ 2,904,838	$ 720,467	$ 1,383,678	$ 769,082	$ 900,168	$ -	$ 6,678,233
Investments	35,690,305	-	-	35,690,305	-	1,324,476	-	-	-	37,014,781
Resident and Client Accounts Receivable	297,874	259,980	-	557,854	-	-	-	147,912	-	705,766
Allowance for Credit Losses	(225)	(43,347)	-	(43,572)	-	-	-	-	-	(43,572)
Resident and Client Accounts Receivable, Net	297,649	216,633	-	514,282	-	-	-	147,912	-	662,194
Pledges Receivable	200,000	-	-	200,000	100,000	-	-	-	-	300,000
Intercompany Receivables	215,323	285	-	215,608	650	-	32,971	86,280	(335,509)	-
Other Receivables	795,079	334,833	-	1,129,912	-	-	481,133	-	-	1,611,045
Other Current Assets	140,887	32,291	-	173,178	-	-	-	940,970	-	1,114,148
Total Current Assets	40,163,851	664,272	-	40,828,123	821,117	2,708,154	1,283,186	2,075,330	(335,509)	47,380,401
ASSETS LIMITED AS TO USE										
Statutory Operating Reserves	9,400,000	3,900,000	-	13,300,000	-	-	-	-	-	13,300,000
Health Care Endowment	-	-	-	-	2,308,414	-	-	-	-	2,308,414
Wellness Center Operational Endowment	-	-	-	-	150,052	-	-	-	-	150,052
Admissions Deposits	797,660	-	-	797,660	-	-	-	-	-	797,660
Refundable Entrance Fees	355,996	-	-	355,996	-	-	-	-	-	355,996
Benevolent Assistance	-	-	-	-	4,678,034	-	-	-	-	4,678,034
Endowment for the Arts	-	-	-	-	2,319,931	-	-	-	-	2,319,931
Community Benefit Reserve	-	-	-	-	560,904	-	-	-	-	560,904
Externally Restricted - Donor Restricted	1,451,079	-	-	1,451,079	-	-	-	-	-	1,451,079
Board Designated	3,900,000	-	(3,900,000)	-	-	-	-	-	-	-
Total Assets Limited as to Use	15,904,735	3,900,000	(3,900,000)	15,904,735	10,017,335	-	-	-	-	25,922,070
PROPERTY AND EQUIPMENT										
Property and Equipment	141,812,251	69,871,969	-	211,684,220	-	-	-	1,941,924	-	213,626,144
Accumulated Depreciation	(63,331,801)	(18,489,687)	-	(81,821,488)	-	-	-	(529,105)	-	(82,350,593)
Total Property and Equipment, Net	78,480,450	51,382,282	-	129,862,732	-	-	-	1,412,819	-	131,275,551
ASSETS UNDER INTEREST RATE SWAP AGREEMENTS	4,271,371	1,736,780	-	6,008,151	-	-	-	-	-	6,008,151
PLEDGES RECEIVABLES, NET OF CURRENT PORTION	100,000	-	-	100,000	100,000	-	-	-	-	200,000
OTHER ASSETS										
Investment in Joint Ventures	-	-	-	-	-	14,606,372	-	-	-	14,606,372
Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	57,436,052	-	-	(57,436,052)	-
Other	205,782	-	-	205,782	-	-	-	-	-	205,782
Total Other Assets	205,782	-	-	205,782	-	72,042,424	-	-	(57,436,052)	14,812,154
Total Assets	$ 139,126,189	$ 57,683,334	$ (3,900,000)	$ 192,909,523	$ 10,938,452	$ 74,750,578	$ 1,283,186	$ 3,488,149	$ (57,771,561)	$ 225,598,327

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Well•Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well•Spring Foundation	Well•Spring Services, Inc.	Well•Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
CURRENT LIABILITIES										
Accrued Interest Payable	$ 95,379	$ 96,148	$ -	$ 191,527	$ -	$ -	$ -	$ -	$ -	$ 191,527
Accounts Payable and Accrued Expenses	1,029,838	1,458,199	-	2,488,037	-	-	-	48,323	-	2,536,360
Accrued Salaries and Wages	1,545,856	745,624	-	2,291,480	-	-	950,565	218,932	-	3,460,977
Intercompany Payables	86,265	90,854	-	177,119	73,124	-	30,117	55,149	(335,509)	-
Deferred Resident Fee Revenue	248,150	-	-	248,150	-	-	-	-	-	248,150
Deferred Revenue from Entrance Fees	65,000	1,200,000	-	1,265,000	-	-	-	-	-	1,265,000
Current Portion of Long-Term Debt	1,907,083	508,369	-	2,415,452	-	-	-	-	-	2,415,452
Other Liabilities	419,406	-	-	419,406	-	1,068,469	-	-	-	1,487,875
Total Current Liabilities	5,396,977	4,099,194	-	9,496,171	73,124	1,068,469	980,682	322,404	(335,509)	11,605,341
LONG-TERM LIABILITIES										
Admission Deposits	797,660	297,346	-	1,095,006	-	-	-	-	-	1,095,006
Deferred Revenue from Entrance Fees, Net of Current Portion	47,852,282	19,803,941	-	67,656,223	-	-	-	-	-	67,656,223
Refundable Entrance Fees	355,996	8,725,105	-	9,081,101	-	-	-	-	-	9,081,101
Long-Term Intercompany Payables	-	3,900,000	(3,900,000)	-	-	-	-	-	-	-
Long-Term Debt, Net	39,074,006	23,404,541	-	62,478,547	-	-	-	-	-	62,478,547
Total Long-Term Liabilities	88,079,944	56,130,933	(3,900,000)	140,310,877	-	-	-	-	-	140,310,877
Total Liabilities	93,476,921	60,230,127	(3,900,000)	149,807,048	73,124	1,068,469	980,682	322,404	(335,509)	151,916,218
NET ASSETS (DEFICIT)										
Net Assets Without Donor Restrictions	44,145,875	(2,707,839)	-	41,438,036	5,385,884	66,301,289	302,504	2,928,808	(49,905,232)	66,451,289
Net Assets With Donor Restrictions:										
Purpose Restrictions	1,503,393	161,046	-	1,664,439	2,659,246	4,535,622	-	211,937	(4,685,622)	4,385,622
Perpetual in Nature	-	-	-	-	2,820,198	2,845,198	-	25,000	(2,845,198)	2,845,198
Total Net Assets (Deficit)	45,649,268	(2,546,793)	-	43,102,475	10,865,328	73,682,109	302,504	3,165,745	(57,436,052)	73,682,109
Total Liabilities and Net Assets (Deficit)	$ 139,126,189	$ 57,683,334	$ (3,900,000)	$ 192,909,523	$ 10,938,452	$ 74,750,578	$ 1,283,186	$ 3,488,149	$ (57,771,561)	$ 225,598,327

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Well•Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well•Spring Foundation	Well•Spring Services, Inc.	Well•Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
CURRENT ASSETS										
Cash and Cash Equivalents	$ 1,032,897	$ 1,709,960	$ -	$ 2,742,857	$ 395,620	$ 209,834	$ 749,884	$ 622,500	$ -	$ 4,720,695
Investments	34,662,209	-	-	34,662,209	32,480	2,454,257	-	-	-	37,148,946
Resident and Client Accounts Receivable	284,936	223,601	-	508,537	-	-	-	125,192	-	633,729
Allowance for Credit Losses	(21,106)	(43,347)	-	(64,453)	-	-	-	-	-	(64,453)
Resident and Client Accounts Receivable, Net	263,830	180,254	-	444,084	-	-	-	125,192	-	569,276
Pledges Receivable	220,870	-	-	220,870	100,000	-	-	-	-	320,870
Intercompany Receivables	604,133	140,175	-	744,308	-	-	348,824	299,099	(1,392,231)	-
Other Receivables	421,190	308,516	-	729,706	87	-	116	-	-	729,909
Other Current Assets	320,919	94,875	-	415,794	-	-	24,180	420,621	-	860,595
Total Current Assets	37,526,048	2,433,780	-	39,959,828	528,187	2,664,091	1,123,004	1,467,412	(1,392,231)	44,350,291
ASSETS LIMITED AS TO USE										
Statutory Operating Reserves	8,028,000	3,900,000	-	11,928,000	-	-	-	-	-	11,928,000
Health Care Endowment	-	-	-	-	2,267,104	-	-	-	-	2,267,104
Wellness Center Operational Endowment	-	-	-	-	137,758	-	-	-	-	137,758
Admissions Deposits	612,890	-	-	612,890	-	-	-	-	-	612,890
Refundable Entrance Fees	355,996	-	-	355,996	-	-	-	-	-	355,996
Benevolent Assistance	-	-	-	-	5,103,043	-	-	-	-	5,103,043
Charitable Gift Annuity	-	-	-	-	345,315	-	-	-	-	345,315
Future Expansion of Well•Spring	-	-	-	-	477,298	-	-	-	-	477,298
Endowment for the Arts	-	-	-	-	2,124,338	-	-	-	-	2,124,338
Community Benefit Reserve	-	-	-	-	514,947	-	-	-	-	514,947
Externally Restricted - Donor Restricted	1,451,079	-	-	1,451,079	-	-	-	-	-	1,451,079
Board Designated	3,900,000	-	(3,900,000)	-	-	-	-	-	-	-
Total Assets Limited as to Use	14,347,965	3,900,000	(3,900,000)	14,347,965	10,969,803	-	-	-	-	25,317,768
PROPERTY AND EQUIPMENT										
Property and Equipment	156,064,691	74,381,416	-	230,446,107	-	-	27,534	2,077,891	-	232,551,532
Accumulated Depreciation	(73,777,681)	(27,920,169)	-	(101,697,850)	-	-	-	(586,762)	-	(102,284,612)
Total Property and Equipment, Net	82,287,010	46,461,247	-	128,748,257	-	-	27,534	1,491,129	-	130,266,920
ASSET UNDER INTEREST RATE SWAP AGREEMENTS	3,777,609	1,181,586	-	4,959,195	-	-	-	-	-	4,959,195
PLEDGES RECEIVABLE, NET OF CURRENT PORTION	551,000	-	-	551,000	200,000	-	-	-	-	751,000
OTHER ASSETS										
Investment in Joint Ventures	-	-	-	-	-	9,361,038	-	-	-	9,361,038
Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	53,528,372	-	-	(53,528,372)	-
Other	241,036	-	-	241,036	-	-	-	-	-	241,036
Total Other Assets	241,036	-	-	241,036	-	62,889,410	-	-	(53,528,372)	9,602,074
Total Assets	$ 138,730,668	$ 53,976,613	$ (3,900,000)	$ 188,807,281	$ 11,697,990	$ 65,553,501	$ 1,150,538	$ 2,958,541	$ (54,920,603)	$ 215,247,248

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Well•Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well•Spring Foundation	Well•Spring Services, Inc.	Well•Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
CURRENT LIABILITIES										
Accrued Interest Payable	$ 99,069	$ 105,132	$ -	$ 204,201	$ -	$ -	$ -	$ -	$ -	$ 204,201
Accounts Payable and Accrued Expenses	1,551,978	2,941,257	-	4,493,235	-	-	-	35,200	-	4,528,435
Accrued Salaries and Wages	1,372,399	677,433	-	2,049,832	-	-	533,644	202,140	-	2,785,616
Intercompany Payables	383,219	138,139	-	521,358	444,890	-	311,885	114,098	(1,392,231)	-
Deferred Resident Fee Revenue	256,971	-	-	256,971	-	-	-	-	-	256,971
Deferred Revenue from Entrance Fees	150,000	900,000	-	1,050,000	-	-	-	-	-	1,050,000
Current Portion of Long-Term Debt	1,872,916	580,561	-	2,453,477	-	-	-	-	-	2,453,477
Other Liabilities	535,576	-	-	535,576	-	1,040,804	-	-	-	1,576,380
Total Current Liabilities	6,222,128	5,342,522	-	11,564,650	444,890	1,040,804	845,529	351,438	(1,392,231)	12,855,080
LONG-TERM LIABILITIES										
Admission Deposits	612,890	1,867,566	-	2,480,456	-	-	-	-	-	2,480,456
Charitable Gift Annuity Payment Liability	-	-	-	-	156,860	-	-	-	-	156,860
Deferred Revenue from Entrance Fees, Net of Current Portion	48,511,565	17,778,656	-	66,290,221	-	-	-	-	-	66,290,221
Refundable Entrance Fees	355,996	3,811,501	-	4,167,497	-	-	-	-	-	4,167,497
Long-Term Intercompany Payables	-	3,900,000	(3,900,000)	-	-	-	-	-	-	-
Long-Term Debt, Less Current Portion	40,890,526	23,893,911	-	64,784,437	-	-	-	-	-	64,784,437
Total Long-Term Liabilities	90,370,977	51,251,634	(3,900,000)	137,722,611	156,860	-	-	-	-	137,879,471
Total Liabilities	96,593,105	56,594,156	(3,900,000)	149,287,261	601,750	1,040,804	845,529	351,438	(1,392,231)	150,734,551
NET ASSETS (DEFICIT)										
Net Assets Without Donor Restrictions	40,707,798	(2,822,094)	-	37,885,704	5,563,709	57,109,093	305,009	2,370,346	(45,974,768)	57,259,093
Net Assets With Donor Restrictions:										
Purpose Restrictions	1,429,765	204,551	-	1,634,316	2,712,333	4,558,406	-	211,757	(4,708,406)	4,408,406
Perpetual in Nature	-	-	-	-	2,820,198	2,845,198	-	25,000	(2,845,198)	2,845,198
Total Net Assets (Deficit)	42,137,563	(2,617,543)	-	39,520,020	11,096,240	64,512,697	305,009	2,607,103	(53,528,372)	64,512,697
Total Liabilities and Net Assets (Deficit)	$ 138,730,668	$ 53,976,613	$ (3,900,000)	$ 188,807,281	$ 11,697,990	$ 65,553,501	$ 1,150,538	$ 2,958,541	$ (54,920,603)	$ 215,247,248

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Well•Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well•Spring Foundation	Well•Spring Services, Inc.	Well•Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
REVENUE, GAINS, AND OTHER SUPPORT										
Resident Fees Earned and Client Fees, Including Amortization of Deferred Revenue from Nonrefundable Entrance Fees	$ 37,832,774	$ 15,173,791	$ -	$ 53,006,565	$ -	$ -	$ -	$ 3,478,278	$ -	$ 56,484,843
Investment Income	4,484,867	5,277	-	4,490,144	464,086	40,716	-	-	(40,716)	4,954,230
Net Assets Released from Restrictions for Use in Operations	683,465	208,056	-	891,521	499,418	-	-	1,620	-	1,392,559
Contributions of Nonfinancial Assets	-	-	-	-	-	-	-	31,200	-	31,200
Other Revenue	467,338	1,414,823	-	1,882,161	586,042	2,083	2,488,522	665,978	(2,486,021)	3,138,765
Total Revenue, Gains, and Other Support	43,468,444	16,801,947	-	60,270,391	1,549,546	42,799	2,488,522	4,177,076	(2,526,737)	66,001,597
EXPENSES										
Resident Care	10,817,083	3,680,814	-	14,497,897	-	-	-	3,051,598	-	17,549,495
Dietary	6,052,428	2,476,208	-	8,528,636	-	-	-	-	-	8,528,636
Housekeeping	1,777,988	610,208	-	2,388,196	-	-	-	-	-	2,388,196
Plant Operations	5,096,670	1,963,441	-	7,060,111	-	-	-	-	-	7,060,111
General and Administrative	9,093,770	4,161,233	-	13,255,003	414,155	770	2,491,027	480,352	(2,526,737)	14,114,570
Depreciation	7,329,520	3,089,378	-	10,418,898	-	-	-	86,664	-	10,505,562
Interest and Amortization	1,240,517	1,143,183	-	2,383,700	-	-	-	-	-	2,383,700
Total Expenses	41,407,976	17,124,465	-	58,532,441	414,155	770	2,491,027	3,618,614	(2,526,737)	62,530,270
OPERATING INCOME (LOSS)	2,060,468	(322,518)	-	1,737,950	1,135,391	42,029	(2,505)	558,462	-	3,471,327
OTHER INCOME (LOSS)										
Change in Value of Interest Rate Swap Agreements	493,762	555,194	-	1,048,956	-	-	-	-	-	1,048,956
Accreted Interest	-	(118,421)	-	(118,421)	-	-	-	-	-	(118,421)
Provision for Gains of Membership Interests	-	-	-	-	-	5,790,334	-	-	-	5,790,334
Total Other Income (Loss)	493,762	436,773	-	930,535	-	5,790,334	-	-	-	6,720,869
EXCESS (DEFICIT) OF REVENUE, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	2,554,230	114,255	-	2,668,485	1,135,391	5,832,363	(2,505)	558,462	-	10,192,196
Increase in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	3,930,464	-	-	(3,930,464)	-
Capital Contribution to Kintura	-	-	-	-	(429,369)	(570,631)	-	-	-	(1,000,000)
Transfer of Net Assets from Foundation to Well•Spring	883,847	-	-	883,847	(883,847)	-	-	-	-	-
Increase (Decrease) in Net Assets Without Donor Restrictions	3,438,077	114,255	-	3,552,332	(177,825)	9,192,196	(2,505)	558,462	(3,930,464)	9,192,196
Donor Restricted Contributions	757,093	164,551	-	921,644	50	-	-	1,800	-	923,494
Earnings on Permanently Restricted Net Assets	-	-	-	-	446,281	-	-	-	-	446,281
Increase in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	(22,784)	-	-	22,784	-
Net Assets Released from Restrictions	(683,465)	(208,056)	-	(891,521)	(499,418)	-	-	(1,620)	-	(1,392,559)
Increase (Decrease) in Net Assets With Donor Restrictions	73,628	(43,505)	-	30,123	(53,087)	(22,784)	-	180	22,784	(22,784)
INCREASE (DECREASE) IN NET ASSETS	3,511,705	70,750	-	3,582,455	(230,912)	9,169,412	(2,505)	558,642	(3,907,680)	9,169,412
Net Assets (Deficit) - Beginning of Year	42,137,563	(2,617,543)	-	39,520,020	11,096,240	64,512,697	305,009	2,607,103	(53,528,372)	64,512,697
NET ASSETS (DEFICIT) - END OF YEAR	$ 45,649,268	$ (2,546,793)	$ -	$ 43,102,475	$ 10,865,328	$ 73,682,109	$ 302,504	$ 3,165,745	$ (57,436,052)	$ 73,682,109

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Well•Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well•Spring Foundation	Well•Spring Services, Inc.	Well•Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
REVENUE, GAINS, AND OTHER SUPPORT										
Resident Fees Earned and Client Fees, Including Amortization of Deferred Revenue from Nonrefundable Entrance Fees	$ 35,935,053	$ 12,041,707	$ -	$ 47,976,760	$ -	$ -	$ -	$ 3,183,125	$ -	$ 51,159,885
Investment Income	6,702,350	36,948	-	6,739,298	582,443	53,274	-	-	(53,274)	7,321,741
Change in Value of Charitable Gift Annuities	-	-	-	-	(16,275)	-	-	-	-	(16,275)
Net Assets Released from Restrictions for Use in Operations	550,189	60,930	-	611,119	378,171	-	-	62,712	-	1,052,002
Contributions of Nonfinancial Assets	-	-	-	-	-	-	-	31,200	-	31,200
Other Revenue	1,115,146	1,496,275	-	2,611,421	487,224	9,387	3,330,228	218,535	(1,380,000)	5,276,795
Total Revenue, Gains, and Other Support	44,302,738	13,635,860	-	57,938,598	1,431,563	62,661	3,330,228	3,495,572	(1,433,274)	64,825,348
EXPENSES										
Resident Care	11,126,142	3,618,958	-	14,745,100	-	-	-	2,701,419	-	17,446,519
Dietary	5,959,644	2,196,778	-	8,156,422	-	-	-	-	-	8,156,422
Housekeeping	1,744,994	533,850	-	2,278,844	-	-	-	-	-	2,278,844
Plant Operations	5,123,082	2,158,747	-	7,281,829	-	-	-	-	-	7,281,829
General and Administrative	7,190,427	3,782,805	-	10,973,232	554,148	100,840	4,279,935	812,200	(1,433,274)	15,287,081
Depreciation	7,417,621	2,837,225	-	10,254,846	-	1,084	-	79,132	-	10,335,062
Interest and Amortization	1,277,483	1,190,615	-	2,468,098	-	-	-	-	-	2,468,098
Total Expenses	39,839,393	16,318,978	-	56,158,371	554,148	101,924	4,279,935	3,592,751	(1,433,274)	63,253,855
OPERATING INCOME (LOSS)	4,463,345	(2,683,118)	-	1,780,227	877,415	(39,263)	(949,707)	(97,179)	-	1,571,493
OTHER INCOME (LOSS)										
Change in Value of Interest Rate Swap Agreements	(680,794)	(155,133)	-	(835,927)	-	-	-	-	-	(835,927)
Loss on Disposal of Property and Equipment	-	-	-	-	-	(13,198)	-	-	-	(13,198)
Accreted Interest	-	(239,340)	-	(239,340)	-	-	-	-	-	(239,340)
Provision for Gains of Membership Interests	-	-	-	-	-	2,220,566	-	-	-	2,220,566
Total Other Income (Loss)	(680,794)	(394,473)	-	(1,075,267)	-	2,207,368	-	-	-	1,132,101
EXCESS (DEFICIT) OF REVENUE, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	3,782,551	(3,077,591)	-	704,960	877,415	2,168,105	(949,707)	(97,179)	-	2,703,594
Net Assets Released from Restrictions for Purchase of Property and Equipment	-	10,355	-	10,355	-	-	-	-	-	10,355
Decrease in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	1,789,755	-	-	(1,789,755)	-
Transfer of Net Assets from Foundation to Well•Spring	751,290	-	-	751,290	(751,290)	-	-	-	-	-
Transfer of Net Assets from Well•Spring to M&D	(780,000)	-		(780,000)	-	-	780,000	-	-	-
Transfer of Net Assets from Well•Spring to Services	(100,000)	-	-	(100,000)	-	100,000	-	-	-	-
Transfer of Net Assets from M&D to Services	-	-		-	-	(1,343,911)	1,343,911	-	-	-
Transfer of Net Assets from TVAB to M&D	-	(360,000)		(360,000)	-	-	360,000	-	-	-
Transfer of Net Assets from ACE to M&D	-	-		-	-	-	20,000	(20,000)	-	-
Transfer of Net Assets from Well•Spring to ACE	(392,000)	-	-	(392,000)	-	-	-	392,000	-	-
Increase (Decrease) in Net Assets Without Donor Restrictions	3,261,841	(3,427,236)	-	(165,395)	126,125	2,713,949	1,554,204	274,821	(1,789,755)	2,713,949
Donor Restricted Contributions	609,196	6,096	-	615,292	45,952	-	-	105,752	-	766,996
Earnings on Permanently Restricted Net Assets	-	-	-	-	523,201	-	-	-	-	523,201
Increase in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	242,840	-	-	(242,840)	-
Net Assets Released from Restrictions	(550,189)	(71,285)	-	(621,474)	(378,171)	-	-	(62,712)	-	(1,062,357)
Increase (Decrease) in Net Assets With Donor Restrictions	59,007	(65,189)	-	(6,182)	190,982	242,840	-	43,040	(242,840)	227,840
Permanently Restricted Net Assets - Contributions	-	-	-	-	-	-	-	15,000	-	15,000
Increase in Permanently Restricted Net Assets	-	-	-	-	-	-	-	15,000	-	15,000
INCREASE (DECREASE) IN NET ASSETS	3,320,848	(3,492,425)	-	(171,577)	317,107	2,956,789	1,554,204	332,861	(2,032,595)	2,956,789
Net Assets (Deficit) - Beginning of Year	38,816,715	874,882	-	39,691,597	10,779,133	61,555,908	(1,249,195)	2,274,242	(51,495,777)	61,555,908
NET ASSETS (DEFICIT), END OF YEAR	$ 42,137,563	$ (2,617,543)	$ -	$ 39,520,020	$ 11,096,240	$ 64,512,697	$ 305,009	$ 2,607,103	$ (53,528,372)	$ 64,512,697

INDEPENDENT
NETWORK MEMBER

Appendix B

WELL·SPRING, INC.
(AN AFFILIATE OF KINTURA)

COMPILATION OF A COMBINED FINANCIAL PROJECTION

FOR THE YEARS ENDING
DECEMBER 31, 2025 THROUGH DECEMBER 31, 2029

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Well·Spring Services, Inc. Obligated Group
(An Affiliate of Kintura)
Greensboro, North Carolina

Management is responsible for the accompanying projected combined financial statements of the Obligated Group of Well·Spring Services, Inc.(an affiliate of Kintura) (the "Obligated Group"), which comprise the projected combined balance sheet as of December 31, 2025, 2026, 2027, 2028 and 2029, and the related projected combined statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant projection assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the combined projected 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 combined projected financial statements or the assumptions. Furthermore, even if the Obligated Group is able to achieve the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 6 (the "Hypothetical Assumptions"), occurs as projected, the projected results may not be achieved as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying projection, and this report, are intended solely for the information and use of management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and included in the Obligated Group'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 23, 2025

WELL·SPRING SERVICES, INC. OBLIGATED GROUP
(AN AFFILIATE OF KINTURA)
PROJECTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 7
FOR THE YEARS ENDING DECEMBER 31,
(000s Omitted)

	2025	2026	2027	2028	2029
REVENUES, GAINS, AND OTHER SUPPORT					
Resident Fees Earned	$ 45,856	$ 48,156	$ 50,382	$ 52,676	$ 55,065
Amortization of Entrance Fees	9,468	10,669	11,818	12,907	14,050
Support from Affiliates, Net	982	982	982	982	982
Investment Income	1,423	2,313	2,402	2,524	2,648
Net Assets Released from Restrictions - Operations	92	92	92	92	92
Other Revenue	1,736	1,740	1,744	1,747	1,751
Total Revenues, Gains, and Other Support	59,557	63,952	67,420	70,928	74,588
EXPENSES					
Health Care	12,493	12,987	13,500	14,034	14,589
Resident Services	1,770	1,841	1,914	1,991	2,071
Dietary	9,192	9,560	9,943	10,341	10,754
Housekeeping	2,717	2,826	2,939	3,056	3,178
Plant Operations	7,497	7,796	8,109	8,432	8,770
General and Administrative	10,572	10,986	11,425	11,878	12,349
Depreciation	10,510	10,046	9,398	8,716	8,047
Interest and Amortization	2,844	2,808	2,746	2,632	2,538
Management Services Fees	3,264	3,236	3,421	3,607	3,801
Other Expenses	110	105	113	112	109
Total Expenses	60,969	62,191	63,508	64,799	66,206
OPERATING INCOME (LOSS)	(1,412)	1,761	3,912	6,129	8,382
OTHER INCOME (LOSS)					
Accreted Interest	(110)	(110)	(110)	(81)	(81)
Total Other Loss	(110)	(110)	(110)	(81)	(81)
EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	(1,522)	1,651	3,802	6,048	8,301
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS					
Net Assets Released from Restrictions - Operations	(92)	(92)	(92)	(92)	(92)
Decrease in Net Assets With Donor Restrictions	(92)	(92)	(92)	(92)	(92)
Increase (Decrease) in Net Assets	(1,614)	1,559	3,710	5,956	8,209
Net Assets - Beginning of Year	43,102	41,488	43,047	46,757	52,713
Net Assets - End of Year	$ 41,488	$ 43,047	$ 46,757	$ 52,713	$ 60,922

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

WELL·SPRING SERVICES, INC. OBLIGATED GROUP
(AN AFFILIATE OF KINTURA)
PROJECTED COMBINED STATEMENTS OF CASH FLOWS
ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 7
FOR THE YEARS ENDING DECEMBER 31,
(000s Omitted)

	2025	2026	2027	2028	2029
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase (Decrease) in Net Assets	$ (1,614)	$ 1,559	$ 3,710	$ 5,956	$ 8,209
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	10,510	10,046	9,398	8,716	8,047
Amortization of Entrance Fees	(9,468)	(10,669)	(11,818)	(12,907)	(14,050)
Entrance fees Received	13,792	13,792	13,792	13,792	13,792
Amortization of Deferred Issuance Costs	105	105	105	71	71
Accreted Interest	110	110	110	81	81
Changes in Working Capital Components:					
(Increase) Decrease in:					
Accounts Receivable, Net	586	(23)	(20)	(23)	(24)
Other Current Assets	(7)	(7)	(7)	(7)	(8)
Increase (Decrease) in Accounts Payable, Accrued Expenses, and Other Current Liabilities	67	(4)	(5)	2	(9)
Net Cash Provided by Operating Activities	14,081	14,909	15,265	15,681	16,109
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property and Equipment	(9,770)	(10,112)	(9,616)	(9,826)	(8,677)
Change in Assets Limited As to Use	82	(446)	(509)	(507)	(536)
Net Change in Investments	(4,116)	(1,443)	(2,157)	(2,306)	(3,790)
Net Cash Used by Investing Activities	(13,804)	(12,001)	(12,282)	(12,639)	(13,003)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal Payments on Long-Term Borrowings	(2,415)	(2,506)	(2,581)	(2,640)	(2,704)
Entrance Fees Refunded	(402)	(402)	(402)	(402)	(402)
Net Cash Used by Financing Activities	(2,817)	(2,908)	(2,983)	(3,042)	(3,106)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,540)	-	-	-	-
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	3,120	580	580	580	580
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 580	$ 580	$ 580	$ 580	$ 580
Supplementary Disclosure: Interest Paid During the Year	$ 2,844	$ 2,808	$ 2,746	$ 2,632	$ 2,538

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

WELL·SPRING SERVICES, INC. OBLIGATED GROUP
(AN AFFILIATE OF KINTURA)
PROJECTED COMBINED BALANCE SHEETS
ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 7
AT DECEMBER 31,
(000s Omitted)

	2025	2026	2027	2028	2029
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 580	$ 580	$ 580	$ 580	$ 580
Investments	35,706	37,151	39,306	41,612	45,402
Resident Accounts Receivable, Net	536	557	579	602	626
Pledges Receivable	200	200	200	200	200
Other Receivables	623	623	623	623	623
Other Current Assets	180	185	194	201	209
Total Current Assets	37,825	39,296	41,482	43,818	47,640
ASSETS LIMITED AS TO USE					
Reserves Required by State Statute	13,218	13,664	14,173	14,680	15,216
Admission Deposits	798	798	798	798	798
Refundable Entrance Fees	356	356	356	356	356
Board Designated	5,451	5,451	5,451	5,451	5,451
Total Assets Limited as to Use	19,823	20,269	20,778	21,285	21,821
OTHER ASSETS					
Assets Under Interest Rate Swap Agreements	6,008	6,008	6,008	6,008	6,008
Other Assets	206	206	206	206	206
Total Other Assets	6,214	6,214	6,214	6,214	6,214
PROPERTY AND EQUIPMENT, NET					
Land, buildings and equipment	221,454	231,566	241,182	251,008	259,685
Less accumulated depreciation	92,332	102,378	111,776	120,493	128,540
Total Property and Equipment, Net	129,122	129,188	129,406	130,515	131,145
Total Assets	$ 192,984	$ 194,967	$ 197,880	$ 201,832	$ 206,820

WELL·SPRING SERVICES, INC. OBLIGATED GROUP
(AN AFFILIATE OF KINTURA)
PROJECTED COMBINED BALANCE SHEETS
ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 7
AT DECEMBER 31,
(000s Omitted)

	2025	2026	2027	2028	2029
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accrued Interest Payable	$ 96	$ 92	$ 88	$ 88	$ 80
Accounts Payable and Other Accrued Expenses	2,728	2,728	2,729	2,728	2,728
Accrued Salaries and Wages	2,292	2,292	2,292	2,292	2,292
Deferred Resident Fee Revenue	1,513	1,513	1,513	1,513	1,513
Current Portion of Long-Term Debt	2,506	2,579	2,638	2,704	2,767
Other Current Liabilities	419	419	419	419	417
Total Current Liabilities	9,554	9,623	9,679	9,744	9,797
LONG-TERM LIABILITIES					
Admission Deposits	1,147	1,182	1,200	1,202	1,188
Deferred Revenue from Entrance Fees, Net of Current Portion	70,948	73,167	74,360	74,562	73,770
Refundable Entrance Fees	9,769	10,346	10,816	11,176	11,404
Long-Term Debt, Less Current Maturities	60,078	57,602	55,068	52,435	49,739
Total Long-Term Liabilities	141,942	142,297	141,444	139,375	136,101
Total Liabilities	151,496	151,920	151,123	149,119	145,898
NET ASSETS					
Net Assets Without Donor Restrictions	39,916	41,567	45,369	51,417	59,718
Net Assets With Donor Restrictions	1,572	1,480	1,388	1,296	1,204
Total Net Assets	41,488	43,047	46,757	52,713	60,922
Total Liabilities and Net Assets	$ 192,984	$ 194,967	$ 197,880	$ 201,832	$ 206,820

Introduction, Background Information and Summary of Significant Projection Assumptions

Basis of Presentation

The accompanying financial projection presents, to the best of the knowledge and belief of management ("Management") of Well·Spring Services, Inc. dba Well·Spring Retirement Community, Inc. ("Well·Spring") and Alamance Extended Care, Inc. dba The Village at Brookwood (the "Village") (collectively, the "Communities" or the "Obligated Group") expected financial position, results of operations and changes in net assets and cash flows as of and for each of the five years ending December 31, 2029 (the "Projection Period").

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

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

Currently within Kintura, there exists two financially obligated groups for any indebtedness by the life plan communities. One obligated group within Kintura (Well·Spring Services, Inc.) is jointly obligated for the indebtedness of the Village and Well·Spring. The second obligated group within Kintura (Brightspire) is jointly obligated for the indebtedness of the Glenaire, River Landing at Sandy Ridge and Scotia Village life plan communities. The two obligated groups are not combined and are not obligated. The accompanying combined financial projection only includes the Obligated Group and none of the other affiliates.

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

Accordingly, the combined projection reflects Management's judgment as of May 23, 2025, the date of this projection, of the expected conditions and its expected course of action. The assumptions disclosed herein are the assumptions which Management believes are significant to the financial projection. There will usually be differences between projected and actual results, and the projected results may not be achieved, because events and circumstances frequently do not occur as expected, and those differences may be material.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Basis of Presentation (Continued)

Hypothetical Assumptions – A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that may not occur as expected, but is consistent with the purpose of presentation.

Management has prepared its financial projection with the following hypothetical assumptions:

- Management is able to achieve the projected occupancies, operating revenue inflationary rate increases and operating expense inflationary increases, as described hereinafter.

This financial projection is intended solely for the information and use of Management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and included in the Obligated Group's disclosure statement filing), and is not intended to be and should not be used by anyone other than these specified parties

Background

As of December 31, 2024, Well·Spring consists of approximately 90 acres in Greensboro, North Carolina. The community consists of a mid-rise apartment building containing 102 residential units; 50 one-story garden apartment residential units and 88 one-story villa residential units, and 24 hybrid apartments, for a total of 264 residential units; a health care center consisting of 60 assisted living units and 80 skilled nursing units, with 20 skilled nursing units designated as memory care units; an aquatic and fitness center; a central services building, and a resident activities center which includes a 340-seat state of the art theatre and multiple resident art, craft, and hobby studios.

The Village is situated on approximately 47 acres located in Burlington, North Carolina. The Village consists of 110 independent living apartment units and 66 independent living cottage units; a 24-unit assisted living facility, which contains 12 traditional assisted living units and 12 memory support units; a 24-bed sheltered nursing unit; a community center; and a wellness center.

Well·Spring offers two residence and care agreement options: Lifecare Residence and Care and Modified Lifecare Residence and Care. The Village offers two residence and care agreement options: Lifecare Residence and Care and Fee for Service Plan. Each of these options require payment of a one-time entrance fee and monthly service fees. Generally, payment of these fees entitles residents to the use and privileges of the facility for life. The occupancy agreement does not entitle the residents to an interest in the real estate or other property owned by the Obligated Group. All residents are fully responsible for payment of the above fees.

The following tables summarize the type, number, approximate square footage, monthly service fees and entrance fees for the independent living units, in fiscal year 2025 dollars.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Table 1
Well·Spring
Projected Independent Living Units Configuration and Pricing

	Type	Square Feet	Number of Units	Monthly Service Fee: Plan A Lifecare Rate	Monthly Service Fee: Plan A Modified Lifecare Rate	Entrance Fee: Plan A Lifecare Rate	Entrance Fee: Plan A Modified Lifecare Rate
Apartments							
Azalea	1 Bedroom / 1 Bath	675	12	$ 4,188	$ 3,644	$ 175,100	$ 127,800
Birch	1 Bedroom / 1 Bath	750	5	$ 4,188	$ 3,644	$ 175,100	$ 127,800
Camellia	1 Bedroom / 1 Bath Deluxe	970	27	$ 5,014	$ 4,363	$ 232,000	$ 169,400
Dogwood	2 Bedroom / 1 Bath	1,130	11	$ 5,372	$ 4,674	$ 309,700	$ 226,100
Elm	2 Bedroom / 2 Bath	1,200	27	$ 5,628	$ 4,897	$ 335,300	$ 244,800
Chestnut	2 Bedroom / 2 Bath	1,940	20	$ 7,107	$ 5,807	$ 464,100	$ 338,800
Wildflower Square Apartments							
Rosemary	2 Bedroom / 2 Bath with Balcony	1,632	12	$ 6,753	$ 5,876	$ 458,400	$ 334,600
Sage	2 Bedroom / 2 Bath with Balcony	1,998	12	$ 7,004	$ 6,094	$ 510,800	$ 372,900
Garden Home							
Forsynthia	1 Bedroom / 1 Bath	970	26	$ 5,148	$ 4,479	$ 232,000	$ 169,400
Gardenia	2 Bedroom / 2 Bath	1,215	8	$ 5,642	$ 4,909	$ 329,900	$ 240,800
Holly	2 Bedroom / 1.5 Bath	1,160	16	$ 5,515	$ 4,799	$ 318,600	$ 232,700
Villa							
Ivy	2 Bedroom / 2 Bath	1,300	22	$ 5,867	$ 5,105	$ 348,300	$ 254,300
Juniper	2 Bedroom / 2 Bath with Study	1,580	18	$ 6,540	$ 5,690	$ 420,200	$ 306,800
Laurel	2 Bedroom / 2 Bath with Sunroom	2,140	15	$ 6,896	$ 6,000	$ 489,200	$ 357,100
Maple	3 Bedroom / 2 Bath with Sunroom	2,380	10	$ 7,235	$ 6,295	$ 599,700	$ 437,800
Oak	2 Bedroom / 2 Bath with Sunroom	2,115	12	$ 6,896	$ 6,000	$ 489,200	$ 357,100
Pine	3 Bedroom / 2 Bath with Sunroom	2,380	11	$ 7,235	$ 6,295	$ 599,700	$ 437,800
Total / Weighted Average		1,344	264	$ 5,973	$ 5,169	$ 368,977	$ 269,377
Second Person Fee				$ 2,412	$ 2,099	$ 100,000	$ 73,100

Source: Management

Table 2
The Village
Projected Independent Living Units Configuration and Pricing

	Type	Square Feet	Number of Units	Monthly Service Fee: Lifecare Rate	Monthly Service Fee: Fee for Service Rate	Entrance Fee: Lifecare Rate	Entrance Fee: Fee for Service Rate
Apartments							
Azalea	1 Bedroom	826	13	$ 3,492	$ 2,934	$ 237,500	$ 149,700
Birch	1 Bedroom with Den	1,113	27	$ 3,798	$ 3,237	$ 291,900	$ 189,800
Camellia	2 Bedroom	1,206	30	$ 4,151	$ 3,591	$ 310,100	$ 217,100
Dogwood	2 Bedroom with Den	1,352	20	$ 4,505	$ 3,978	$ 346,600	$ 242,700
Elm	2 Bedroom Deluxe	1,596	20	$ 4,885	$ 4,362	$ 384,300	$ 269,100
Villa							
Holly	2 Bedroom	1,692	16	$ 5,334	$ 4,401	$ 393,000	$ 298,700
Juniper	2 Bedroom	1,772	10	$ 5,402	$ 4,473	$ 451,900	$ 343,500
Magnolia	3 Bedroom	1,892	23	$ 5,581	$ 4,683	$ 422,500	$ 321,200
Oak	2 Bedroom + Den/Office	1,965	6	$ 5,743	$ 4,842	$ 440,300	$ 334,600
Pine	3 Bedroom	2,160	11	$ 5,813	$ 4,916	$ 506,400	$ 384,900
Total / Weighted Average		1,476	176	$ 4,695	$ 4,012	$ 361,514	$ 259,449
Second Person Fee				$ 1,710	$ 1,093	$ 43,270	$ 28,800

Source: Management

The following tables summarize the type, number, approximate square footage, and monthly service fees for assisted living, memory care and skilled nursing, in fiscal year 2025 dollars.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Table 3
Well·Spring
Projected Health Care Center Configuration and Pricing

Level of Care	Type	Square Feet	Number of Units	Monthly Service Fee: Per Diem	Monthly Service Fee: Plan A Modified LifeCare	Monthly Service Fee: Plan A LifeCare
Assisted Living Apartments	1 Bedroom / 1 Bath	475	60	$ 9,915	$ 8,428	(1)
Skilled Nursing / Memory Care	1 Bedroom / 1 Bath	273	80	$ 16,030	$ 13,625	(1)

Source: Management
Note: (1) Residents under the Lifecare contract requiring skilled nursing and assisted living services receive no increase over their independent living monthly service fee, other than the charge for two additional daily meals not provided for in the monthly service fee and certain other items used for their care such as pharmaceuticals and supplies.

Table 4
The Village
Projected Health Care Center Configuration and Pricing

Level of Care	Square Feet	Number of Units	Monthly Service Fee: LifeCare Monthly Rates	Monthly Service Fee: Fee-for-Service Monthly Rates
Traditional Assisted Living Units	289 - 367	12	$ 5,290	$ 7,220
Memory Support Units	289 - 367	12	$ 5,290	$ 9,343
Sheltered Nursing Beds	205 - 297	24	$ 5,290	$ 12,991

Source: Management

Occupancy

Residential Living

Based on the marketing efforts, the move-ins experience to date and historical occupancy experience, utilization of the residential units is projected as noted below. Resident attrition as a result of mortality and permanent transfer to the health center is estimated based on historical experience of operating the Communities. The following tables summarize the projected utilization during the Projection Period.

Table 5
Well·Spring
Projected Utilization of the Independent Living Units

Year Ending December 31,	Average Available Units	Average Occupied Units	Average Occupancy Percent
2025	264	259	98.1%
2026	264	259	98.1%
2027	264	259	98.1%
2028	264	259	98.1%
2029	264	259	98.1%

Source: Management

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Management has assumed that the number of independent living units to have double occupancy will average approximately 30% for each year in the Projection Period.

Table 6
The Village
Projected Utilization of the Independent Living Units

Year Ending December 31,	Average Available Units	Average Occupied Units	Average Occupancy Perccent
2025	176	168	95.4%
2026	176	168	95.4%
2027	176	168	95.4%
2028	176	168	95.4%
2029	176	168	95.4%

Source: Management

Management has assumed that the number of independent living units to have double occupancy will average approximately 32% for each year in the Projection Period.

Health Care Center

Occupancy of the Health Care Center units is estimated as follows:

Assisted Living

Table 7
Well·Spring
Projected Utilization of the Assisted Living Units

Year Ending December 31,	Average Available Units	Average Assisted Living Residents	Average Per Diem Residents	Average Total Units Occupied	Average Occupancy Percent
2025	60	30.2	17.8	48.0	80%
2026	60	30.2	17.8	48.0	80%
2027	60	30.2	17.8	48.0	80%
2028	60	30.2	17.8	48.0	80%
2029	60	30.2	17.8	48.0	80%

Source: Management

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Table 8
The Village
Projected Utilization of the Assisted Living Units and Memory Care Units

Year Ending December 31,	Average Available Units	Average Units Occupied	Average Occupancy
2025	24	20	83.3%
2026	24	20	83.3%
2027	24	20	83.3%
2028	24	20	83.3%
2029	24	20	83.3%

Source: Management

Skilled Nursing and Memory Care

Table 9
Well·Spring
Projected Utilization of the Skilled Nursing and Memory Care Units

Year Ending December 31,	Average Units Available	Average Units Occupied	Average Occupancy
2025	80	68	85.0%
2026	80	68	85.0%
2027	80	68	85.0%
2028	80	68	85.0%
2029	80	68	85.0%

Source: Management

Table 10
The Village
Projected Utilization of the Skilled Nursing Units

Year Ending December 31,	Average Units Available	Average Units Occupied	Average Occupancy
2025	24	22	91.7%
2026	24	22	91.7%
2027	24	22	91.7%
2028	24	22	91.7%
2029	24	22	91.7%

Source: Management

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Revenues

Entrance fees generated are based on the projected number of independent living units occupied each year. The entrance fees that are earned into revenue over the life expectancy of residents are reflected as amortization of entrance fees. The unearned portion of entrance fees is classified as Deferred Revenue on the accompanying combined projected balance sheets. During the Projection Period, the entrance fees for the Communities are expected to average $315,000 in 2025 and inflate 3.0% annually thereafter over the Projection Period.

Well Spring
Residents under the lifecare ("Lifecare") contract requiring skilled nursing, assisted living or memory care services receive priority for admission to the health care center and receive such services at no increase over their independent living monthly service fee, other than the charge for two additional daily meals not provided for in the monthly service fee and certain other items used for their care including pharmaceuticals and supplies. Residents under the modified lifecare ("Modified Lifecare") contract requiring skilled nursing, assisted living or memory care services also receive priority admission to the health care center but pay a discounted rate based on the current per diem rates in place. The discount currently ranges between 15% and 20% of the per diem rates.

A portion of the entrance fee may be refundable when the residency is terminated based upon the plan selected under either the Lifecare or Modified Lifecare contracts. The refund options available to the Lifecare and Modified Lifecare contracts are:

- One year, four percent per month declining refund option ("Plan A"). If the prospective resident selects this plan, Well·Spring will refund an amount equal to ninety percent of the entrance fee paid in the event that the termination date occurs within sixty days after the occupancy date. If the termination date occurs more than sixty days but less than 12 months after the occupancy date, Well·Spring will refund an amount equal to ninety percent of the entrance fee paid less four percent of the total entrance fee for each calendar month prior to the termination date. However, in no event shall any refund occur if the termination date occurs more than twelve months after the occupancy date.
- 90% refund option ("Plan D") – Only available to Lifecare contract. If the prospective resident selects this plan an amount equal to ninety percent of the entrance fee paid will be refunded upon contract termination.

Management has projected that 100% of the residents would select Plan A during the Projection Period. Management has not projected any incoming resident selecting Plan D during the Projection Period.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

The Village

Residents under the Lifecare plans requiring skilled nursing, memory care or assisted living services receive 14 free Health Care Center days per calendar year, and are then required to pay a Lifecare rate if the 14 free days are used within each calendar year. The Lifecare rate is equivalent to the current weighted average Lifecare monthly service fee of a single resident of The Village, as well as the charge for two additional daily meals not provided for in the monthly service fee.

Occupancy of the Assisted living units is projected to be from internal transfers from independent living units. Nursing bed occupancy is projected to be from internal transfers from both independent living units and assisted living units. Internal transfers include both temporary and permanent transfers. Temporary transfers reside in a Health Care Center bed for a short-term stay and pay an added fee, in addition to their monthly service fee, according to their Residence and Services Agreement, as well as the cost of two meals per day. The Independent living unit is held while temporary transfers reside in the Health Care Center. Upon permanent transfer to the Health Care Center, the independent living unit is released and the resident pays the specified Health Care Center fee, according to their Residence and Services Agreement.

Residents under the Fee-for-Service contracts requiring skilled nursing, memory care, or assisted living services pay the current market monthly rate or per diem rate for care.

The Village is also a licensed nursing facility that participates in the Center for the Medicare and Medicaid Services (CMS) Medicare program. Agreements with third-party payors can provide for payments at amounts less than the established charges. The Village has projected funds due from Medicare at the net amounts projected to be received after revenue adjustments and settlement of audits and reviews from CMS.

The following table summarizes entrance fees received and refunds paid during the Projection Period.

Table 11
Projected Entrance Fees Received and Refunded (in $000s)
For the Year Ending December 31,

	2025	2026	2027	2028	2029
Entrance Fees from Turnover	$ 13,792	$ 13,792	$ 13,792	$ 13,792	$ 13,792
Entrance Fees Refunded	(402)	(402)	(402)	(402)	(402)
Total Entrance Fees, Net	$ 13,390	$ 13,390	$ 13,390	$ 13,390	$ 13,390

Source: Management

Resident fee revenues are based on the projected utilization and the 2025 fee schedules in the information that follows. Management has assumed that the number of units to have double occupancy is approximately 30-32% for independent living units for all years in the Projection Period.

The following table summarizes the monthly service fee increases during the Projection Period. On a limited basis, the Obligated Group would provide benevolence assistance to residents, who, through no

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

fault of their own, outlive their financial resources, provided that this assistance does not jeopardize the financial stability of the Obligated Group.

Table 12
Well·Spring and The Village
Projected Monthly Service Fee Increases

	Independent Living	Assisted Living			Nursing		
		LifeCare	Modified LifeCare	Per Diem	LifeCare	Modified LifeCare	Per Diem
Well·Spring							
2026	4.75%	4.75%	5.75%	5.75%	4.75%	5.75%	5.75%
2027	4.50%	4.25%	4.75%	4.75%	4.25%	4.75%	4.75%
2028	4.50%	4.25%	4.75%	4.75%	4.25%	4.75%	4.75%
2029	4.50%	4.25%	4.75%	4.75%	4.25%	4.75%	4.75%

	Independent Living	Assisted Living		Nursing	
		LifeCare	Fee For Service	LifeCare	Fee For Service
The Village					
2026	5.00%	5.75%	5.75%	5.75%	5.75%
2027	4.75%	5.50%	5.50%	5.50%	5.50%
2028	4.50%	5.25%	5.25%	5.25%	5.25%
2029	4.50%	5.00%	5.00%	5.00%	5.00%

Source: Management

Other revenue relates to both residential living and health care ancillary services and includes income from personal care services, guest meals, rental of retail space, rental income for guest rooms, respite care revenue, and other miscellaneous revenue sources and has been projected based on Management's historical experience and approximates 3.8% of resident fee revenues throughout the Projection Period.

Management has projected the following existing resident mix, by contract type, for the Projection Period.

Table 13
Well·Spring
Projected Community Resident Mix

Projected as of December 31,	Independent Living		Assisted Living			Skilled Nursing, Memory Support and Rehabilitation		
	LifeCare	Modified LifeCare	LifeCare	Modified LifeCare	Per Diem	LifeCare	Modified LifeCare	Per Diem (1)
2025	39%	61%	20%	40%	40%	15%	55%	30%
2026	39%	61%	20%	40%	40%	15%	55%	30%
2027	39%	61%	20%	40%	40%	15%	55%	30%
2028	39%	61%	20%	40%	40%	15%	55%	30%
2029	39%	61%	20%	40%	40%	15%	55%	30%

Source: Management
Note:
(1) Per Diem for Skilled Nursing, Memory Support, and Rehabilitation represents residents who have transferred from assisted living or independent living.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Table 14
The Village
Projected Community Resident Mix

	Projected as of December 31,						
	Independent Living		Assisted Living		Sheltered Nursing		
	LifeCare	Fee for Service	LifeCare	Fee for Service	LifeCare	Medicare	Private Pay
2025	39%	61%	30%	70%	29%	9%	62%
2026	39%	61%	30%	70%	29%	9%	62%
2027	39%	61%	30%	70%	29%	9%	62%
2028	39%	61%	30%	70%	29%	9%	62%
2029	39%	61%	30%	70%	29%	9%	62%

Source: Management

Investment Income

Investment income consists of interest earnings on cash and cash equivalents, investments, and assets limited as to use, as provided by Management. The Obligated Group considers its investment portfolio to be a trading portfolio and, accordingly, all investment income or loss (including realized and unrealized gains and losses on investments) is included in the excess of revenue, gains and other support over expenses, unless the income is restricted by donor or by law.

Management does not assume any changes in the underlying values of investments during the Projection Period that would result in unrealized gains or losses. Investment income (including realized gains and losses on investments, interest, and dividends) included in the accompanying projected combined statements of operations and changes in net assets is based on an assumed blended rate of return of approximately 4.0% to 4.5% annually throughout the Projection Period.

Operating Expenses

Staffing of the Communities is based on the Communities' existing staffing levels and the experience of Management giving effect to the level of services offered at the Communities. Average salary and wage rates are based on current rates paid. Beginning January 1, 2026, on an annual basis, Management is projecting salary and wage rates of the Communities to increase approximately 4.0% for each year within the Projection Period.

The costs of employee's fringe benefits are assumed to approximate 22% of salaries and wages, and include FICA, medical and dental insurance, long-term disability, life insurance, and retirement benefits.

The cost of supplies, utilities and other non-salary expenses of the Communities were based on the experience of the Communities and are projected to increase approximately 4.0% for each year within the Projection Period.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Property and Equipment and Depreciation Expense

The projected combined balance sheets reflect the cost of constructing and equipping the Communities. The projected combined statements of operations and changes in net assets include the related depreciation and interest expense. Estimated provisions for depreciation during the Projection Period were computed on the straight-line method using an average 35-year life for construction-related costs and a 7-year life for furniture, fixtures, equipment, and a 10-year life for routine capital equipment additions.

Amortization Expense

Financing expenses incurred in conjunction with issuance of long-term debt are assumed to be amortized over the perspective period the bonds are outstanding and is included as a component of interest expense on the projected combined statements of operations and changes in net assets.

Interest Expense and Long-Term Debt

Long-term debt, totaling $65,498,088 at December 31, 2024, consisted of the following maturities and annual interest rates:

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Series 2016A-2, bank qualified debt. Monthly payment of principal began November 25, 2016. All unpaid principal and interest is due January 1, 2027. Interest is payable monthly at a variable interest rate (4.958% at December 31, 2024).	$	1,750,417
Series 2016B; interest only through January 2019. Monthly payment of principal began January 25, 2019. All unpaid principal and interest is due January 1, 2041. Interest is payable monthly at a variable rate (5.190% at December 31, 2024).		26,045,834
Series 2020A-1; interest only through April 2023. Monthly payment of principal began April 1, 2023. All unpaid principal and interest is due April 1, 2048. Interest is payable monthly at a variable rate (4.750% at December 31, 2024).		13,425,000
2022 Bank Loan; interest only through June 2023. Monthly payment of principal began July 1, 2023. All unpaid principal and interest is due June 1, 2037. Interest is payable monthly at a variable rate (5.80% at December 31, 2024).		24,276,837
Total		65,498,088
Less: Current Maturities		(2,415,452)
Less: Unamortized Deferred Financing Costs		(604,089)
Total	$	62,478,547

In October 2016, the Well·Spring issued two loan agreements totaling $40,000,000 in relation to the Public Finance Authority Retirement Facilities Revenue Refunding Bonds (Series 2016A Bonds) and the Public Finance Authority Retirement Facilities Revenue Bonds (Series 2016B). Proceeds of the Series 2016A Bonds, broken into two parts, Series 2016A-1 and Series 2016A-2, were used to refund the then outstanding Series 2003 Bonds and taxable variable rate debt. The bonds are secured by a lien on substantially all of the real and personal property comprising Well·Spring and by a security interest in Well·Spring's revenues without donor restrictions.

Effective January 1, 2018, interest rates changed on the Well·Spring's debt related to provisions in the debt agreements triggered by a decrease in the corporate tax rate. The Series 2016A-1, 2016A-2 and 2016B Bonds now bear interest at an adjustable rate which is 82.646% of One-Month LIBOR, as adjusted monthly with changes in One-Month LIBOR, plus 0.869%, 1.106% and 1.343% per annum, respectively. Effective January 1, 2023, these interest rates changed on the Well·Spring's debt related to Interest Rate reform to replace one-month LIBOR with one-month CME Term SOFR.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

In March 2020, the Well·Spring issued a loan agreement totaling $22,410,000 in relation to the Public Finance Authority Retirement Facilities Revenue Bonds (Series 2020A Bonds). Proceeds of the Series 2020A Bonds, broken into two parts, Series 2020A-1 and Series 2020A-2, were to be used to fund the construction of 24 new hybrid apartments. The bonds were secured by a lien on substantially all of the real and personal property comprising Well·Spring. The Series 2020A-2 bond, amounting to $8,250,000, was repaid during 2022 with entrance fees received on the initial occupants of the apartments. The remaining bond proceeds of $14,160,000 relate to the Series 2020A-1 bond. The first 36-months of the Series 2020A-1 bond requires payments of interest only, with principal payable monthly starting April 2023. The Series 2020A-1 bond matures in April 2048. The Series 2020A-1 bond accrues interest at 79% of 1-Month LIBOR plus 1.0665%. Effective January 1, 2023, these interest rates changed on the Well·Spring's debt related to Interest Rate reform to replace one-month LIBOR with one-month CME Term SOFR.

On July 1, 2022, the Village entered into a loan agreement totaling $25,000,000 with a financial institution (2022 Acquisition Loan). Proceeds of the 2022 Acquisition Loan were used to finance the acquisition of the membership interest of the Village in order to integrate the assisting living and health care facilities of the Village into the Well·Spring system. The Acquisition Loan is secured by a lien on substantially all of the real and personal property comprising the Village and by a security interest in the Village's unrestricted revenues. The Acquisition Loan bears interest at an adjustable rate of One-Month SOFR plus 1.25%. The first 12 months of the Acquisition Loan requires payments of interest only, with principal payable monthly starting July 2023.

On July 1, 2022, the Village entered into a loan agreement totaling $5,000,000 with a financial institution (2022 Working Capital Term Loan). Proceeds of the 2022 Working Capital Term Loan are to be used to finance working capital expense and/or capital improvements. The Working Capital Term Loan is secured by a lien on substantially all of the real and personal property comprising the Village and by a security interest in the Village's unrestricted revenues. The Working Capital Term Loan bears interest at an adjustable rate of One-Month SOFR plus 1.25%. The first 12 months of the Working Capital Term Loan requires payments of interest only, with principal payable monthly starting July 2023. The Working Capital Term Loan matures in June 2037. No amounts have been drawn down on this loan as of December 31, 2024.

In conjunction with the Member Substitution Agreement effective July 1, 2022, the Village joined an Obligated Group with Well·Spring, who is a co-borrower on the 2022 Acquisition Loan and the 2022 Working Capital Term Loan. As part of the Obligated Group, the Village is required to adhere to covenant requirements per the Obligated Group's debt agreements.

Projected principal payments on the Obligated Group's total long-term debt is presented in the following table, which is presented on a December 31, fiscal year basis.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Table 15
Projected Principal Payments (in $000s)

Year Ending December 31,	Series 2016A-2	Series 2016B	Series 2020A-1	Series 2022 Aquistion Loan	Total
2025	$822	$665	$420	$508	$2,415
2026	857	660	461	528	2,506
2027	71	1,481	480	549	2,581
2028	-	1,592	480	568	2,640
2029	-	1,632	480	592	2,704
Thereafter	-	20,016	11,104	21,532	52,652
Total	$1,750	$26,046	$13,425	$24,277	$65,498

Source: Management

Interest Rate Swap Agreements

During 2016, Well·Spring entered into three variable-to-fixed interest rate swap agreements to manage the interest rate risk on the variable rate indebtedness on the Series 2016A and Series 2016B Bonds. Under the first swap agreement (Series 2016A-1 Swap), Well·Spring's variable rate on the Series 2016A-1 borrowings was effectively converted to 1.435%. The Series 2016A-1 Swap had an effective date of October 18, 2016, and terminated on January 1, 2021. Under the second swap agreement (Series 2016A-2 Swap), Well·Spring's variable rate on the Series 2016A-2 borrowings is effectively converted to 1.905% on a notional amount of $4,647,500. The Series 2016A-2 Swap has an effective date of October 18, 2016, and terminates on January 1, 2027. Under the third swap agreement (Series 2016B Swap), Well·Spring's variable rate on the Series 2016B borrowings is effectively converted to 2.385% on the assumed notional amount of $30,795,000. The Series 2016B Swap was a forward swap on the Series 2016B Bonds (as defined above). Well·Spring entered into the Series 2016B Swap on October 12, 2016, to secure a favorable fixed rate and received no benefits of the Series 2016B Swap until the effective date of July 1, 2018, and terminates on November 1, 2031. The Series 2016A-1 Swap, Series 2016A-2 Swap and Series 2016B Swap will be collectively referred to as the "2016 Swap Agreements."

In January of 2018, the 2016 Swap Agreements were amended due to an interest rate reset on Well·Spring's debt related to provisions in the debt agreements triggered by a decrease in the corporate tax rate. The Series 2016A-2 Swap now has an effective date of January 1, 2018. Well·Spring now pays a fixed rate of 2.479% on a current notional amount of $1,750,417. The Series 2016B Swap now has an effective date of July 1, 2018. Well·Spring now pays a fixed rate of 3.024% on a current notional amount of $27,045,833.

In February 2020, Well·Spring entered into a variable-to-fixed interest rate swap agreement to manage the interest rate risk on the variable rate indebtedness on the Series 2020A1 Bonds (the "Series 2020A-1 Swap Agreement"). Under terms of the Series 2020A-1 Swap Agreement, Well·Spring's variable rate on the Series 2020A1 Bonds is effectively converted to a fixed interest rate of 2.213% on a notional amount of $13,845,000, with an effective date of September 1, 2021 and a termination date of March 1, 2035.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

During 2022, the Village entered into a variable-to-fixed interest rate swap agreement to manage the interest rate risk on the variable rate indebtedness on a portion of the 2022 Acquisition Loan. Under the swap agreement, the Village's variable rate on the 2022 Acquisition Loan is effectively converted to 3.78% on a national amount of $14,563,920. The swap has an effective date of July 1, 2022, and terminates on June 1, 2037. Collectively, the 2016 Swap Agreements, the Series 2020A-1 Swap Agreement and the 2022 Acquisition Loan Swap Agreement are referred to as the "Swap Agreements".

The total estimated fair value of the Swap Agreements as of December 31, 2024 was an asset of $6,008,151. The amount is included on the projected combined balance sheet as Assets Under Interest Rate Swap Agreements. Management has not projected any change in the Interest Ratio Swap Agreements during the Projection Period

Current Assets and Current Liabilities

Cash
Cash balances for the Projection Period are projected based upon balances Management has projected carrying during the Projection Period for each member of the Obligated Group.

Investments
Investment balances are projected based upon the results of the projected combined cash flow statements.

Resident Accounts Receivable, Net
Resident accounts receivable, net of allowance for expected credit losses, are projected based on historical levels and are inflated by 4.0%, starting in 2026, and each year thereafter during the Projection Period.

Pledges Receivable
Pledges receivable are projected based upon historical levels.

Other Receivables
Other receivables are projected based upon historical levels.

Other Current Assets
Other current assets are projected based upon historical levels and are inflated by 4.0%, starting in 2026, and each year thereafter during the Projection Period.

Accrued Interest Payable
Accrued interest payable has been calculated based on interest expense requirements of outstanding debt.

Accounts Payable and Other Accrued Expenses
Accounts payable and other accrued expenses are projected based on historical levels.

Accrued Salaries and Wages
Accrued salaries and wages are projected based on historical levels.

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Deferred Resident Fee Revenue
Deferred resident fee revenue are projected based upon historical levels.

Other Current Liabilities
Other current liabilities are projected based upon historical levels.

Assets Limited as to Use
A narrative description of the assets limited as to use follows.

Admissions Deposits – Consists of future occupancy list fees and reservations fees. The Communities collect an admission deposit of $1,000 to secure a space on the future occupancy list for a residential unit. A reservation fee of 10% of the entrance fee is received when a unit is available and a reservation agreement is executed. When a 10% reservation fee is received, a residential unit is considered reserved.

When the applicant takes occupancy of a unit and becomes a resident, the entire admission deposit of $1,000 and $1,200, at the Well·Spring and Village, respectively, is applied toward the entrance fee due. In the event of withdrawal from the future occupancy list or termination of the reservation, the applicant receives a refund of the admission deposit paid, less an administrative fee of $250 and $200, at the Well·Spring and Village, respectively. If the Communities terminates agreement, or the applicant is not accepted for admission, the entire admission deposit of $1,000 and $1,200, at the Well·Spring and Village, respectively, is refunded.

Refundable Entrance Fees – Under certain contracts, a minimum of 90% of the original entrance fee will be refunded. Such minimum refundable amounts are shown as refundable entrance fees in the projected combined balance sheets.

Board Designated- Consists of assets set aside by the Board over which the Board retains control and may, at its discretion, subsequently use for another purpose.

Statutory Operating Reserves – Assets limited as to use includes amounts set aside for statutory operating reserves.

Under regulations of the North Carolina Insurance Commission, the Obligated Group is required to maintain an operating reserve equal to 25% of the total occupancy costs projected for the current 12-month period. The operating reserve of 25% is based upon an occupancy percentage of 90% or more for independent living, assisted living and memory care occupancy.

Statutory Operating Reserve on the accompanying projected combined balance sheets incorporated the assumptions set forth following:

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Table 16
Projected Statutory Operating Reserve Calculation
For the Years Ending December 31,
(in $000s)

	2025	2026	2027	2028	2029
Total Operating Expenses	$ 60,969	$ 62,191	$ 63,504	$ 64,799	$ 66,206
Include:					
Bond Principal Payments	$ 2,415	$ 2,506	$ 2,581	$ 2,640	$ 2,704
Exclude:					
Depreciation and Amortization of Deferred Financing Costs	(10,510)	(10,046)	(9,398)	(8,716)	(8,047)
Total Operating Costs	$ 52,874	$ 54,651	$ 56,687	$ 58,723	$ 60,863
Operating Reserve Precentage (1)	25%	25%	25%	25%	25%
Operating Reserve at 12/31	$ 13,218	$ 13,664	$ 14,173	$ 14,680	$ 15,216

Notes:
(1) Occupancy Percentage at Year-End

	2025	2026	2027	2028	2029
Available Units					
Independent Living	440	440	440	440	440
Assisted Living	84	84	84	84	84
Total Available Units	524	524	524	524	524
Occupied Units					
Independent Living	427	427	427	427	427
Assisted Living	68	68	68	68	68
Total Occupied Units	495	495	495	495	495
Occupancy at Year-End	94.5%	94.5%	94.5%	94.5%	94.5%

Source: Management

Introduction, Background Information and Summary of Significant Projection Assumptions (Continued)

Other Items

Net Assets

Net Assets Without Donor Restriction – reflects those resources that are not restricted by donors or grantors as to use of purpose and include amounts generated from operations, undesignated girts, and the investment in property and equipment. Changes to net assets without donor restrictions during the Projection Period are the results of the excess of revenues, gains, and other support over expenses as projected on the projected combined statement of operations and changes in net assets during the Projection Period.

Net Assets With Donor Restrictions – reflects those resources that carry a donor-imposed restriction that permits the Communities to use or expend the donated assets as specified, is satisfied by the passage of time or by actions of the Communities, or that the assets be maintained in perpetuity. Changes to net assets with donor restrictions during the Projection Period are the results of any donor restricted activity as projected on the projected combined statement of operations and changes in net assets during the Projection Period.

Summary of Significant Accounting Policies

Basis of Accounting

The Obligated Group maintains its accounting and financial records according to the accrual basis of accounting. The Obligated Group classifies its funds for accounting and reporting purposes as without donor restrictions or with donor restriction:

> *Without Donor Restrictions* – Resources of the Obligated Group that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.
>
> *With Donor Restrictions* – Resources that carry a donor-imposed restriction that permits the Obligated Group to use or expend the donated assets as specified, is satisfied by the passage of time or by actions of the Communities, or that the assets be maintained in perpetuity. Donor restricted net assets are available primarily to fund certain resident care expenses.

Use of Estimates

The preparation of projected combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported as assets and liabilities and disclosure of contingent assets and liabilities in the projected financial statements and accompanying notes. Estimates also affect the reported amount of revenues and expenses during the reporting period. Estimates made by the Obligated Group relate primarily to the collectability of accounts and pledges receivable, the obligation to provide future services, the life expectancy used to amortize deferred revenue from entrance fees and the portion of entrance fees to be refunded. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Obligated Group considers all highly liquid investments, other than those included in assets limited as to use, with a maturity of three months or less when purchased, to be cash equivalents.

Investments

Investments are measured at fair market value based on quoted market values. The Obligated Group considers its investment portfolio to be a trading portfolio and, accordingly, all investment income or loss (including realized and unrealized gains and losses on investments) is included in the excess of revenue, gains and other support over expenses, unless the income is restricted by donor or by law.

Assets Limited as to Use

Assets limited as to use includes amounts externally restricted under donor restrictions, Board restricted assets and amounts set aside for North Carolina statutory operating reserves, amounts held as admission deposits, and amounts held as refundable entrance fees. Any portion of assets limited as to use that is estimated to be utilized in the following period is shown as current on the projected combined balance sheets. Management has not projected any assets limited as to use as current during the Projection Period.

Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost. All items with a cost of over $1,000 and an estimated useful life of three years or more are capitalized. Donated property and equipment are recorded as an addition to net assets when received, based on the fair value of the asset on the date contributed. Depreciation is provided over the estimated useful life of each class of depreciable asset, and is computed using the straight-line method. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets.

The following estimated useful lives are used to calculate depreciation:

Land Improvements	3 - 25 years
Buildings	20 - 40 years
Building Improvements	3 - 40 years
Furniture and Fixtures	3 - 20 years

The Obligated Group periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment is determined to exist for assets to be held and used if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. Impairment is determined to exist for assets to be disposed of if the estimated net realizable value is less than the carrying amount.

The following table reflects the major categories of property and equipment throughout the Projection Period:

Table 17
Projected Property and Equipment, Net (in $000s)
For the Years Ending December 31,

	(000's Omitted)				
	2025	**2026**	**2027**	**2028**	**2029**
Land	$ 10,824	$ 10,824	$ 10,824	$ 10,824	$ 10,824
Land Improvements	7,478	7,651	7,774	9,282	9,730
Buildings	147,308	152,536	156,880	160,844	164,983
Building Improvements	34,093	38,094	41,931	45,303	48,180
Furniture & Equipment	21,751	22,461	23,773	24,754	25,968
	$ 221,454	$ 231,566	$ 241,182	$ 251,008	$ 259,685
Less Accumulated Depreciation	(92,332)	(102,378)	(111,776)	(120,493)	(128,540)
Property & Equipment, Net	$ 129,122	$ 129,188	$ 129,406	$ 130,515	$ 131,145

Source: Management

Pledges Receivable

Pledges are recognized as revenue in the period in which the unconditional pledge is made. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. Pledges receivables that are restricted by the donor for the acquisition of long-term assets or other purposes are

Summary of Significant Accounting Policies (Continued)

classified as long-term assets. A current portion of the pledge receivable is included in the accompanying projected combined balance sheets for the amount that is projected to be received within the next year. Pledges are projected to remain the same throughout the Projected Period.

Residents Accounts Receivable and Allowance for Credit Loss

Resident receivables are reported net of an allowance for credit losses to represent the Obligated Group's estimate of expected losses at the balance sheet date. The Obligated Group separates resident receivables into risk pools based on payors and aging. In determining the amount of the allowance as of the balance sheet date, the Obligated Group develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

Deferred Financing Costs

Deferred financing costs include costs incurred in connection with Series 2016 Bonds, Series 2020 Bonds and Series 2022 Acquisition Loan. Such costs are amortized using the effective interest method over the term of the Series 2016 Bonds, Series 2020 Bonds and 2022 Acquisition Loan. The Obligated Group presents debt issuance costs as a direct deduction from the face amount of the related borrowings, amortizes debt issuance costs using the straight line method, which approximates the effective interest method, over the term of the debt, and records the amortization as a component of interest expense.

Deferred Revenue from Entrance Fees and Accreted Interest and Refundable Entrance Fees

Entrance fees from the Communities' residency and care agreements, excluding the portion that is estimated to be refundable to the resident, are recorded as deferred revenue from entrance fees, nonrefundable and recognized as income over the estimated life expectancy, adjusted annually, for each resident.

A portion of the entrance fee may be refundable when the residency is terminated. In accordance with the continuing care contract, the refundable portion is reduced each month, commencing with the date of occupancy and recognized as income over the estimated life expectancy, annually, for each resident. Under certain contracts, a minimum of 90% of the original entrance fee will be refunded. Such minimum refundable amounts are shown as Refundable Entrance Fees in the accompanying projected balance sheets and are not amortized into income.

The residency agreements acquired upon acquisition of the Village are projected at their estimated fair value. The fair value of those refundable entrance fees are accreted to face value using the effective interest method over the estimated life expectancy of the residents at acquisition. The discount rate assumed is 3.78%. At the date of the Member Substitution Agreement, the unamortized discount approximated $973,000 and as of December 31, 2024, the remaining unamortized portion was approximately $507,000. Management has projected the accreted interest upon amortization of these agreements on the projected statement of operations and changes in net assets.

Summary of Significant Accounting Policies (Continued)

Obligation to Provide Future Services

The Obligated Group calculates the present value of the estimated net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability (obligation to provide future services) is recorded. No liability has been recorded for the year ended December 31, 2024, because the present value of the estimated net cost of future services and use of facilities is less than deferred revenue from entrance fees. Management has not projected a future service obligation during the Projection Period.

Projected Statements of Operations and Changes in Net Assets

Provision of resident care services is the sole function of the Obligated Group. For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of resident care services are reported as revenues, gains and other support and expenses. Peripheral or incidental transactions are reported as non-operating gains and losses.

Resident Fees Earned

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

Performance obligations are determined based on the nature of the services provided by the Obligated Group. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Obligated Group 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 residents receiving residential services in the facilities. The Obligated Group considers daily services provided to residents of the skilled nursing facilities, and 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 our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Obligated Group 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 Obligated Group has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a)

Summary of Significant Accounting Policies (Continued)

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 Obligated Group determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided to uninsured patients in accordance with the Obligated Group's policy, and/or implicit price concessions provided to residents. The Communities determines its estimate of implicit price concessions based on its historical collection experience.

All resident fees earned are from private pay individuals. The Obligated Group has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: service line, method of reimbursement, and timing of when revenue is recognized.

Financing Component

The Obligated Group has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents for the effects of a significant financing component due to its expectation that the period between the time the service is provided to a resident and the time that the resident pays for that service will be one year or less. However, the Obligated Group does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Benevolent Assistance

The Obligated Group has a benevolent assistance policy to identify residents who are unable to pay and uses the Obligated Group's funds designated by the Board for benevolent assistance to subsidize the charges for services provided to those residents. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since the Obligated Group does not charge the residents for services provided, estimated charges for benevolent assistance are not included in revenue. Well·Spring Foundation has a Benevolence Assistance fund to support this program.

Contributions

The Obligated Group reports contributions of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying projected statements of operations and changes in net assets as net assets released from restrictions.

The Obligated Group reports contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent

Summary of Significant Accounting Policies (Continued)

explicit donor stipulations about how long these assets must be maintained, the Obligated Group reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Advertising

Advertising costs are expensed as incurred.

Excess of Revenue, Gains and Other Support Over Expenses

The projected statements of operations and changes in net assets include excess (deficit) of revenue, gains, and other support over (under) expenses, which the Obligated Group uses as its measure of operations. Changes in net assets without donor restrictions, which are excluded from the operating measure, consistent with industry practice, are net assets released from restrictions for purchase of property, plant and equipment, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Income Tax Status

Well·Spring Services, Inc. is organized as a non-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and under similar state statutes. In addition, the Obligated Group qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and is classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes is included in the accompanying projected combined statements of operations and changes in net assets.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	Total 2025
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	80	500		$ 580
Investments	554	38,916	(3,764)	35,706
Resident Accounts Receivable, Net	226	310		536
Pledges Receivable	-	200		200
Other Receivables	226	397		623
Other Current Assets	33	147		180
Total Current Assets	1,119	40,470	(3,764)	37,825
ASSETS LIMITED AS TO USE				
Reserves Required by State Statute	3,764	9,454	-	13,218
Admission Deposits	-	798	-	798
Refundable Entrance Fees	-	356	-	356
Board Designated	-	5,451	-	5,451
Total Assets Limited as to Use	4,000	16,059	(236)	19,823
OTHER ASSETS				
Assets Under Interest Rate Swap Agreements	1,737	4,271	-	6,008
Other Assets	-	206	-	206
Total Other Assets	1,737	4,477	-	6,214
PROPERTY AND EQUIPMENT, NET				
Land, buildings and equipment	72,672	148,782	-	221,454
Less accumulated depreciation	21,880	70,452	-	92,332
Total Property and Equipment, Net	50,792	78,330		129,122
Total Assets	57,648	139,336	(4,000)	$ $192,984
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accrued Interest Payable	48	48		$ 96
Accounts Payable and Other Accrued Expenses	1,611	1,117		2,728
Accrued Salaries and Wages	746	1,546		2,292
Deferred Resident Fee Revenue	1,200	313		1,513
Current Portion of Long-Term Debt	528	1,978		2,506
Other Current Liabilities	-	419		419
Total Current Liabilities	4,133	5,421	-	9,554
LONG-TERM LIABILITIES				
Admission Deposits	320	827		1,147
Deferred Revenue from Entrance Fees, Net of Current Portion	21,336	49,612		70,948
Refundable Entrance Fees	9,400	369		9,769
Long-Term Debt, Less Current Maturities	22,909	37,169		60,078
Total Long-Term Liabilities	57,965	87,977	(4,000)	141,942
Total Liabilities				151,496
NET ASSETS				
Net Assets Without Donor Restrictions	(4,611)	44,527		39,916
Net Assets With Donor Restrictions	161	1,411	-	1,572
Total Net Assets	(4,450)	45,938	-	41,488
Total Liabilities and Net Assets	57,648	139,336	(4,000)	$ $192,984

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF OPERATIONS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	Total 2025
REVENUES, GAINS, AND OTHER SUPPORT				
Resident Fees Earned	12,734	33,122	-	$ 45,856
Amortization of Entrance Fees	2,574	6,894	-	9,468
Support from Affiliates, Net	-	982	-	982
Investment Income	3	1,420	-	1,423
Net Assets Released from Restrictions - Operations	-	92	-	92
Other Revenue	835	901	-	1,736
Total Revenues, Gains, and Other Support	16,146	43,411	-	59,557
EXPENSES				
Health Care	2,944	9,549	-	12,493
Resident Services	565	1,205	-	1,770
Dietary	2,655	6,537	-	9,192
Housekeeping	752	1,965	-	2,717
Plant Operations	2,120	5,377	-	7,497
General and Administrative	3,308	7,264	-	10,572
Depreciation	3,390	7,120	-	10,510
Interest and Amortization	1,200	1,644	-	2,844
Management Services Fees	922	2,342		3,264
Other Expenses	83	27	-	110
Total Expenses	17,939	43,030	-	60,969
OPERATING INCOME (LOSS)	(1,793)	381	-	(1,412)
OTHER INCOME (LOSS)				
Accreted Interest	(110)	-		(110)
Total Other Loss	(110)	-	-	(110)
EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	(1,903)	381	-	(1,522)
Net Assets Released from Restrictions - Operations	-	(92)	-	(92)
Decrease in Net Assets With Donor Restrictions	-	(92)	-	(92)
Increase (Decrease) in Net Assets	(1,903)	289	-	(1,614)
Net Assets - Beginning of Year	(2,547)	45,649		43,102
Net Assets - End of Year	(4,450)	45,938		$ 41,488

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	Total 2025
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (Decrease) in Net Assets	(1,903)	289		$ (1,614)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	3,390	7,120		10,510
Amortization of Entrance Fees	(2,574)	(6,894)		(9,468)
Entrance fees Received	4,694	8,696	402	13,792
Amortization of Deferred Issuance Costs	32	73		105
Accreted Interest	110	-		110
Changes in Working Capital Components:				
(Increase) Decrease in:				
Accounts Receivable, Net	100	486		586
Other Current Assets	(1)	(6)		(7)
Increase (Decrease) in Accounts Payable, Accrued Expenses, and Other Current Liabilities	114	(47)		67
Net Cash Provided by Operating Activities	3,962	9,717	402	14,081
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property and Equipment	(2,800)	(6,970)		(9,770)
Change in Assets Limited As to Use	136	(54)		82
Net Change in Investments	(790)	(3,326)		(4,116)
Net Cash Used by Investing Activities	(3,454)	(10,350)	-	(13,804)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal Payments on Long-Term Borrowings	(508)	(1,907)	-	(2,415)
Entrance Fees Refunded	-	-	(402)	(402)
Net Cash Used by Financing Activities	(508)	(1,907)	(402)	(2,817)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(2,540)	-	(2,540)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	80	3,040		3,120
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END O	80	500	-	$ 580
Supplementary Disclosure: Interest Paid During the Year	1,200	1,644		$ 2,844

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2026
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	80	500		$ 580
Investments	2,337	38,688	(3,874)	37,151
Resident Accounts Receivable, Net	235	322		557
Pledges Receivable		200		200
Other Receivables	226	397		623
Other Current Assets	34	153		185
Total Current Assets	2,912	40,260	(3,874)	39,296
ASSETS LIMITED AS TO USE				
Reserves Required by State Statute	3,878	9,786		13,664
Admission Deposits	-	798		798
Refundable Entrance Fees	-	356		356
Board Designated	-	5,451		5,451
Total Assets Limited as to Use	4,000	16,391	(122)	20,269
OTHER ASSETS				
Assets Under Interest Rate Swap Agreements	1,737	4,271		6,008
Other Assets	-	206		206
Total Other Assets	1,737	4,477	-	6,214
PROPERTY AND EQUIPMENT, NET				
Land, buildings and equipment	74,522	157,044		231,566
Less accumulated depreciation	24,932	77,446		102,378
Total Property and Equipment, Net	49,590	79,598		129,188
Total Assets	58,239	140,726	(3,996) $	$ 194,967
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accrued Interest Payable	46	46		$ 92
Accounts Payable and Other Accrued Expenses	1,611	1,117		2,728
Accrued Salaries and Wages	746	1,546		2,292
Deferred Resident Fee Revenue	1,200	313		1,513
Current Portion of Long-Term Debt	549	2,032		2,579
Other Current Liabilities	-	419		419
Total Current Liabilities	4,152	5,473	-	9,623
LONG-TERM LIABILITIES				
Admission Deposits	339	843		1,182
Deferred Revenue from Entrance Fees, Net of Current Portion	22,630	50,537		73,167
Refundable Entrance Fees	9,970	376		10,346
Long-Term Debt, Less Current Maturities	22,392	35,210		57,602
Total Long-Term Liabilities	59,331	86,966	(4,000)	142,297
Total Liabilities				151,920
NET ASSETS				
Net Assets Without Donor Restrictions	(5,405)	46,968	4	41,567
Net Assets With Donor Restrictions	161	1,319		1,480
Total Net Assets	(5,244)	48,287	4	43,047
Total Liabilities and Net Assets	58,239	140,726	(3,996) $	$ 194,967

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF OPERATIONS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2026
REVENUES, GAINS, AND OTHER SUPPORT				
Resident Fees Earned	13,398	34,758		$ 48,156
Amortization of Entrance Fees	2,921	7,748		10,669
Support from Affiliates, Net	-	982		982
Investment Income	198	2,115		2,313
Net Assets Released from Restrictions - Operations	-	92		92
Other Revenue	835	901	4	1,740
Total Revenues, Gains, and Other Support	17,352	46,596	4	63,952
EXPENSES				
Health Care	3,056	9,931		12,987
Resident Services	588	1,253		1,841
Dietary	2,761	6,799		9,560
Housekeeping	782	2,044		2,826
Plant Operations	2,204	5,592		7,796
General and Administrative	3,437	7,549		10,986
Depreciation	3,052	6,994		10,046
Interest and Amortization	1,175	1,633		2,808
Management Services Fees	898	2,338		3,236
Other Expenses	83	22		105
Total Expenses	18,036	44,155	-	62,191
OPERATING INCOME (LOSS)	(684)	2,441	4	1,761
OTHER INCOME (LOSS)				
Accreted Interest	(110)	-	-	(110)
Total Other Loss	(110)	-	-	(110)
EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	(794)	2,441	4	1,651
Net Assets Released from Restrictions - Operations	-	(92)		(92)
Decrease in Net Assets With Donor Restrictions	-	(92)		(92)
Increase (Decrease) in Net Assets	(794)	2,349	4	1,559
Net Assets - Beginning of Year	(4,450)	45,938		41,488
Net Assets - End of Year	(5,244)	48,287	4	$ 43,047

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2026
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (Decrease) in Net Assets	(794)	2,349	4	$ 1,559
Adjustments to Reconcile Increase (Decrease) in Net Assets				
to Net Cash Provided by Operating Activities:				
Depreciation	3,052	6,994		10,046
Amortization of Entrance Fees	(2,921)	(7,748)		(10,669)
Entrance fees Received	4,694	8,696	402	13,792
Amortization of Deferred Issuance Costs	32	73		105
Accreted Interest	110	-		110
Changes in Working Capital Components:				
(Increase) Decrease in:				
Accounts Receivable, Net	(10)	(13)		(23)
Other Current Assets	(1)	(6)		(7)
Increase (Decrease) in Accounts Payable, Accrued Expenses, and				
Other Current Liabilities	(2)	(2)		(4)
Net Cash Provided by Operating Activities	4,160	10,343	406	14,909
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property and Equipment	(1,850)	(8,262)		(10,112)
Change in Assets Limited As to Use	(114)	(332)		(446)
Net Change in Investments	(1,668)	229	(4)	(1,443)
Net Cash Used by Investing Activities	(3,632)	(8,365)	(4)	(12,001)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal Payments on Long-Term Borrowings	(528)	(1,978)		(2,506)
Entrance Fees Refunded	-	-	(402)	(402)
Net Cash Used by Financing Activities	(528)	(1,978)	(402)	(2,908)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(0)	(0)	-	(0)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	80	500		580
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	80	500	-	$ 580
Supplementary Disclosure: Interest Paid During the Year	1,175	1,633		$ 2,808

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2027
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	80	500		$ 580
Investments	4,032	39,291	(4,017)	39,306
Resident Accounts Receivable, Net	244	335		579
Pledges Receivable		200		200
Other Receivables	226	397		623
Other Current Assets	35	159		194
Total Current Assets	4,617	40,882	(4,017)	41,482
ASSETS LIMITED AS TO USE				
Reserves Required by State Statute	4,017	10,156		14,173
Admission Deposits	-	798		798
Refundable Entrance Fees	-	356		356
Board Designated	-	5,451		5,451
Total Assets Limited as to Use	4,000	16,761	17	20,778
OTHER ASSETS				
Assets Under Interest Rate Swap Agreements	1,737	4,271		6,008
Other Assets	-	206		206
Total Other Assets	1,737	4,477	-	6,214
PROPERTY AND EQUIPMENT, NET				
Land, buildings and equipment	76,655	164,527		241,182
Less accumulated depreciation	27,449	84,327		111,776
Total Property and Equipment, Net	49,206	80,200	-	129,406
Total Assets	59,560	142,320	(4,000)	197,880
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accrued Interest Payable	44	44		$ 88
Accounts Payable and Other Accrued Expenses	1,612	1,117		2,729
Accrued Salaries and Wages	746	1,546		2,292
Deferred Resident Fee Revenue	1,200	313		1,513
Current Portion of Long-Term Debt	568	2,072		2,638
Other Current Liabilities	-	419		419
Total Current Liabilities	4,170	5,511	-	9,679
LONG-TERM LIABILITIES				
Admission Deposits	355	845		1,200
Deferred Revenue from Entrance Fees, Net of Current Portion	23,695	50,665		74,360
Refundable Entrance Fees	10,439	377		10,816
Long-Term Debt, Less Current Maturities	21,856	33,212		55,068
Total Long-Term Liabilities	60,345	85,099	(4,000)	141,444
Total Liabilities				151,123
NET ASSETS				
Net Assets Without Donor Restrictions	(5,116)	50,483		45,369
Net Assets With Donor Restrictions	161	1,227		1,388
Total Net Assets	(4,955)	51,710	-	46,757
Total Liabilities and Net Assets	59,560	142,320		$ 197,880

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF OPERATIONS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2027
REVENUES, GAINS, AND OTHER SUPPORT				
Resident Fees Earned	14,062	36,320		$ 50,382
Amortization of Entrance Fees	3,253	8,565		11,818
Support from Affiliates, Net	-	982		982
Investment Income	283	2,119		2,402
Net Assets Released from Restrictions - Operations	-	92		92
Other Revenue	835	909		1,744
Total Revenues, Gains, and Other Support	18,433	48,987	-	67,420
EXPENSES				
Health Care	3,172	10,328		13,500
Resident Services	611	1,303		1,914
Dietary	2,872	7,071		9,943
Housekeeping	813	2,126		2,939
Plant Operations	2,293	5,816		8,109
General and Administrative	3,573	7,852		11,425
Depreciation	2,517	6,881		9,398
Interest and Amortization	1,148	1,598		2,746
Management Services Fees	952	2,469		3,421
Other Expenses	85	28		113
Total Expenses	18,036	45,472	-	63,508
OPERATING INCOME (LOSS)	397	3,515	-	3,912
OTHER INCOME (LOSS)				
Accreted Interest	(110)	-		(110)
Total Other Loss	(110)	-	-	(110)
EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	287	3,515	-	3,802
Net Assets Released from Restrictions - Operations	-	(92)		(92)
Decrease in Net Assets With Donor Restrictions	-	(92)	-	(92)
Increase (Decrease) in Net Assets	287	3,423	-	3,710
Net Assets - Beginning of Year	(5,240)	48,287		43,047
Net Assets - End of Year	(4,953)	51,710	-	46,757

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2027
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (Decrease) in Net Assets	287	3,423		$ 3,710
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	2,517	6,881		9,398
Amortization of Entrance Fees	(3,253)	(8,565)		(11,818)
Entrance fees Received	4,694	8,696	402	13,792
Amortization of Deferred Issuance Costs	32	73		105
Accreted Interest	110	-		110
Changes in Working Capital Components:				
(Increase) Decrease in:				
Accounts Receivable, Net	(8)	(12)		(20)
Other Current Assets	(1)	(6)		(7)
Increase (Decrease) in Accounts Payable, Accrued Expenses, and Other Current Liabilities	(4)	(1)		(5)
Net Cash Provided by Operating Activities	4,374	10,489	402	15,265
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property and Equipment	(2,133)	(7,483)		(9,616)
Change in Assets Limited As to Use	(139)	(370)		(509)
Net Change in Investments	(1,553)	(604)		(2,157)
Net Cash Used by Investing Activities	(3,825)	(8,457)	-	(12,282)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal Payments on Long-Term Borrowings	(549)	(2,032)		(2,581)
Entrance Fees Refunded	-	-	(402)	(402)
Net Cash Used by Financing Activities	(549)	(2,032)	(402)	(2,983)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	0	0	-	0
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	80	500	-	580
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	80	500	-	$ 580
Supplementary Disclosure: Interest Paid During the Year	1,148	1,598		2,746

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2028
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	80	500		$ 580
Investments	5,112	40,660	(4,160)	41,612
Resident Accounts Receivable, Net	254	348		602
Pledges Receivable	-	200		200
Other Receivables	226	397		623
Other Current Assets	36	165		201
Total Current Assets	5,708	42,270	(4,160)	43,818
ASSETS LIMITED AS TO USE				
Reserves Required by State Statute	4,160	10,520		14,680
Admission Deposits	-	798		798
Refundable Entrance Fees	-	356		356
Board Designated	-	5,451		5,451
Total Assets Limited as to Use	4,000	17,125	160	21,285
OTHER ASSETS				
Assets Under Interest Rate Swap Agreements	1,737	4,271		6,008
Other Assets	-	206		206
Total Other Assets	1,737	4,477	-	6,214
PROPERTY AND EQUIPMENT, NET				
Land, buildings and equipment	79,576	171,432		251,008
Less accumulated depreciation	29,847	90,646		120,493
Total Property and Equipment, Net	49,729	80,786		130,515
Total Assets	61,174	144,658	(4,000) $	$201,832
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accrued Interest Payable	44	44		$ 88
Accounts Payable and Other Accrued Expenses	1,611	1,117		2,728
Accrued Salaries and Wages	746	1,546		2,292
Deferred Resident Fee Revenue	1,200	313		1,513
Current Portion of Long-Term Debt	592	2,112		2,704
Other Current Liabilities	-	419		419
Total Current Liabilities	4,193	5,551	-	9,744
LONG-TERM LIABILITIES				
Admission Deposits	368	834		1,202
Deferred Revenue from Entrance Fees, Net of Current Portion	24,522	50,040		74,562
Refundable Entrance Fees	10,804	372		11,176
Long-Term Debt, Less Current Maturities	21,296	31,139		52,435
Total Long-Term Liabilities	60,990	82,385	(4,000)	139,375
Total Liabilities				149,119
NET ASSETS				
Net Assets Without Donor Restrictions	(4,170)	55,587		51,417
Net Assets With Donor Restrictions	161	1,135		1,296
Total Net Assets	(4,009)	56,722	-	52,713
Total Liabilities and Net Assets	61,174	144,658	(4,000)	$201,832

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF OPERATIONS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2028
REVENUES, GAINS, AND OTHER SUPPORT				
Resident Fees Earned	14,725	37,951		$ 52,676
Amortization of Entrance Fees	3,571	9,336		12,907
Support from Affiliates, Net	-	982		982
Investment Income	366	2,158		2,524
Net Assets Released from Restrictions - Operations	-	92		92
Other Revenue	835	912		1,747
Total Revenues, Gains, and Other Support	19,497	51,431	-	70,928
EXPENSES				
Health Care	3,293	10,741		14,034
Resident Services	636	1,355		1,991
Dietary	2,987	7,354		10,341
Housekeeping	845	2,211		3,056
Plant Operations	2,384	6,048		8,432
General and Administrative	3,714	8,164		11,878
Depreciation	2,398	6,318		8,716
Interest and Amortization	1,124	1,508		2,632
Management Services Fees	1,006	2,601		3,607
Other Expenses	85	27		112
Total Expenses	18,472	46,327	-	64,799
OPERATING INCOME (LOSS)	1,025	5,104	-	6,129
OTHER INCOME (LOSS)				
Accreted Interest	(81)			(81)
Total Other Loss	(81)	-	-	(81)
EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	944	5,104	-	6,048
Net Assets Released from Restrictions - Operations	-	(92)		(92)
Decrease in Net Assets With Donor Restrictions	-	(92)	-	(92)
Increase (Decrease) in Net Assets	944	5,012	-	5,956
Net Assets - Beginning of Year	(4,957)	51,710		46,757
Net Assets - End of Year	(4,013)	56,722		$ 52,713

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2028
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (Decrease) in Net Assets	944	5,012		$ 5,956
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	2,398	6,318		8,716
Amortization of Entrance Fees	(3,571)	(9,336)		(12,907)
Entrance fees Received	4,694	8,696	402	13,792
Amortization of Deferred Issuance Costs	32	39		71
Accreted Interest	81	-		81
Changes in Working Capital Components:				
(Increase) Decrease in:				
Accounts Receivable, Net	(10)	(13)		(23)
Other Current Assets	(1)	(6)		(7)
Increase (Decrease) in Accounts Payable, Accrued Expenses, and Other Current Liabilities	2	-		2
Net Cash Provided by Operating Activities	4,569	10,710	402	15,681
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property and Equipment	(2,921)	(6,905)		(9,826)
Change in Assets Limited As to Use	(143)	(364)		(507)
Net Change in Investments	(937)	(1,369)		(2,306)
Net Cash Used by Investing Activities	(4,001)	(8,638)	-	(12,639)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal Payments on Long-Term Borrowings	(568)	(2,072)		(2,640)
Entrance Fees Refunded	-	-	(402)	(402)
Net Cash Used by Financing Activities	(568)	(2,072)	(402)	(3,042)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	0	(0)		0
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	80	500		580
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	80	500	-	$ 580
Supplementary Disclosure: Interest Paid During the Year	1,124	1,508		$ 2,632

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2029
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	80	500		580
Investments	7,331	42,381	(4,310)	45,402
Resident Accounts Receivable, Net	264	362		626
Pledges Receivable		200		200
Other Receivables	226	397		623
Other Current Assets	37	172		209
Total Current Assets	7,938	44,012	(4,310)	47,640
ASSETS LIMITED AS TO USE				
Reserves Required by State Statute	4,310	10,906		15,216
Admission Deposits	-	798		798
Refundable Entrance Fees	-	356		356
Board Designated	-	5,451		5,451
Total Assets Limited as to Use	4,000	17,511	310	21,821
OTHER ASSETS				
Assets Under Interest Rate Swap Agreements	1,737	4,271		6,008
Other Assets	-	206		206
Total Other Assets	1,737	4,477	-	6,214
PROPERTY AND EQUIPMENT, NET				
Land, buildings and equipment	81,494	178,191		259,685
Less accumulated depreciation	32,126	96,414		128,540
Total Property and Equipment, Net	49,368	81,777		131,145
Total Assets	63,043	147,777	(4,000)	$ 206,820
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accrued Interest Payable	40	40		$ 80
Accounts Payable and Other Accrued Expenses	1,611	1,117		2,728
Accrued Salaries and Wages	746	1,546		2,292
Deferred Resident Fee Revenue	1,200	313		1,513
Current Portion of Long-Term Debt	615	2,152		2,767
Other Current Liabilities	-	419		417
Total Current Liabilities	4,212	5,587	-	9,797
LONG-TERM LIABILITIES				
Admission Deposits	376	812		1,188
Deferred Revenue from Entrance Fees, Net of Current Portion	25,061	48,709		73,770
Refundable Entrance Fees	11,041	363		11,404
Long-Term Debt, Less Current Maturities	20,713	29,026		49,739
Total Long-Term Liabilities	61,191	78,910	(4,000)	136,101
Total Liabilities				145,898
NET ASSETS				
Net Assets Without Donor Restrictions	(2,521)	62,237		59,718
Net Assets With Donor Restrictions	161	1,043		1,204
Total Net Assets	(2,360)	63,280	-	60,922
Total Liabilities and Net Assets	63,043	147,777	(4,000)	$ 206,820
	-	-		

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF OPERATIONS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2029
REVENUES, GAINS, AND OTHER SUPPORT				
Resident Fees Earned	15,409	39,656		$ 55,065
Amortization of Entrance Fees	3,991	10,059		14,050
Support from Affiliates, Net	-	982		982
Investment Income	421	2,227		2,648
Net Assets Released from Restrictions - Operations	-	92		92
Other Revenue	835	916		1,751
Total Revenues, Gains, and Other Support	20,656	53,932	-	74,588
EXPENSES				
Health Care	3,418	11,171		14,589
Resident Services	661	1,410		2,071
Dietary	3,106	7,648		10,754
Housekeeping	879	2,299		3,178
Plant Operations	2,480	6,290		8,770
General and Administrative	3,860	8,489		12,349
Depreciation	2,279	5,768		8,047
Interest and Amortization	1,093	1,445		2,538
Management Services Fees	1,067	2,734		3,801
Other Expenses	81	28		109
Total Expenses	18,924	47,282	-	66,206
OPERATING INCOME (LOSS)	1,732	6,650	-	8,382
OTHER INCOME (LOSS)				
Accreted Interest	(81)			(81)
Total Other Loss	(81)	-	-	(81)
EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	1,651	6,650	-	8,301
Net Assets Released from Restrictions - Operations	-	(92)		(92)
Decrease in Net Assets With Donor Restrictions	-	(92)	-	(92)
Increase (Decrease) in Net Assets	1,651	6,558	-	8,209
Net Assets - Beginning of Year	(4,009)	56,722		52,713
Net Assets - End of Year	(2,358)	63,280		60,922

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

DECEMBER 31
(IN THOUSANDS OF DOLLARS)
SEE ACCOUNTANT'S REPORT

	TVAB	WSLPC	Eliminations	2029
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (Decrease) in Net Assets	1,651	6,558		$ 8,209
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	2,279	5,768		8,047
Amortization of Entrance Fees	(3,991)	(10,059)		(14,050)
Entrance fees Received	4,694	8,696	402	13,792
Amortization of Deferred Issuance Costs	32	39		71
Accreted Interest	81	-		81
Changes in Working Capital Components:				
(Increase) Decrease in:				
Accounts Receivable, Net	(10)	(14)		(24)
Other Current Assets	(1)	(7)		(8)
Increase (Decrease) in Accounts Payable, Accrued Expenses, and Other Current Liabilities	(6)	(3)		(9)
Net Cash Provided by Operating Activities	4,729	10,978	402	16,109
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property and Equipment	(1,918)	(6,759)		(8,677)
Change in Assets Limited As to Use	(150)	(386)		(536)
Net Change in Investments	(2,069)	(1,721)		(3,790)
Net Cash Used by Investing Activities	(4,137)	(8,866)	-	(13,003)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal Payments on Long-Term Borrowings	(592)	(2,112)		(2,704)
Entrance Fees Refunded	-	-	(402)	(402)
Net Cash Used by Financing Activities	(592)	(2,112)	(402)	(3,106)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	0	0	-	0
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	80	500		580
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	80	500	-	$ 580
Supplementary Disclosure: Interest Paid During the Year	1,093	1,445		2,538

Appendix C

Well-Spring Services
Balance Sheet
As of 04/30/2025

	Total
Assets	
Current Assets	
Cash	$ 2,160,665
Accounts Receivable	542,599
Refundable Sales Tax	530,227
Inventory	108,464
Prepaid Expenses	857,931
Due (To) From Other Divisions	1,411,259
Total Current Assets	5,611,145
Investments, Deferred Costs and Other Assets	
Investments	54,422,993
Deferred Financing Costs	553,057
Swap Asset	5,282,138
Total Investments, Deferred Costs and Other Assets	60,258,188
Property, Plant and Equipment, net	129,109,130
Total Assets	**$ 194,978,463**
Total Liabilities and Net Assets	
Current Liabilities	
Current Maturities of Long-Term Debt	$ 1,654,518
Accounts Payable	388,380
Accrued Payroll	1,465,096
Accrued Personnel Costs and Withholdings	1,296,164
Accrued Interest	181,642
Due (To) from Other Divisions	2,266,027
Total Current Liabilities	7,251,827
Long-Term Debt	
Bonds and Notes Payable	63,040,845
Total Long-Term Debt	63,040,845
Deferred Revenue and Other Liabilities	
Refundable Fees	5,389,642
Deferred Revenue from Advance Fees	73,734,990
Other Liabilities	5,745
Reserve PTO	1,229,541
Total Deferred Revenue and Other Liabilities	80,359,918
Net Assets	44,325,873
Total Liabilities and Net Assets	**$ 194,978,463**

Well-Spring Services
Stmt Operations - Summary
For the 4 Months ended
30-Apr-25

Operating Revenue	
Service Fees - Residential	$ 9,241,183
Service Fees - Assisted Living	2,188,548
Service Fees - Nursing	3,946,466
Dining Service	138,529
Reimbursed Medical	227,604
Foundation grants - financial assistance	228,436
Other	93,921
Total Operating Revenue	$ 16,064,687
Operating Expenses	
Administration	2,791,228
Resident Services	330,372
Theater	136,406
Wellness	63,080
Environmental Services	815,579
Dietary Services	2,856,689
Maintenance	2,202,267
Nursing	4,097,717
Marketing	226,685
Public Safety	390,063
Foundation Grants - expense reimbursement	(9,247)
MSO Allocation	1,062,223
Other Expenses	8,385
Total Operating Expenses	14,971,447
Operating Income	1,093,240
Non-Operating Revenue (Expense)	
Amortized Entry Fees	3,008,720
Dividend and Interest Income	403,174
Depreciation and Amortization	(3,613,650)
Investment income - unrealized gain (loss)	(79,844)
Bond and Note Interest Expense	(753,302)
Other	48,149
Total Non-Operating Revenue (Expense)	(986,753)
Excess (Deficit) of Revenue Over Expenses and Non-Operating Income	106,487

Well-Spring Services
Statement of Cash Flows
As of April 30, 2025

Cash Flows from Operating Activities	
Operating Income (loss)	1,093,240
Adjustments to reconcile operating income (loss) to net cash	
Advance fees received, net of refunds	3,106,648
Bond and Note Interest Expense	(753,302)
Change in working capital components:	
(Increase) Decrease in Trade and other receivables	514,219
(Increase) decrease in other assets	(587,435)
(Increase) decrease in due to other divisions	893,258
Increase (decrease) in accounts payable and accrued expenses	(807,296)
Net cash provided by (used in) operating activities	3,459,332
Cash Flows from Investing Activities	
Payments for property and equipment	(2,767,895)
Dividend and Interest Income	403,174
Net Change in Investments	(1,085,707)
Total Cash Flows from Investing Activities	(3,450,428)
Cash Flows from Financing Activities	
Net, principal receipts (payments) on long-term borrowings	(702,724)
Other, net	45,399
Total Cash Flows from Financing Activities	(657,325)
Net increase (decrease) in cash and cash equivalents	(648,421)
Beginning	2,809,086
Ending Cash	2,160,665

LIFE CARE
RESIDENCE AND SERVICES AGREEMENT
The Village at Brookwood

This Life Care Residence and Services Agreement ("Agreement") is made this _________ day of______________________, ________________, by and between Alamance Extended Care, Inc., d.b.a. THE VILLAGE AT BROOKWOOD, ("The Village" or "Provider") and____ ("Resident", if more than one person enters into the agreement, the word "Resident" shall apply to them collectively unless otherwise stated).

Whereas, the Provider is a non-profit 501(c)(3) corporation and a wholly owned subsidiary of The Well Spring Group, chartered by the State of North Carolina, and is organized to establish and operate a retirement community; and

Whereas, the Provider operates The Village at Brookwood, a continuing care retirement community located on Brookwood Avenue in Burlington, North Carolina, consisting of apartment residences, garden home residences, a community center with common areas and amenities, wellness center and a licensed health care center providing assisted living, skilled nursing care, and memory care; and

Whereas, the Resident desires to enter into this Agreement with The Village, and has made the following choices regarding residence and accompanying fees:

Residence Number: ____

Residence Type: ____
(hereinafter referred to as "Residence")

Resident Entrance Fee: ____

Co-Resident Entrance Fee: ____

Resident Monthly Fee: ____

Co-Resident Monthly Fee: ____

Now, therefore, the Resident and the Provider agree as follows:

I. RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES

A. **Residence**. Except as set forth in this Agreement, the Resident has the right to occupy, use, and enjoy the Residence and services of The Village during the term of this Agreement.

B. **Furnishings in the Residence**. The Village provides flooring, appliances and other furnishings per current standards as described in The Village's current literature. The Resident will be responsible for furnishing the Residence. All furniture and electrical and other appliances provided by the Resident shall be subject to The Village's approval in order to keep the Residence safe and sanitary.

C. **Options and Custom Features in the Residence**. The Resident may select certain options and custom features for the Residence as described in The Village's literature for an additional charge. Any such options and custom features selected and paid for by the Resident will become the property of The Village. The value of any such improvements will be considered in computing refunds if such options or custom features involve structural changes to the Residence or substantially increase livable square footage in the Residence.

D. **Common Areas and Amenities**. The Village maintains common areas and amenities for the use and benefit of all residents.

E. **Parking**. The Village provides parking areas for the Resident's personal vehicle and limited parking for guests.

F. **Storage**. Limited storage space of one (1) unit per apartment is provided by The Village for apartment residents and shall be in addition to the space in each apartment. Garden homes have storage rooms adjacent to the carport and/or garage.

G. **Services and Programs**.

1. **Utilities**. The Village furnishes heating, air conditioning, electricity, water, sewer service, trash removal, basic cable TV and secure WIFI access. The Resident is responsible for the charges for telephone service and expanded cable television service. The Village shall not be responsible for any periods of disruption regarding these utilities.

2. **Dining Services**. The Village will provide nutritionally balanced meals per published dining hours. The Resident's monthly service fee will include a meal plan, which the Resident may choose in accordance with The Village dining services procedures. The cost of additional meals taken by the Resident will be billed on a monthly basis.

3. **Special Diets**. When authorized by the Village's medical and dietary personnel, meals accommodating special diets may be provided. The Provider may make additional charges for special diets.

4. **Tray Service**. When authorized by The Village, meal delivery may be provided to you in your Residence. The Village may make additional charges for meals delivered to the Residence per current scheduled fees.

5. **Housekeeping Services**. The Village provides weekly housekeeping services. Additional housekeeping may be scheduled at the request and expense of the Resident.

6. **Laundry**. The Village provides washers and dryers in the Residence.

7. **Grounds-keeping**. The Village furnishes basic grounds-keeping services including lawn, tree, and shrubbery care. The Resident may plant and maintain certain areas designated for such purpose by The Village.

8. **Maintenance and Repairs**. The Village maintains and repairs its own improvements, furnishings, appliances, and equipment. The Resident will be responsible for the cost of repairing damage to property of The Village caused by the Resident or any guests of the Resident, ordinary wear and tear excepted.

9. **Transportation**. The Village provides local transportation for medical appointments for residents on a regularly scheduled basis. An additional charge may be made for transportation for special, personal, or group trips.

10. **Security**. The Village is a gated community providing twenty-four (24) hour staffing to include evening and nighttime security patrol. Emergency call devices are provided, and smoke detectors will be located in each Residence. Security cameras may be located in parking areas and at building entrances or other common areas.

11. **Life Enrichment**. The Village provides planned and scheduled social, recreational, spiritual, educational and cultural activities; arts and crafts classes; and other special activities. Some activities may require an additional charge.

12. **Wellness Programs**. The Village provides a variety of exercise programs, including aquatic classes, exercise equipment and aerobics as a part of an overall Wellness Program.

13. **Health Care Services**:

    a. **Health Care Center**. The Health Care Center consists of licensed Assisted Living, Memory Care, and Skilled Nursing accommodations.

        (1) **Assisted Living Services**. The Assisted Living section of the Provider is licensed by North Carolina as an Adult Care Home, where assistance with daily living activities may include: bathing, dressing, administration of

medication, bed making, three (3) meals per day, housekeeping, transportation, activities, and personal laundry service.

(2) **Memory Care**. The Village provides, in a separate Assisted Living section of the facility licensed by North Carolina as an Adult Care Home, specialized services for memory support. Assistance with daily living activities tailored to the different needs of the residents may include: bathing, dressing, administration of medication, bed making, three (3) meals per day, housekeeping, transportation, specialized activities, and personal laundry service.

(3) **Skilled Nursing Services**. The Village provides nursing care in its licensed nursing center as may be deemed necessary by the Medical Director and/or their staff. The Resident agrees that nursing care provided by The Village shall be limited to care in keeping with licensure requirements. Services may include three (3) meals per day, housekeeping, assistance with daily living activities, and nursing services as ordered by the appropriate physician.

(4) **Staffing**. The Health Care Center is staffed by licensed and certified nursing staff twenty-four (24) hours per day and meets all North Carolina licensing requirements.

b. **Clinic Services**:

(1) A health clinic, staffed with a licensed nurse, is available on site during scheduled hours for resident use.

(2) Additional periodic services may be provided through the Clinic as deemed necessary by The Village. The cost of such services shall be the responsibility of the Resident.

c. **Medical Director**. The overall coordination and supervision of health care services by The Village is provided by a Medical Director who is a physician licensed by the State of North Carolina and selected by Provider.

d. **Physician Services**. The Resident is responsible for the cost of all physician services. Residents are free to choose their personal physicians; however, The Village recommends that the Resident have at least one physician on record that has been approved for admitting privileges by the Alamance Regional Medical Center Medical Staff.

II. FINANCIAL ARRANGEMENTS

A. **<u>Entrance Fee Refund</u>**. The Resident agrees to pay to The Village an Entrance Fee as a condition of becoming a Resident. Refunds will be handled as described in Section VI below.

Entrance Fee Refund	Amortization Schedule
Standard	The Entrance Fee (less an initial 6% nonrefundable fee) will be amortized at 2% per month for 47 months after which time the Entrance Fee is fully amortized. Any refund due to the Resident will be paid (as described in Section VI below).

A. **<u>Terms of Payment of the Balance of the Entrance Fee</u>**. The balance of the total Entrance Fee for the Entrance Fee Option selected by the Resident will be due and payable by the mutually agreed upon date of occupancy.

B. **<u>Monthly Fee</u>**. In addition to the Entrance Fee, the Resident agrees to pay a Monthly Fee during occupancy which shall be payable upon receipt of invoice each month. The first month's Monthly Fee is due and payable by the date of occupancy and will be prorated based on the day of the month.

C. **<u>Adjustments in the Monthly Fee</u>**. The Monthly Fee provides for the facilities, programs, and services described in this Agreement and is intended to meet the cost of the expenses associated with the operation and management of The Village. The Village shall have the authority and discretion to adjust the Monthly Fee during the term of this Agreement to reflect increases and changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services provided to residents. At least a thirty (30) day notice will be given to the Resident before any adjustment in fees or charges.

D. **Away Allowance**. Residents away from The Village for fourteen (14) consecutive days or more, and who make arrangements in advance with The Village (excluding hospitalizations), will be credited with a current published dining services credit.

E. **Monthly Statements**. The Village will furnish the Resident with a monthly statement showing the total amount of fees and other charges owed by the Resident which shall be due and payable upon receipt of invoice each month. The Village may charge interest at a rate of one and one-half Percent (1½%) per month on any unpaid balance owed by the Resident Thirty (30) Days after the monthly statement is furnished.

F. **Fees and Charges for Health Care Services**.

1. **Life Care Benefit**. Should the Resident qualify for services in the Health Care Center, it is understood that at the time of transfer the Resident will be charged a monthly fee known as the Life Care Benefit. The Life Care Benefit will apply to Assisted Living, Assisted Living Memory Care and Skilled Nursing accommodations.

2. **Additional Charges for Ancillary Services**. Charges in addition to the monthly fee may be made for ancillary services provided at The Village. Examples of such additional ancillary charges include, but are not limited to: the cost of prescription and non-prescription medications; surgical, podiatric, dental, optical services; physical examinations; physician services; laboratory tests; physical therapy, occupational therapy, rehabilitative treatments; wheelchairs; other medical equipment and supplies; and any other medical services beyond those available in The Village. Such services are contracted and may not be regularly available. Also, any professional services (medical or otherwise) contracted by the Resident or on behalf of the Resident shall be billed directly to the Resident or their assigned third party.

3. **Illness Away From the Village**. The Resident agrees to assume all financial responsibility for hospital, medical and nursing care during any illness or accident occurring while away from The Village and to see that, upon return, full medical information is supplied to The Village for the Resident's medical records file.

4. **Life Care Respite Benefit**. Fourteen (14) days of qualified respite care are available to Life Care Residents on an annual basis. This benefit applies to skilled nursing only.

III. ADMISSION REQUIREMENTS AND PROCEDURES

The admission requirements for residence at The Village are non-discriminatory; The Village is open to individuals of all races, color, gender, religious beliefs, sexual orientation and national origin. A prospective resident will become qualified for admission to The Village upon satisfaction of the following provisions:

A. **Age**. Generally, admission is restricted to persons 62 years of age or older. If one member of the residential party is 62, the co-resident may be 55 years of age or older.

B. **Residence and Services Agreement**. Upon notification of acceptance by Provider, the Resident shall enter into this Agreement.

C. **Representations**. The Resident affirms that the representations made in the required Application for Residency as well as the Reservation Agreement that was previously executed by the parties (which representations include a confidential personal and health history and a financial disclosure), are true and correct and may be relied upon by the Provider as a basis for entering into this Agreement.

D. **Direct Admission to Health Care Center**. Upon admission, if it is determined by Provider that Resident is unable to live independently in the residence, such resident may be offered direct admission to the Health Care Center. Such Resident shall pay monthly fees equal to the current Fee for Service per diem rate (as described in The Village's current literature) in the Health Care Center (for the required level of care, Assisted Living, Skilled Care or Memory Care). Residents directly admitted to the Health Care Center shall complete the Amendment to Residence and Services Agreement for Direct Admission to Health Care and documents as required by the Provider and North Carolina licensure statutes. In the event a Resident that qualifies for direct admission into the Health Care Center has a Co-Resident that does not qualify for such direct admission, the Co-Resident shall continue to be governed by the terms of this Agreement as a single occupant of the Residence.

IV. TERMS OF OCCUPANCY

A. **Rights of Resident**. The Resident has the right to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of The Village during the term of this Agreement. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Provider other than the rights and privileges as described in this Agreement.

Occupancy (and the obligations of the Provider for care of the Resident) shall be defined as beginning when the Resident has paid the Entrance Fee in full and has paid the first month's Monthly Fee.

B. **Policies and Procedures**. The Resident will abide by The Village's policies and procedures and such amendments, modifications, and changes of the policies and procedures as may hereafter be adopted by the Provider.

C. **Changes in the Residence, Services, or Fees**. Provider has the right to change the Residence, the services offered, or the fees charged to meet requirements of, or changes to any applicable statute, law, or regulation. The Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.

D. **Visitors**. The Resident shall be free to invite guests to the Residence for daily and overnight visits. Guest rooms may be available from time to time at a reasonable rate for overnight stays by your guests. The Village reserves the right to make rules regarding visits and guest behavior and may limit or terminate a visit at any time for reasons it deems appropriate. Two (2) weeks is the maximum continuous stay for guests unless prior approval from the Executive Director is obtained. Except for short-term guests, no person other than the Resident or a Co-Resident, if any, may reside in the Residence without prior approval of The Village.

E. **Occupancy by Two Residents**. In the event that two Residents occupy a Residence under the terms of this Agreement, upon the permanent transfer to the Health Care Center or the death of one Resident, or in the event of the termination of this Agreement with respect to one of the Residents, the Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence. Should the remaining or surviving Resident wish to move to another residence, the policies of The Village governing said residence transfer will prevail.

F. **Addition of a Co-Resident or Marriage**. If a Resident marries a person who is also a Resident, the two Residents may occupy the Residence of either Resident and shall surrender the Residence not to be occupied by them. Such married Residents will pay the Monthly Fee for double occupancy associated with the Residence occupied by them. In the event that a Resident shall marry a person who is not a Resident of The Village, the spouse may become a Resident if such spouse meets all the current requirements for admission to The Village, enters into a current version of the Life Care Residence and Services Agreement with Provider, and pays the current single person Entrance Fee for the smallest one bedroom apartment at The Village. The Resident and spouse shall pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the Resident's spouse does not meet the requirements of The Village for admission as a resident, the Resident may terminate this Agreement in the same manner as provided in Section VI.B. hereof with respect to a voluntary termination.

G. **Loss or Damage of Property**. Provider shall not be responsible for the loss or damage of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. Resident shall provide any desired insurance protection covering any such personal loss. Provider shall insure all property (except personal property) within all residences and common areas belonging to The Village.

H. **Health Insurance and Assignments**. If not already enrolled, the Resident shall apply for and secure, before taking occupancy, coverage under Medicare Parts A and B and any other hospital or medical insurance benefit program which supplements Medicare or other comparable insurance accepted by Provider. The Resident shall provide Provider with evidence of such coverage or of an acceptable substitute insurance plan and shall pay all premiums.

The Resident shall authorize, as necessary, any provider of hospital, medical, and health services to receive reimbursement under the programs designated in this Section IV. H.

If the Resident is or becomes entitled to medical care and/or reimbursement from governmental agencies or insurance policies, application shall be made for such care and benefits, and the Resident shall assign all insurance proceeds receivable to Provider to the extent necessary to reimburse Provider for all health care expenditures made by Provider on behalf of the Resident.

I. Right of Entry. Resident hereby authorizes employees or agents of Provider to enter the Residence for reasonable purposes, including without limitation the following: housekeeping, repairs, maintenance, inspection, fire drills, and in the event of emergency. Provider shall when feasible use reasonable efforts to enter at scheduled times or upon prior notice to Resident. Resident shall afford Provider's employees or agents access to all areas of the Residence when requested to ensure that the Residence is maintained in good repair in accordance with this Agreement and to ensure the health and safety of Resident and other Residents.

J. Residents' Association. Residents of The Village are encouraged to participate in the Residents' Association Committees. The organization elects representatives, officers, and other positions to engage in concerted activities set forth by the Residents' Association.

K. Tobacco Free Campus. The Village at Brookwood is a Tobacco Free Campus. Smoking and tobacco use is prohibited for residents, staff and visitors.

V. TRANSFERS OR CHANGES IN LEVELS OF CARE

A. Voluntary Transfer between Independent Residences. The Resident may transfer from one independent Residence to another. The Resident shall comply with The Village's current Resident Transfer Advantage Program for selection of such Residence. There may be a refurbishment fee (for the Residence being vacated) charged for such a transfer.

1. **Transfer of Resident to a Larger Residence**. If the Resident elects to transfer to a larger Residence, an additional Entrance Fee (according to the Entrance Fee Refund Option selected at the original Date of Occupancy) equal to the difference between the Entrance Fee for the smaller Residence and the Entrance Fee for the larger Residence will be due to The Village. The Resident will also pay the Monthly Service Fee associated with the larger Residence.

2. **Transfer of Resident to a Smaller Residence**. The Resident may elect to transfer to a smaller Residence and pay the current monthly service fee for that Residence. The transfer to a smaller Residence shall not result in any entrance fee refund.

B. Transfer to the Health Care Center. The Resident agrees that Provider shall have authority to determine that the Resident be transferred from one level of care to another level of care within The Village. Such determination shall be based on the professional opinion of the Medical Director and shall be made after reasonable efforts to consult with the Resident or the Resident's chosen and legal representative.

C. Transfer to Hospital or Other Facility. If it is determined by Provider that the Resident needs care beyond that which can be provided by The Village; the Resident may be transferred to a hospital, center, or institution equipped to give such care and such care will be at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident or the Resident's chosen and legal representative.

D. Surrender of Residence. If a determination is made by Provider that any transfer described in Section V.B. or V.C. is likely to be permanent in nature, the Resident agrees to surrender the Residence upon such transfer. The Provider shall continue charging the monthly fees until such time that the Residence is vacated. If Provider subsequently determines that the Resident can resume occupancy in a Residence or accommodation comparable to that occupied by the Resident prior to such transfer, the Resident shall have priority to such residence as soon as it becomes available.

VI. TERMINATION AND REFUND PROVISIONS

A. Termination by Resident Prior to Occupancy. This Agreement may be terminated by the Resident for any reason prior to occupancy by giving written notice to Provider. In the event of such termination, the Resident shall receive a refund of the 10% Deposit paid by the Resident, less any expenses incurred by The Village and less a nonrefundable fee equal to 2% of the total amount of the selected Entrance Fee option.

If the Resident dies before occupying the Residence, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residence under the terms of this Agreement, this Agreement is automatically canceled. The nonrefundable fee (equal to 2% of the total amount of the selected Entrance Fee option) will not be charged, however, if such termination is because of death of a Resident, or because the Resident's physical, mental or financial condition makes the Resident ineligible for entrance to The Village.

Any such refund shall be paid by The Village within sixty (60) days following receipt of notification of such termination. Provider requires that such notification be in writing.

B. Voluntary Termination after Occupancy. At any time after occupancy, the Resident may terminate this Agreement by giving Provider thirty (30) days written notice of such termination. Such notice effectively releases the Residence to The Village. Any refunds of the Entrance Fee due to the Resident shall be calculated based upon the Entrance Fee option chosen by the Resident and as described in Section II.A. Any refund due the Resident under this paragraph will be made at such time as such Resident's Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to The Village the full Entrance Fee, or within one

(1) year from the date of termination, whichever first occurs. All refunds may be reduced by the cost of returning the Residence to its original condition and by any outstanding charges due from Resident.

C. **Termination upon Death**. In the event of death of the Resident at any time after occupancy, this Agreement shall terminate and the refund of the Entrance Fee paid by the Resident shall be calculated based upon the Entrance Fee option chosen by the Resident and as described in Section II.A. Any refund due to the Resident's estate will be made at such time as such Resident's Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs. All refunds may be reduced by the cost of returning the Residence to its original condition and by any outstanding charges due from Resident.

D. **Termination by Provider**. Provider may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History, or Confidential Financial Statement; if the Resident fails to make payment to Provider of any fees and charges due The Village within sixty (60) days of the date when due; or if the Resident does not abide by the rules and regulations adopted by Provider or breaches any of the terms and conditions of this Agreement. Any refunds of the Entrance Fee due to the Resident shall be calculated based upon the Entrance Fee option chosen by the Resident and as described in Section II.A. Any refund due the Resident under this paragraph will be made at such time as such Resident's Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs. All refunds may be reduced by the cost of returning the Residence to its original condition and by any outstanding charges due from Resident.

E. **Condition of Residence**. At termination of this Agreement, the Resident shall vacate the Residence and shall be liable to The Village for any cost incurred in restoring the Residence to good condition except for normal wear and tear. The Provider shall continue charging the monthly fees until such time that the Residence is vacated. Any refunds due the Resident upon termination may be credited against the cost of returning the Residence to its original condition.

VII. RIGHT OF RESCISSION

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by the Resident giving written notice of such rescission to The Village within thirty (30) days following the later of the execution of this Agreement or the receipt of the Disclosure Statement that meets the requirements of Section 58-64-25, et.seq. of the North Carolina General Statutes. In the event of such rescission, the Resident shall receive a refund of the Entrance Fee paid by the Resident, less 2%. The Resident shall not be required to move into The Village before the expiration of such thirty (30) day period. Any such refund shall be paid by The Village within sixty (60) days following receipt of written notice of rescission pursuant to this paragraph.

VIII. FINANCIAL ASSISTANCE

Provider declares that it is the intent of The Village to permit a Resident to continue to reside at The Village if the Resident is no longer capable of paying the prevailing fees and charges of The Village as a result of financial reversals occurring after occupancy, provided such reversals, in Provider's judgment, are not the result of willful or unreasonable dissipation of the Resident's assets. In the event of such circumstances, Provider will give careful consideration to subsidizing the fees and charges payable by the Resident so long as such subsidy can be made without impairing the ability of Provider to operate on a sound financial basis. Any determination by Provider with regard to the granting of financial assistance shall be within the sole discretion of Provider.

IX. GENERAL

A. Relationships between Residents and Staff Members. Employees of The Village are supervised solely by The Village's management staff, and not by residents. Employees and their families may not accept gratuities, bequests, or payment of any kind from residents. Any complaints about employees or requests for special assistance must be made to the appropriate supervisor or to the Executive Director or his/her designee. The Resident acknowledges and agrees that the Resident or the Resident's family will not hire The Village's employees or solicit such employees to resign their employment at The Village in order to work for the Resident or the Resident's family. The Resident also acknowledges and agrees that, unless consented to by The Village, the Resident will not hire any former Village employee until three (3) months has elapsed from the date of termination of the person's employment at The Village.

B. Assignment. The rights and privileges of the Resident under this Agreement to the Residence, common areas, and amenities, and services, and programs of The Village are personal to the Resident and may not be transferred or assigned by the Resident or otherwise.

C. Management of The Village at Brookwood. The absolute rights of management are reserved by Provider, its Board of Directors, and its administration as delegated by said Board of Directors. The Village retains all authority regarding acceptance of Residents, adjustment of fees, financial assistance, and all other aspects of the management of The Village. Residents do not have the right to determine admission or terms of admission of any other Resident.

D. Entire Agreement. This Agreement constitutes the entire agreement between Provider and the Resident. Provider shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Provider, unless such statements, representations, or promises are set forth in this Agreement.

E. Successors and Assigns. Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of The Village and the heirs, executors, administrators, and assigns of the Resident.

F. **<u>Power of Attorney, Will, Living Will, and Health Care Power of Attorney</u>**. The Resident agrees to execute a power of attorney designating some competent person as attorney-in-fact. The Resident is also encouraged to execute a will, Living Will and Health Care Power of Attorney. The Resident shall provide The Village with copies of Power of Attorney, Living Will, and Health Care Power of Attorney, as well as the location of the Will, prior to occupancy.

G. **<u>Transfer of Property</u>**. The Resident agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.

H. **<u>Governing Law</u>**. This Agreement shall be governed by the laws of the State of North Carolina.

I. **<u>Disclosure Statement</u>**. The Resident acknowledges that a current copy of the Disclosure Statement for The Village at Brookwood has been received.

J. **<u>Third Party Injuries and Claims</u>**. Provider is not required to provide any medical, surgical, nursing or other care for the Resident when the Resident is injured as a result of the fault or negligence of a third party or parties. The Resident shall promptly notify Provider of any such injury. In the event that Provider provides such care as can be furnished by its employees and facilities, the Resident hereby assigns to Provider any compensation that the Resident may recover from such third party or parties to the extent necessary to reimburse Provider for the cost of such care furnished by Provider. The Resident or his legal representative shall have the duty to pursue diligently any and all proper claims for compensation due from a third party or parties for injury to the Resident and to cooperate with Provider in collecting such compensation and reimbursing Provider for the cost of all such care provided the Resident.

K. **<u>Affiliations of the Provider</u>**. The Village at Brookwood is not affiliated with any religious or charitable provider other than its owner, The Well Spring Group. All financial and contractual obligations of The Village at Brookwood will be the sole responsibility of The Village; the owner will not be responsible for any of these obligations.

L. **<u>Notice Provisions</u>**. Any notices, consents, or other communications to The Village hereunder (collectively "notices") shall be in writing and addressed as follows:

Executive Director
The Village at Brookwood
1860 Brookwood Avenue
Burlington, North Carolina 27215

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

IN WITNESS WHEREOF, The Provider has executed this Agreement and Resident has read and understands this Agreement and has executed this Agreement as of the day and year above written.

______________________________	______________________________
Witness	Resident
______________________________	______________________________
Witness	Co-Resident
	______________________________
	Date
	______________________________
	Address (Prior to Occupancy)
	______________________________
	City, State, Zip Code
	______________________________
	Telephone
	THE VILLAGE AT BROOKWOOD
	______________________________
	Signature (Executive Director)
	______________________________
	Date

EXHIBIT A

TARGET OCCUPANCY DATE:	______________________
FEE SCHEDULE:	Entrance Fees and Monthly Fees are based on the type of Residence you occupy and the number of persons residing in the Residence. The Residence you have selected, and the applicable fees are stated below:
RESIDENCE NUMBER:	______________________
RESIDENCE TYPE:	______________________
ENTRANCE FEE FOR:	
( ) Resident	______________________
( ) Co-Resident	______________________
TOTAL ENTRANCE FEE:	______________________
CREDIT FOR FRIENDS ADVANTAGE PROGRAM (FAP) OR WAIT LIST:	(______________________)
CREDIT FOR PARTIAL PAYMENTS OF THE ENTRANCE FEE RECEIVED:	(______________________)
ENTRANCE FEE BALANCE DUE AND PAYABLE:	______________________
MONTHLY FEE FOR:	
( ) Resident	______________________
( ) Co-Resident	______________________
TOTAL MONTHLY FEE:	______________________

ADDRESSES FOR REQUIRED NOTICE:

To The Village:

The Village at Brookwood
Attention: Executive Director
1860 Brookwood Avenue
Burlington, NC 27215

To You Prior to Occupancy:

Name: ____
Address: ____
City, State, Zip Code: ____

To You Following Occupancy:

Name: ____
Address: ____
City, State, Zip Code: ____

Your signature below certifies that you have read, understand and accept this Exhibit A.

Applicant: ____
Co-Applicant: ____
Date: ____

FEE FOR SERVICE
RESIDENCE AND SERVICES AGREEMENT
The Village at Brookwood

This Fee for Service Residence and Services Agreement ("Agreement") is made this _______day of ______________________, __________, by and between Alamance Extended Care, Inc., d.b.a. THE VILLAGE AT BROOKWOOD, ("The Village" or "Provider") and ____ ("Resident", if more than one person enters into the agreement, the word "Resident" shall apply to them collectively unless otherwise stated).

Whereas, the Provider is a non-profit 501(c)(3) corporation and a wholly-owned subsidiary of The Well Spring Group, chartered by the State of North Carolina, and is organized to establish and operate a retirement community; and

Whereas, the Provider operates The Village at Brookwood, a continuing care retirement community located on Brookwood Avenue in Burlington, North Carolina, consisting of apartment residences, garden home residences, a community center with common areas and amenities, wellness center and a licensed health care center providing assisted living, skilled nursing care, and memory care; and

Whereas, the Resident desires to enter into this Agreement with The Village, and has made the following choices regarding residence and accompanying fees:

Residence Number: ____

Residence Type: ____
(hereinafter referred to as "Residence")

Resident Entrance Fee: ____

Co-Resident Entrance Fee: ____

Resident Monthly Fee: ____

Co-Resident Monthly Fee: ____

Now, therefore, the Resident and the Provider agree as follows:

I. RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES

A. Residence. Except as set forth in this Agreement, the Resident has the right to occupy, use, and enjoy the Residence and services of The Village during the term of this Agreement.

B. Furnishings in the Residence. The Village provides flooring, appliances and other furnishings per current standards as described in The Village's current literature. The Resident will be responsible for furnishing the Residence. All furniture and electrical and other appliances provided by the Resident shall be subject to The Village's approval in order to keep the Residence safe and sanitary.

C. Options and Custom Features in the Residence. The Resident may select certain options and custom features for the Residence as described in The Village's literature for an additional charge. Any such options and custom features selected and paid for by the Resident will become the property of The Village. The value of any such improvements will be considered in computing refunds if such options or custom features involve structural changes to the Residence or substantially increase livable square footage in the Residence.

D. Common Areas and Amenities. The Village maintains common areas and amenities for the use and benefit of all residents.

E. Parking. The Village provides parking areas for the Resident's personal vehicle and limited parking for guests.

F. Storage. Limited storage space of one (1) unit per apartment is provided by The Village for apartment residents and shall be in addition to the space in each apartment. Garden homes have storage rooms adjacent to the carport and/or garage.

G. Services and Programs.

1. **Utilities.** The Village furnishes heating, air conditioning, electricity, water, sewer service, trash removal, basic cable TV and secure WIFI access. The Resident is responsible for the charges for telephone service and expanded cable television service. The Village shall not be responsible for any periods of disruption regarding these utilities.

2. **Dining Services.** The Village will provide nutritionally balanced meals per published dining hours. The Resident's monthly service fee will include a meal plan, which the Resident may choose in accordance with The Village dining services procedures. The cost of additional meals taken by the Resident will be billed on a monthly basis.

3. **Special Diets**. When authorized by the Provider's medical and dietary personnel, meals accommodating special diets may be provided. The Provider may make additional charges for special diets.

4. **Tray Service**. When authorized by The Village, meal delivery may be provided to you in your Residence. The Village may make additional charges for meals delivered to the Residence per current scheduled fees.

5. **Housekeeping Services**. The Village provides housekeeping services every other week. Additional housekeeping may be scheduled at the request and expense of the Resident.

6. **Laundry**. The Village provides washers and dryers in the Residence.

7. **Grounds-keeping**. The Village furnishes basic grounds-keeping services including lawn, tree, and shrubbery care. The Resident may plant and maintain certain areas designated for such purpose by The Village.

8. **Maintenance and Repairs**. The Village maintains and repairs its own improvements, furnishings, appliances, and equipment. The Resident will be responsible for the cost of repairing damage to property of The Village caused by the Resident or any guests of the Resident, ordinary wear and tear excepted.

9. **Transportation**. The Village may provide transportation services for residents. An additional charge may be made for transportation for special, personal, or group trips.

10. **Security**. The Village is a gated community providing twenty-four (24) hour staffing to include evening and nighttime security patrol. Emergency call devices are provided and smoke detectors will be located in each Residence. Security cameras may be located in parking areas and at building entrances or other common areas.

11. **Life Enrichment**. The Village provides planned and scheduled social, recreational, spiritual, educational and cultural activities; arts and crafts classes; and other special activities. Some activities may require an additional charge.

12. **Wellness Programs**. The Village provides a variety of exercise programs, including aquatic classes, exercise equipment and aerobics as a part of an overall Wellness Program.

13. **Health Care Services:**

    a. **Health Care Center**. The Health Care Center consists of licensed Assisted Living, Memory Care, and Skilled Nursing accommodations.

        (1) **Assisted Living Services**. The Assisted Living section of the Provider is licensed by North Carolina as an Adult Care Home, where assistance with daily living activities may include: bathing, dressing, administration of

medication, bed making, three (3) meals per day, housekeeping, transportation, activities, and personal laundry service.

(2) **Memory Care**. The Village provides, in a separate Assisted Living section of the facility licensed by North Carolina as an Adult Care Home, specialized services for memory support. Assistance with daily living activities tailored to the different needs of the residents may include: bathing, dressing, administration of medication, bed making, three (3) meals per day, housekeeping, transportation, specialized activities, and personal laundry service.

(3) **Skilled Nursing Services**. The Village provides nursing care in its licensed nursing center as may be deemed necessary by the Medical Director and/or their staff. The Resident agrees that nursing care provided by The Village shall be limited to care in keeping with licensure requirements. Services may include three (3) meals per day, housekeeping, assistance with daily living activities, and nursing services as ordered by the appropriate physician.

(4) **Staffing**. The Health Care Center is staffed by licensed and certified nursing staff twenty-four (24) hours per day and meets all North Carolina licensing requirements.

b. **Clinic Services**:

(1) A health clinic, staffed with a licensed nurse, is available on site during scheduled hours for resident use.

(2) Additional periodic services may be provided through the health clinic as deemed necessary by The Village. The cost of such services shall be the responsibility of the Resident.

c. **Medical Director**. The overall coordination and supervision of health care services by The Village is provided by a Medical Director who is a physician licensed by the State of North Carolina and selected by Provider.

d. **Physician Services**. The Resident is responsible for the cost of all physician services. Residents are free to choose their personal physicians; however, The Village recommends that the Resident have at least one physician on record that has been approved for admitting privileges by the Alamance Regional Medical Center Medical Staff.

II. FINANCIAL ARRANGEMENTS

A. **Entrance Fee Refund**. The Resident agrees to pay to The Village an Entrance Fee as a condition of becoming a Resident. Refunds will be handled as described in Section VI below.

Entrance Fee Refund	Amortization Schedule
Standard	The Entrance Fee (less an initial 6% nonrefundable fee) will be amortized at 2% per month for 47 months after which time the Entrance Fee is fully amortized. Any refund due to the Resident will be paid (as described in Section VI below).

B. **Terms of Payment of the Balance of the Entrance Fee**. The balance of the total Entrance Fee will be due and payable by the mutually agreed upon date of occupancy.

C. **Monthly Fee**. In addition to the Entrance Fee, the Resident agrees to pay a Monthly Fee during occupancy which shall be payable upon receipt of invoice each month. The first month's Monthly Fee is due and payable by the date of occupancy and will be prorated based on the day of the month.

D. **Adjustments in the Monthly Fee**. The Monthly Fee provides for the facilities, programs, and services described in this Agreement and is intended to meet the cost of the expenses associated with the operation and management of The Village. The Village shall have the authority and discretion to adjust the Monthly Fee during the term of this Agreement to reflect increases and changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services provided to residents. At least a thirty (30) day notice will be given to the Resident before any adjustment in fees or charges.

E. **Monthly Statements**. The Village will furnish the Resident with a monthly statement showing the total amount of fees and other charges owed by the Resident which shall be due and payable upon receipt of invoice each month. The Village may charge interest at a rate of one and one-half Percent (1½%) per month on any unpaid balance owed by the Resident Thirty (30) Days after the monthly statement is furnished.

F. **Fees and Charges for Health Care Services**.

Should the Resident need and qualify for the services of the Health Care Center, it is understood that the Resident will be charged the published "per diem rate" for those services. The Village will file Medicare and third party insurance when deemed to be a covered benefit.

1. **Additional Charges for Ancillary Services**. Charges in addition to the monthly fee may be made for ancillary services provided at The Village. Examples of such

additional ancillary charges include, but are not limited to: the cost of prescription and non-prescription medications; surgical, podiatric, dental, optical services; physical examinations; physician services; laboratory tests; physical therapy, occupational therapy, rehabilitative treatments; wheelchairs; other medical equipment and supplies; and any other medical services beyond those available in The Village. Such services are contracted and may not be regularly available. Also, any professional services (medical or otherwise) contracted by the Resident or on behalf of the Resident shall be billed directly to the Resident or their assigned third party.

2. **Illness Away From the Village**. The Resident agrees to assume all financial responsibility for hospital, medical and nursing care during any illness or accident occurring while away from The Village and to see that, upon return, full medical information is supplied to The Village for the Resident's medical records file.

III. ADMISSION REQUIREMENTS AND PROCEDURES

The admission requirements for residence at The Village are non-discriminatory; The Village is open to individuals of all races, color, gender, religious beliefs, sexual orientation and national origin. A prospective resident will become qualified for admission to The Village upon satisfaction of the following provisions:

A. **Age**. Generally, admission is restricted to persons 62 years of age or older. If one member of the residential party is 62, the co-resident may be 55 years of age or older.

B. **Residence and Services Agreement**. Upon notification of acceptance by Provider, the Resident shall enter into this Agreement.

C. **Representations**. The Resident affirms that the representations made in the required Application for Residency as well as the Reservation Agreement that was previously executed by the parties (which representations include a confidential personal and health history and a financial disclosure), are true and correct and may be relied upon by the Provider as a basis for entering into this Agreement.

D. **Direct Admission to Health Care Center**. Upon admission, if it is determined by Provider that Resident is unable to live independently in the Residence, the Resident may be offered direct admission to the Health Care Center. Such Resident shall pay monthly fees equal to the current Fee for Service per diem rate (as described in The Village's current literature) in the Health Care Center (for the required level of care, Assisted Living, Skilled Care or Memory Care). Residents directly admitted to the Health Care Center shall complete the Amendment to Residence and Services Agreement for Direct Admission to Health Care and documents as required by the Provider and North Carolina licensure statutes. In the event a Resident that qualifies for direct admission into the Health Care Center has a Co-Resident that does not qualify for such direct admission, the Co-Resident shall continue to be governed by the terms of this Agreement as a single occupant of the Residence.

IV. TERMS OF OCCUPANCY

A. **Rights of Resident**. The Resident has the right to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of The Village during the term of this Agreement. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Provider other than the rights and privileges as described in this Agreement.

Occupancy (and the obligations of the Provider for care of the Resident) shall be defined as beginning when the Resident has paid the Entrance Fee in full and has paid the first month's Monthly Fee.

B. **Policies and Procedures**. The Resident will abide by The Village's policies and procedures and such amendments, modifications, and changes of the policies and procedures as may hereafter be adopted by the Provider.

C. **Changes in the Residence, Services, or Fees**. Provider has the right to change the Residence, the services offered, or the fees charged to meet requirements of, or changes to any applicable statute, law, or regulation. The Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.

D. **Visitors**. The Resident shall be free to invite guests to the Residence for daily and overnight visits. Guest rooms may be available from time to time at a reasonable rate for overnight stays by your guests. The Village reserves the right to make rules regarding visits and guest behavior and may limit or terminate a visit at any time for reasons it deems appropriate. Two (2) weeks is the maximum continuous stay for guests unless prior approval from the Executive Director is obtained. Except for short-term guests, no person other than the Resident or a Co-Resident, if any, may reside in the Residence without prior approval of The Village.

E. **Occupancy by Two Residents**. In the event that two Residents occupy a Residence under the terms of this Agreement, upon the permanent transfer to the Health Care Center or the death of one Resident, or in the event of the termination of this Agreement with respect to one of the Residents, the Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence. Should the remaining or surviving Resident wish to move to another residence, the policies of The Village governing said residence transfer will prevail.

F. **Addition of a Co-Resident or Marriage**. If a Resident marries a person who is also a Resident, the two Residents may occupy the Residence of either Resident and shall surrender the Residence not to be occupied by them. Such married Residents will pay the Monthly Fee for double occupancy associated with the Residence occupied by them. In the event that a Resident shall marry a person who is not a Resident of The Village, the spouse may become a Resident if such spouse meets all the current requirements for admission to The Village, enters into a current version of the Fee for Service Residence and Services Agreement with Provider, and pays the current single person Entrance Fee for the smallest one bedroom apartment at The Village. The

Resident and spouse shall pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the Resident's spouse does not meet the requirements of The Village for admission as a resident, the Resident may terminate this Agreement in the same manner as provided in Section VI.B. hereof with respect to a voluntary termination.

G. **Loss or Damage of Property**. Provider shall not be responsible for the loss or damage of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. Resident shall provide any desired insurance protection covering any such personal loss. Provider shall insure all property (except personal property) within all residences and common areas belonging to The Village.

H. **Health Insurance and Assignments**. If not already enrolled, the Resident shall apply for and secure, before taking occupancy, coverage under Medicare Parts A and B and any other hospital or medical insurance benefit program which supplements Medicare or other comparable insurance accepted by Provider. The Resident shall provide Provider with evidence of such coverage or of an acceptable substitute insurance plan, and shall pay all premiums.

The Resident shall authorize, as necessary, any provider of hospital, medical, and health services to receive reimbursement under the programs designated in this Section IV.H.

If the Resident is or becomes entitled to medical care and/or reimbursement from governmental agencies or insurance policies, application shall be made for such care and benefits, and the Resident shall assign all insurance proceeds receivable to Provider to the extent necessary to reimburse Provider for all health care expenditures made by Provider on behalf of the Resident.

I. **Right of Entry**. Resident hereby authorizes employees or agents of Provider to enter the Residence for reasonable purposes, including without limitation the following: housekeeping, repairs, maintenance, inspection, fire drills, and in the event of emergency. Provider shall when feasible use reasonable efforts to enter at scheduled times or upon prior notice to Resident. Resident shall afford Provider's employees or agents access to all areas of the Residence when requested to ensure that the Residence is maintained in good repair in accordance with this Agreement and to ensure the health and safety of Resident and other Residents.

J. **Residents' Association**. Residents of The Village are encouraged to participate in the Residents' Association Committees. The organization elects representatives, officers, and other positions to engage in concerted activities set forth by the Residents' Association.

K. **Tobacco Free Campus**. The Village at Brookwood is a Tobacco Free Campus. Smoking and tobacco use is prohibited for residents, staff and visitors.

V. TRANSFERS OR CHANGES IN LEVELS OF CARE

A. **Voluntary Transfer between Independent Residences**. The Resident may transfer from one independent Residence to another. The Resident shall comply with The Village's current Resident Transfer Advantage Program for selection of such Residence. There may be a refurbishment fee (for the Residence being vacated) charged for such a transfer.

1. **Transfer of Resident to a Larger Residence**. If the Resident elects to transfer to a larger Residence, an additional Entrance Fee (according to the Entrance Fee at the original Date of Occupancy) equal to the difference between the Entrance Fee for the smaller Residence and the Entrance Fee for the larger Residence will be due to The Village. The Resident will also pay the Monthly Service Fee associated with the larger Residence.

2. **Transfer of Resident to a Smaller Residence**. The Resident may elect to transfer to a smaller Residence, and pay the current monthly service fee for that Residence. The transfer to a smaller Residence shall not result in any entrance fee refund.

B. **Transfer to the Health Care Center**. The Resident agrees that Provider shall have authority to determine that the Resident be transferred from one level of care to another level of care within The Village. Such determination shall be based on the professional opinion of the Medical Director, and shall be made after reasonable efforts to consult with the Resident or the Resident's chosen and legal representative.

C. **Transfer to Hospital or Other Facility**. If it is determined by Provider that the Resident needs care beyond that which can be provided by The Village, the Resident may be transferred to a hospital, center, or institution equipped to give such care and such care will be at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident or the Resident's chosen and legal representative.

D. **Surrender of Residence**. If a determination is made by Provider that any transfer described in Section V.B. or V.C. is likely to be permanent in nature, the Resident agrees to surrender the Residence upon such transfer. The Provider shall continue charging the monthly fees until such time that the Residence is vacated. If Provider subsequently determines that the Resident can resume occupancy in a Residence or accommodation comparable to that occupied by the Resident prior to such transfer, the Resident shall have priority to such residence as soon as it becomes available.

VI. TERMINATION AND REFUND PROVISIONS

A. **Termination by Resident Prior to Occupancy**. This Agreement may be terminated by the Resident for any reason prior to occupancy by giving written notice to Provider. In the event of such termination, the Resident shall receive a refund of the 10% Deposit paid by the Resident, less any expenses incurred by The Village and less a nonrefundable fee equal to 2% of the total amount of the Entrance Fee.

If the Resident dies before occupying the Residence, or if, on account of illness, injury, or incapacity, the Resident would be precluded from occupying the Residence under the terms of this Agreement, this Agreement is automatically canceled. The nonrefundable fee (equal to 2% of the total amount of the Entrance Fee) will not be charged, however, if such termination is because of death of a Resident, or because the Resident's physical, mental or financial condition makes the Resident ineligible for entrance to The Village.

Any such refund shall be paid by The Village within sixty (60) days following receipt of notification of such termination. Provider requires that such notification be in writing.

B. **Voluntary Termination after Occupancy**. At any time after occupancy, the Resident may terminate this Agreement by giving Provider thirty (30) days written notice of such termination. Such notice effectively releases the Residence to The Village. Any refunds of the Entrance Fee due to the Resident shall be calculated as described in Section II.A. Any refund due the Resident under this paragraph will be made at such time as such Resident's Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs. All refunds may be reduced by the cost of returning the Residence to its original condition and by any outstanding charges due from Resident.

C. **Termination upon Death**. In the event of death of the Resident at any time after occupancy, this Agreement shall terminate and the refund of the Entrance Fee paid by the Resident shall be calculated as described in Section II.A. Any refund due to the Resident's estate will be made at such time as such Resident's Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs. All refunds may be reduced by the cost of returning the Residence to its original condition and by any outstanding charges due from Resident.

D. **Termination by Provider**. Provider may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History, or Confidential Financial Statement; if the Resident fails to make payment to Provider of any fees and charges due The Village within sixty (60) days of the date when due; or if the Resident does not abide by the rules and regulations adopted by Provider or breaches any of the terms and conditions of this Agreement. Any refunds of the Entrance Fee due to the Resident shall be calculated as described in Section II.A. Any refund due the Resident under this paragraph will be made at such time as such Resident's Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to The Village the full Entrance Fee, or within one (1) year from the date of termination, whichever first occurs. All refunds may be reduced by the cost of returning the Residence to its original condition and by any outstanding charges due from Resident.

E. <u>Condition of Residence</u>. At termination of this Agreement, the Resident shall vacate the Residence and shall be liable to The Village for any cost incurred in restoring the Residence to good condition except for normal wear and tear. The Provider shall continue charging the monthly fees until such time that the Residence is vacated. Any refunds due the Resident upon termination may be credited against the cost of returning the Residence to its original condition.

VII. RIGHT OF RESCISSION

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by the Resident giving written notice of such rescission to The Village within thirty (30) days following the later of the execution of this Agreement or the receipt of the Disclosure Statement that meets the requirements of Section 58-64-25, et.seq. of the North Carolina General Statutes. In the event of such rescission, the Resident shall receive a refund of the Entrance Fee paid by the Resident, less 2%. The Resident shall not be required to move into The Village before the expiration of such thirty (30) day period. Any such refund shall be paid by The Village within sixty (60) days following receipt of written notice of rescission pursuant to this paragraph.

VIII. FINANCIAL ASSISTANCE

Provider declares that it is the intent of The Village to permit a Resident to continue to reside at The Village if the Resident is no longer capable of paying the prevailing fees and charges of The Village as a result of financial reversals occurring after occupancy, provided such reversals, in Provider's judgment, are not the result of willful or unreasonable dissipation of the Resident's assets. In the event of such circumstances, Provider will give careful consideration to subsidizing the fees and charges payable by the Resident so long as such subsidy can be made without impairing the ability of Provider to operate on a sound financial basis. Any determination by Provider with regard to the granting of financial assistance shall be within the sole discretion of Provider.

IX. GENERAL

A. <u>Relationships between Residents and Staff Members</u>. Employees of The Village are supervised solely by The Village's management staff, and not by residents. Employees and their families may not accept gratuities, bequests, or payment of any kind from residents. Any complaints about employees or requests for special assistance must be made to the appropriate supervisor or to the Executive Director or his/her designee. The Resident acknowledges and agrees that the Resident or the Resident's family will not hire The Village's employees or solicit such employees to resign their employment at The Village in order to work for the Resident or the Resident's family. The Resident also acknowledges and agrees that, unless consented to by The Village, the Resident will not hire any former Village employee until three (3) months has elapsed from the date of termination of the person's employment at The Village.

B. <u>Assignment</u>. The rights and privileges of the Resident under this Agreement to the Residence, common areas, and amenities, and services, and programs of The Village are personal to the Resident and may not be transferred or assigned by the Resident or otherwise.

C. **Management of The Village at Brookwood**. The absolute rights of management are reserved by Provider, its Board of Directors, and its administration as delegated by said Board of Directors. The Village retains all authority regarding acceptance of Residents, adjustment of fees, financial assistance, and all other aspects of the management of The Village. Residents do not have the right to determine admission or terms of admission of any other Resident.

D. **Entire Agreement**. This Agreement constitutes the entire agreement between Provider and the Resident. Provider shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Provider, unless such statements, representations, or promises are set forth in this Agreement.

E. **Successors and Assigns**. Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of The Village and the heirs, executors, administrators, and assigns of the Resident.

F. **Power of Attorney, Will, Living Will, and Health Care Power of Attorney**. The Resident agrees to execute a power of attorney designating some competent person as attorney-in-fact. The Resident is also encouraged to execute a will, Living Will and Health Care Power of Attorney. The Resident shall provide The Village with copies of Power of Attorney, Living Will, and Health Care Power of Attorney, as well as the location of the Will, prior to occupancy.

G. **Transfer of Property**. The Resident agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.

H. **Governing Law**. This Agreement shall be governed by the laws of the State of North Carolina.

I. **Disclosure Statement**. The Resident acknowledges that a current copy of the Disclosure Statement for The Village at Brookwood has been received.

J. **Third Party Injuries and Claims**. Provider is not required to provide any medical, surgical, nursing or other care for the Resident when the Resident is injured as a result of the fault or negligence of a third party or parties. The Resident shall promptly notify Provider of any such injury. In the event that Provider provides such care as can be furnished by its employees and facilities, the Resident hereby assigns to Provider any compensation that the Resident may recover from such third party or parties to the extent necessary to reimburse Provider for the cost of such care furnished by Provider. The Resident or his legal representative shall have the duty to pursue diligently any and all proper claims for compensation due from a third party or parties for injury to the

Resident and to cooperate with Provider in collecting such compensation and reimbursing Provider for the cost of all such care provided the Resident.

K. **Affiliations of the Provider**. The Village at Brookwood is not affiliated with any religious or charitable provider other than its owner, The Well Spring Group. All financial and contractual obligations of The Village at Brookwood will be the sole responsibility of The Village; the owner will not be responsible for any of these obligations.

L. **Notice Provisions**. Any notices, consents, or other communications to The Village hereunder (collectively "notices") shall be in writing and addressed as follows:

Executive Director
The Village at Brookwood
1860 Brookwood Avenue
Burlington, North Carolina 27215

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

IN WITNESS WHEREOF, The Provider has executed this Agreement and Resident has read and understands this Agreement and has executed this Agreement and the Ten Percent (10%) Deposit has been paid as of the day and year above written.

______________________________ Witness	______________________________ Resident
______________________________ Witness	______________________________ Co-Resident
	______________________________ Date
	______________________________ Address (Prior to Occupancy)
	______________________________ City, State, Zip Code
	______________________________ Telephone
	THE VILLAGE AT BROOKWOOD
	______________________________ Signature (Executive Director)
	______________________________ Date

EXHIBIT A

TARGET OCCUPANCY DATE:	______________________________
FEE SCHEDULE:	Entrance Fees and Monthly Fees are based on the type of Residence you occupy and the number of persons residing in the Residence. The Residence you have selected and the applicable fees are stated below:
RESIDENCE NUMBER:	______________________________
RESIDENCE TYPE:	______________________________
ENTRANCE FEE FOR:	
( ) Resident	______________________________
( ) Co-Resident	______________________________
TOTAL ENTRANCE FEE:	______________________________
CREDIT FOR FRIENDS ADVANTAGE PROGRAM (FAP) OR WAIT LIST:	(______________________________)
CREDIT FOR PARTIAL PAYMENTS OF THE ENTRANCE FEE RECEIVED:	(______________________________)
ENTRANCE FEE BALANCE DUE AND PAYABLE:	______________________________
MONTHLY FEE FOR:	
( ) Resident	______________________________
( ) Co-Resident	______________________________
TOTAL MONTHLY FEE:	______________________________

ADDRESSES FOR REQUIRED NOTICE:

To The Village:

The Village at Brookwood
Attention: Executive Director
1860 Brookwood Avenue
Burlington, NC 27215

To You Prior to Occupancy:

Name: ______________________________

Address: ______________________________

City, State, Zip Code: ______________________________

To You Following Occupancy:

Name: ______________________________

Address: ______________________________

City, State, Zip Code: ______________________________

Your signature below certifies that you have read, understand and accept this Exhibit A.

Applicant: ______________________________

Co-Applicant: ______________________________

Date: ______________________________

Appendix F

THE VILLAGE AT BROOKWOOD CALCULATION OF OBLIGATION TO PROVIDE FUTURE SERVICES

As of December 31, 2024

Prepared by Continuing Care Actuaries, LLC

Report Date: March 3, 2025

Contents

EXECUTIVE SUMMARY

Continuing Care Actuaries, LLC (Continuing Care Actuaries) was retained by the management of The Village at Brookwood, a non-profit Life Plan continuing care retirement community located in Burlington, North Carolina, to calculate the community's Obligation to Provide Future Services and the Use of Facilities to Current Residents (the Obligation) as defined by the AICPA *Health Care Auditing Guidelines*. This calculation was done as of December 31, 2024. This report includes an actuarial based financial projection that measures The Village at Brookwood's Obligation to provide future services to current residents.

In order to calculate the community's Obligation, we projected existing residents through various levels of care until move-out or death. The population projection uses actual resident data to develop assumptions about demographic characteristics of existing residents. The rates of population movement utilized in these projections were developed based on a review of The Village at Brookwood's resident demographic experience for the historical period of July 1, 2003 through December 31, 2024 and the Continuing Care Actuaries demographic database for CCRC residents.

The Continuing Care Actuaries database contains demographic transfer and mortality experience of over 800,000 CCRC resident life years. This information was aggregated to create reasonable assumptions consistent with The Village at Brookwood's operational and administrative practices.

The population assumptions were then used to develop a closed group population projection that reflects only the activity of the current group of The Village at Brookwood's residents. A closed group does not have any new residents entering the community, so as residents die or voluntarily withdraw, the projected group size declines. Closed group projections can be used to anticipate individual revenues and expenses over the life of the group. These calculations can be helpful in setting fees and estimating the present value of future liabilities. The population projection forms the basis of the financial projection that was prepared for the obligation calculation as recommended by the AICPA.

We combined the results of our population projection with projected unit revenue and expense items for The Village at Brookwood to develop the net present value of future cash outflows. This value, together with unamortized deferred revenue, unamortized costs of acquiring the initial continuing-care contracts, and allocable depreciation, produces the Obligation.

Resident data regarding units, age, gender and couples' ratio was provided by The Village at Brookwood management representatives. Assumptions regarding expected mortality and morbidity experience were derived from actual historical resident movements and the Continuing Care Actuaries database. Financial information regarding revenues, expenses and depreciation was provided by The Village at Brookwood management and consisted of the budget for fiscal year 2025. No secondary due diligence was conducted by Continuing Care Actuaries as to the accuracy of these assumptions.

Results

Continuing Care Actuaries has calculated the Obligation for Future Services for Current Residents at The Village at Brookwood as of December 31, 2024 to be (**$16,431,000**). Since this is a liability calculation, a negative result represents an asset or surplus, while a positive result represents a liability or deficit.

As the Audit Guide specifies that a CCRC should only include a Future Service Obligation amount in financial statements if such amount is positive, The Village at Brookwood's resulting Future Service Obligation amount for financial statements purposes as of December 31, 2024 is **$0**.

The surplus pertains only to the Obligation calculation and does not demonstrate the financial feasibility of the entire community since debt principal repayments, general and administrative expenses and some revenues are not included in the Obligation calculation. It should also be noted that the Obligation calculation is based on the assumption that The Village at Brookwood will reach and maintain approximately 95.0% occupancy (167.2 out of 176 available units) in the independent living units.

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

Management should scrutinize future developments that may cause the Obligation to become a liability. These developments include higher apartment vacancy rates, higher expense inflation, and higher nursing care utilization and longer life expectancies at all levels of care than assumed in the current projection.

METHODOLOGY

The first step of our actuarial work was to develop the resident demographic assumptions as input to the population projections. These assumptions, which include mortality rates, morbidity rates, and withdrawal rates, are applied to the current and future resident populations in order to track the resident movements through various levels of care until death or move-out. Note that the Obligation calculation excludes those units and beds occupied by private pay or per diem residents.

Based on the demographic experience of The Village at Brookwood since July 1, 2003, we have incorporated nursing transfer, withdrawal, and death rates by adjusting the expected rates from the Continuing Care Actuaries database to reflect The Village at Brookwood's anticipated experience.

The second step in our actuarial review was to develop open and closed group population projections based on derived demographic assumptions. Existing residents as of December 31, 2024 were projected through the various levels of care until death or move-out. Apartment turnovers due to deaths, transfers, and move-outs were projected, and the derivative new entrants "admitted" into the community. Similar to the existing residents, each generation, or year, of new entrants was tracked through the various levels of care until death or move-out. In addition, apartment turnovers due to deaths, transfers, and move-outs of all generations of new entrants were calculated using our population projection system. Our open group projection assumes that the independent living units at The Village at Brookwood will reach and maintain 95.0% occupancy throughout the foreseeable future. We developed population projections based on the expected scenario, which is based on the most likely outcome.

The final step in our actuarial analysis was to develop the present value of the Future Service Obligation. This calculation is presented in Section III. This calculation is necessary in order to comply with Chapter 14 of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Health Care Organizations (the Audit Guide). The Obligation calculation excludes most of the general and administrative expenses and allocates a portion of the depreciation charge based on historical costs to the existing residents.

The Village at Brookwood's management supplied Continuing Care Actuaries with revenue and expense information based on their fiscal year 2025 budget. We combined the revenue and expense assumptions with the results of the population projection to develop projected cash in-flows and cash out-flows. We have assumed a constant discount rate of 5.5% and investment earnings rate of 2.5%. The 3.5% general inflation rate and monthly fee increase, and 4.0% health care expense inflation assumptions were determined to be most appropriate. The following section contains key financial assumptions.

FINANCIAL ASSUMPTIONS

FY 2025 ANNUAL REVENUES – Life Care

Independent Living Unit	
Annual Fee Per Unit	$56,345
Annual Fee Per Second Resident	20,520
Per Assisted Living Resident	63,482
Per Memory Support Resident	63,482
Per Skilled Nursing Resident	63,482

FY 2025 ANNUAL REVENUES – Fee For Service

Independent Living Unit	
Annual Fee Per Unit	$48,140
Annual Fee Per Second Resident	13,116
Per Assisted Living Resident	86,636
Per Memory Support Resident	112,111
Per Skilled Nursing Resident	155,894

FY 2025 ANNUAL EXPENSES

Independent Living Unit	
Per Unit	$18,055
Per Resident	12,868
Per Assisted Living Resident	$69,277
Per Memory Support Resident	77,845
Per Skilled Nursing Resident	116,009
Monthly Service Fee Inflation	3.5%
General Expense Inflation	3.5%
Health Care Expense Inflation	4.0%
Investment Earnings Rate	2.5%
Discount Rate	5.5%
Allocable Depreciation	$20,376,000
Unamortized Deferred Revenue	$25,969,000
Unamortized Costs of Acquiring Initial Continuing-Care Contracts	$0

FUTURE SERVICE OBLIGATION CALCULATION

The Obligation to Provide Future Services to Current Residents calculation consists of sixteen pages. Page twenty-one or the final page summarizes the actual calculation with the Obligation found on the last line. A positive value represents a liability, while a negative value represents an asset or a surplus.

Pages six through eleven contain both the open and closed group population projections from the Continuing Care Actuaries population projection system. Each row represents the average number of residents that occupy the facility throughout each fiscal year.

Pages twelve through fourteen illustrate the revenue and expense assumptions. The revenue summary represents the amount collected per resident or per unit per year. Similarly, the expense summary represents the expense per resident or per unit per year. The interest summary contains the total interest payments, and the amount allocated to the closed group of residents.

Pages fifteen through seventeen summarize the projected cash inflows and cash outflows. These values are obtained from the revenue and expense assumptions applied to the closed group population.

Pages eighteen through twenty develop the net cash outflows as well as their present value as of December 31, 2024. These pages additionally project each year's facility depreciation charge, and the amount allocated to the closed group of residents.

RESIDENT LEVEL OF CARE INFORMATION	YEAR									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Community Configuration										
Independent Living Units	176	176	176	176	176	176	176	176	176	176
Assisted Living Units	12	12	12	12	12	12	12	12	12	12
Memory Support Units	12	12	12	12	12	12	12	12	12	12
Skilled Nursing Beds	24	24	24	24	24	24	24	24	24	24
Total Community Occupancy Projection										
Independent Living Residents	233.3	224.5	220.8	218.3	216.5	215.1	214.0	213.1	212.5	211.9
Total RLU Units Occupied	169.6	167.2	167.2	167.2	167.2	167.2	167.2	167.2	167.2	167.2
Assisted Living - Lifecare	10.1	9.1	9.1	9.1	9.2	9.2	9.2	9.3	9.3	9.4
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Direct Admits	1.3	2.3	2.3	2.3	2.2	2.2	2.2	2.1	2.1	2.0
Assisted Living - Total	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
Memory Support - Lifecare	5.1	6.7	7.6	8.1	8.4	8.6	8.8	8.8	8.9	9.0
Memory Support - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Direct Admits	6.3	4.7	3.8	3.3	3.0	2.8	2.6	2.6	2.5	2.4
Memory Support - Total	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
Skilled Nursing - Lifecare	14.6	16.7	17.2	17.4	17.6	17.9	18.1	18.4	18.6	18.8
Skilled Nursing - Temporary	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Skilled Nursing - Direct Admits	6.0	4.0	3.4	3.2	3.1	2.8	2.6	2.3	2.1	1.9
Skilled Nursing - Total	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1
Total Open Group Residents	276.7	267.9	264.3	261.8	259.9	258.6	257.5	256.6	256.0	255.4

RESIDENT LEVEL OF CARE INFORMATION	YEAR									
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Community Configuration										
Independent Living Units	176	176	176	176	176	176	176	176	176	176
Assisted Living Units	12	12	12	12	12	12	12	12	12	12
Memory Support Units	12	12	12	12	12	12	12	12	12	12
Skilled Nursing Beds	24	24	24	24	24	24	24	24	24	24
Total Community Occupancy Projection										
Independent Living Residents	211.6	211.4	211.3	211.3	211.4	211.5	211.7	211.8	211.9	212.0
Total RLU Units Occupied	167.2	167.2	167.2	167.2	167.2	167.2	167.2	167.2	167.2	167.2
Assisted Living - Lifecare	9.5	9.6	9.6	9.7	9.8	9.8	9.8	9.8	9.8	9.8
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Direct Admits	1.9	1.8	1.8	1.7	1.6	1.6	1.6	1.6	1.6	1.6
Assisted Living - Total	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
Memory Support - Lifecare	9.1	9.2	9.3	9.4	9.5	9.6	9.6	9.7	9.7	9.7
Memory Support - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Direct Admits	2.3	2.2	2.1	2.0	1.9	1.8	1.8	1.7	1.7	1.7
Memory Support - Total	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
Skilled Nursing - Lifecare	18.9	19.1	19.2	19.4	19.5	19.7	19.7	19.8	19.8	19.8
Skilled Nursing - Temporary	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Skilled Nursing - Direct Admits	1.8	1.6	1.5	1.3	1.1	1.0	0.9	0.9	0.9	0.9
Skilled Nursing - Total	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1
Total Open Group Residents	255.1	254.9	254.8	254.8	254.9	255.0	255.2	255.3	255.4	255.4

RESIDENT LEVEL OF CARE INFORMATION	YEAR									
	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Community Configuration										
Independent Living Units	176	176	176	176	176	176	176	176	176	176
Assisted Living Units	12	12	12	12	12	12	12	12	12	12
Memory Support Units	12	12	12	12	12	12	12	12	12	12
Skilled Nursing Beds	24	24	24	24	24	24	24	24	24	24
Total Community Occupancy Projection										
Independent Living Residents	212.0	212.0	212.0	212.0	212.0	211.9	211.9	211.9	211.9	211.9
Total RLU Units Occupied	167.2	167.2	167.2	167.2	167.2	167.2	167.2	167.2	167.2	167.2
Assisted Living - Lifecare	9.8	9.8	9.8	9.8	9.8	9.8	9.9	9.9	9.9	9.9
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Direct Admits	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.5	1.5
Assisted Living - Total	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
Memory Support - Lifecare	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.8
Memory Support - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Direct Admits	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6
Memory Support - Total	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
Skilled Nursing - Lifecare	19.8	19.7	19.7	19.7	19.7	19.7	19.7	19.8	19.8	19.8
Skilled Nursing - Temporary	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Skilled Nursing - Direct Admits	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Skilled Nursing - Total	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1
Total Open Group Residents	255.5	255.5	255.5	255.5	255.4	255.4	255.4	255.4	255.4	255.4

	YEAR									
Closed Group Occupancy Projection	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Life Care Declining Contract										
Independent Living Residents	87.7	75.5	64.5	54.6	45.9	38.2	31.5	25.6	20.7	16.5
Independent Living Units Occupied	68.8	60.6	52.9	45.7	39.1	33.1	27.7	23.0	18.8	15.2
Assisted Living - Lifecare	3.6	3.2	3.1	3.0	2.8	2.5	2.3	2.0	1.8	1.5
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Lifecare	0.7	1.7	2.3	2.6	2.7	2.7	2.6	2.4	2.2	1.9
Memory Support - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	7.4	6.6	6.3	5.9	5.4	5.0	4.5	4.0	3.5	3.1
Skilled Nursing - Temporary	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.1
Residents Subtotal	99.4	87.0	76.1	66.0	56.8	48.4	40.8	34.0	28.1	23.0
Fee For Service Declining Contract										
Independent Living Residents	136.0	117.0	100.0	84.8	71.4	59.6	49.4	40.6	33.0	26.6
Independent Living Units Occupied	94.1	84.2	74.6	65.3	56.6	48.5	41.1	34.6	28.8	23.7
Assisted Living - Lifecare	6.4	5.7	5.4	5.0	4.5	4.0	3.6	3.1	2.8	2.4
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Lifecare	4.4	4.9	5.0	4.9	4.7	4.4	4.1	3.7	3.3	2.9
Memory Support - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	7.2	9.8	9.9	9.4	8.7	8.0	7.3	6.5	5.7	4.9
Skilled Nursing - Temporary	0.8	0.7	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.2
Residents Subtotal	154.0	137.3	120.2	104.1	89.4	76.2	64.3	53.9	44.7	36.9
Total Closed Group Residents	253.4	224.4	196.3	170.2	146.2	124.5	105.1	87.9	72.8	59.8

	YEAR									
Closed Group Occupancy Projection	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Life Care Declining Contract										
Independent Living Residents	13.0	10.1	7.8	5.9	4.4	3.2	2.3	1.6	1.1	0.7
Independent Living Units Occupied	12.1	9.6	7.4	5.7	4.3	3.2	2.3	1.6	1.1	0.7
Assisted Living - Lifecare	1.3	1.1	0.9	0.7	0.6	0.5	0.4	0.3	0.2	0.1
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Lifecare	1.7	1.4	1.2	1.0	0.8	0.7	0.5	0.4	0.3	0.2
Memory Support - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	2.6	2.2	1.8	1.5	1.2	0.9	0.7	0.6	0.4	0.3
Skilled Nursing - Temporary	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	18.5	14.8	11.7	9.1	7.0	5.3	3.9	2.8	2.0	1.4
Fee For Service Declining Contract										
Independent Living Residents	21.3	16.8	13.2	10.2	7.8	5.9	4.3	3.2	2.3	1.6
Independent Living Units Occupied	19.3	15.5	12.4	9.7	7.5	5.7	4.3	3.1	2.2	1.6
Assisted Living - Lifecare	2.1	1.8	1.5	1.3	1.1	0.9	0.7	0.5	0.4	0.3
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Lifecare	2.6	2.2	1.9	1.6	1.4	1.2	0.9	0.8	0.6	0.5
Memory Support - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	4.2	3.6	3.0	2.5	2.1	1.7	1.4	1.1	0.8	0.6
Skilled Nursing - Temporary	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Residents Subtotal	30.1	24.4	19.6	15.6	12.3	9.6	7.3	5.5	4.1	3.0
Total Closed Group Residents	48.6	39.2	31.3	24.7	19.3	14.9	11.3	8.4	6.1	4.4

Closed Group Occupancy Projection	YEAR 2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Life Care Declining Contract										
Independent Living Residents	0.5	0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Independent Living Units Occupied	0.5	0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Assisted Living - Lifecare	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Lifecare	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	1.0	0.6	0.4	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Fee For Service Declining Contract										
Independent Living Residents	1.1	0.7	0.5	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Independent Living Units Occupied	1.1	0.7	0.5	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Assisted Living - Lifecare	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Support - Lifecare	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Memory Support - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	0.5	0.3	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	2.2	1.5	1.1	0.7	0.5	0.3	0.2	0.2	0.1	0.1
Total Closed Group Residents	3.1	2.2	1.5	1.0	0.6	0.4	0.3	0.2	0.1	0.1

REVENUE AND EXPENSE ASSUMPTIONS

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenue & General Expense Inflation:	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Health Care Expense Inflation:	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
REVENUES										
Life Care Declining Contract										
RLU Annual Fee Per Unit	$56,345	$58,318	$60,359	$62,471	$64,658	$66,921	$69,263	$71,687	$74,196	$76,793
RLU Annual Fee Per Second Resident	20,520	21,238	21,982	22,751	23,547	24,371	25,224	26,107	27,021	27,967
Per Assisted Living Resident	63,482	65,704	68,004	70,384	72,847	75,397	78,036	80,767	83,594	86,520
Per Memory Support Resident	63,482	65,704	68,004	70,384	72,847	75,397	78,036	80,767	83,594	86,520
Per Skilled Nursing Resident	63,482	65,704	68,004	70,384	72,847	75,397	78,036	80,767	83,594	86,520
Fee For Service Declining Contract										
RLU Annual Fee Per Unit	$48,140	$49,825	$51,569	$53,374	$55,242	$57,175	$59,176	$61,248	$63,391	$65,610
RLU Annual Fee Per Second Resident	13,116	13,575	14,050	14,542	15,051	15,578	16,123	16,687	17,271	17,876
Per Assisted Living Resident	86,636	89,669	92,807	96,055	99,417	102,897	106,498	110,226	114,083	118,076
Per Memory Support Resident	112,111	116,035	120,096	124,299	128,650	133,152	137,813	142,636	147,628	152,795
Per Skilled Nursing Resident	155,894	161,351	166,998	172,843	178,892	185,153	191,634	198,341	205,283	212,468
Investment & Other Income										
Asset Base	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Earnings Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Income	0	0	0	0	0	0	0	0	0	0
Allocated Investment Income	0	0	0	0	0	0	0	0	0	0
EXPENSES										
Independent Living Unit										
Per Unit	$18,055	$18,956	$19,619	$20,306	$21,016	$21,752	$22,513	$23,301	$24,117	$24,961
Per Resident	12,868	13,738	14,418	15,077	15,727	16,380	17,042	17,718	18,409	19,116
Per Assisted Living Resident	$69,277	$72,446	$75,387	$78,363	$81,399	$84,515	$87,723	$91,033	$94,451	$97,981
Per Memory Support Resident	77,845	81,314	84,565	87,862	91,231	94,690	98,255	101,933	105,733	109,658
Per Skilled Nursing Resident	116,009	121,033	125,903	130,885	136,006	141,290	146,753	152,407	158,262	164,327
Interest Expense										
Total Interest Expense	$1,867,733	$1,842,605	$1,816,498	$1,764,611	$1,703,647	$1,642,476	$1,577,930	$1,512,572	$1,438,008	$1,362,087
Allocated Interest Expense	1,710,204	1,542,831	1,349,240	1,147,113	958,185	790,912	644,095	518,151	409,256	318,927

REVENUE AND EXPENSE ASSUMPTIONS

					YEAR					
Revenue & General Expense Inflation:	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Health Care Expense Inflation:	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
REVENUES	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Life Care Declining Contract										
RLU Annual Fee Per Unit	$79,481	$82,263	$85,142	$88,122	$91,206	$94,398	$97,702	$101,122	$104,661	$108,324
RLU Annual Fee Per Second Resident	28,945	29,959	31,007	32,092	33,216	34,378	35,581	36,827	38,116	39,450
Per Assisted Living Resident	89,548	92,682	95,926	99,283	102,758	106,355	110,077	113,930	117,918	122,045
Per Memory Support Resident	89,548	92,682	95,926	99,283	102,758	106,355	110,077	113,930	117,918	122,045
Per Skilled Nursing Resident	89,548	92,682	95,926	99,283	102,758	106,355	110,077	113,930	117,918	122,045
Fee For Service Declining Contract										
RLU Annual Fee Per Unit	$67,906	$70,283	$72,743	$75,289	$77,924	$80,651	$83,474	$86,396	$89,420	$92,549
RLU Annual Fee Per Second Resident	18,501	19,149	19,819	20,513	21,231	21,974	22,743	23,539	24,363	25,216
Per Assisted Living Resident	122,209	126,486	130,913	135,495	140,238	145,146	150,226	155,484	160,926	166,558
Per Memory Support Resident	158,143	163,678	169,407	175,336	181,473	187,825	194,398	201,202	208,245	215,533
Per Skilled Nursing Resident	219,904	227,601	235,567	243,812	252,345	261,177	270,318	279,780	289,572	299,707
Investment & Other Income										
Asset Base	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Earnings Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Income	0	0	0	0	0	0	0	0	0	0
Allocated Investment Income	0	0	0	0	0	0	0	0	0	0
EXPENSES										
Independent Living Unit										
Per Unit	$25,835	$26,739	$27,675	$28,643	$29,646	$30,683	$31,757	$32,869	$34,019	$35,210
Per Resident	19,839	20,579	21,337	22,114	22,913	23,737	24,591	25,478	26,399	27,358
Per Assisted Living Resident	$101,627	$105,393	$109,284	$113,307	$117,470	$121,781	$126,250	$130,887	$135,699	$140,693
Per Memory Support Resident	113,712	117,901	122,230	126,706	131,338	136,134	141,106	146,263	151,613	157,165
Per Skilled Nursing Resident	170,607	177,113	183,853	190,837	198,079	205,592	213,390	221,489	229,900	238,637
Interest Expense										
Total Interest Expense	$1,281,908	$1,199,590	$1,107,830	$1,013,277	$913,338	$809,605	$696,037	$577,881	$529,747	$481,129
Allocated Interest Expense	244,433	184,416	135,958	98,258	69,135	47,158	30,722	18,992	12,738	8,313

REVENUE AND EXPENSE ASSUMPTIONS

Revenue & General Expense Inflation:	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Health Care Expense Inflation:	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
					YEAR					
REVENUES	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Life Care Declining Contract										
RLU Annual Fee Per Unit	$112,116	$116,040	$120,101	$124,305	$128,655	$133,158	$137,819	$142,642	$147,635	$152,802
RLU Annual Fee Per Second Resident	40,830	42,260	43,739	45,269	46,854	48,494	50,191	51,948	53,766	55,648
Per Assisted Living Resident	126,316	130,737	135,313	140,049	144,951	150,024	155,275	160,710	166,334	172,156
Per Memory Support Resident	126,316	130,737	135,313	140,049	144,951	150,024	155,275	160,710	166,334	172,156
Per Skilled Nursing Resident	126,316	130,737	135,313	140,049	144,951	150,024	155,275	160,710	166,334	172,156
Fee For Service Declining Contract										
RLU Annual Fee Per Unit	$95,789	$99,141	$102,611	$106,202	$109,920	$113,767	$117,749	$121,870	$126,135	$130,550
RLU Annual Fee Per Second Resident	26,098	27,012	27,957	28,935	29,948	30,996	32,081	33,204	34,366	35,569
Per Assisted Living Resident	172,388	178,421	184,666	191,129	197,819	204,743	211,909	219,325	227,002	234,947
Per Memory Support Resident	223,077	230,884	238,965	247,329	255,986	264,945	274,218	283,816	293,749	304,031
Per Skilled Nursing Resident	310,197	321,054	332,290	343,921	355,958	368,416	381,311	394,657	408,470	422,766
Investment & Other Income										
Asset Base	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Earnings Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Income	0	0	0	0	0	0	0	0	0	0
Allocated Investment Income	0	0	0	0	0	0	0	0	0	0
EXPENSES										
Independent Living Unit										
Per Unit	$36,442	$37,718	$39,038	$40,404	$41,818	$43,282	$44,797	$46,365	$47,987	$49,667
Per Resident	28,355	29,391	30,466	31,582	32,738	33,938	35,181	36,470	37,806	39,191
Per Assisted Living Resident	$145,878	$151,258	$156,839	$162,629	$168,633	$174,860	$181,318	$188,015	$194,960	$202,162
Per Memory Support Resident	162,926	168,902	175,101	181,530	188,196	195,108	202,274	209,704	217,408	225,396
Per Skilled Nursing Resident	247,712	257,138	266,926	277,089	287,642	298,597	309,972	321,781	334,041	346,770
Interest Expense										
Total Interest Expense	$427,826	$373,838	$317,745	$260,244	$198,939	$136,024	$70,654	$10,077	$0	$0
Allocated Interest Expense	5,215	3,159	1,829	1,002	504	226	78	8	0	0

PROJECTED CASH INFLOWS	YEAR									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Independent Living Units	$9,343,016	$8,494,723	$7,650,542	$6,826,519	$6,034,324	$5,283,788	$4,582,042	$3,933,404	$3,341,253	$2,807,545
Assisted Living	787,504	719,594	705,753	686,894	653,074	608,375	559,934	509,782	460,672	413,490
Memory Support	534,903	679,717	756,175	796,026	806,765	793,679	762,048	716,762	663,900	608,494
Skilled Nursing	1,596,679	2,007,791	2,075,307	2,035,883	1,959,666	1,860,896	1,742,839	1,610,287	1,464,458	1,315,443
Published Rates Differential	(173,092)	(144,348)	(115,581)	(90,424)	(69,265)	(51,993)	(38,222)	(27,488)	(19,336)	(13,303)
Resident Financial Assistance	(40,659)	(41,342)	(41,130)	(40,103)	(38,431)	(36,259)	(33,706)	(30,871)	(27,933)	(25,010)
Investment Income	0	0	0	0	0	0	0	0	0	0
TOTAL CASH INFLOWS	12,048,352	11,716,135	11,031,066	10,214,796	9,346,133	8,458,486	7,574,935	6,711,876	5,883,014	5,106,660

PROJECTED CASH OUTFLOWS	YEAR									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Independent Living Units	$5,819,287	$5,391,274	$4,872,332	$4,355,965	$3,854,252	$3,376,305	$2,928,250	$2,513,618	$2,134,851	$1,793,382
Assisted Living	696,493	642,697	635,218	622,176	594,931	557,184	515,017	470,231	425,624	382,361
Memory Support	395,043	537,963	616,628	661,351	679,067	674,690	652,814	617,701	574,486	527,575
Skilled Nursing	1,855,807	2,127,387	2,168,938	2,124,311	2,042,737	1,937,793	1,814,814	1,678,546	1,530,382	1,377,519
Interest Expense	1,710,204	1,542,831	1,349,240	1,147,113	958,185	790,912	644,095	518,151	409,256	318,927
TOTAL CASH OUTFLOWS	10,476,834	10,242,152	9,642,356	8,910,916	8,129,172	7,336,883	6,554,991	5,798,248	5,074,599	4,399,764

PROJECTED CASH INFLOWS	YEAR									
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Independent Living Units	$2,333,840	$1,919,267	$1,559,481	$1,249,851	$985,690	$763,417	$580,051	$432,160	$315,705	$226,120
Assisted Living	367,525	323,217	281,478	242,682	206,635	173,294	142,574	115,198	91,459	71,394
Memory Support	552,342	495,704	439,717	386,100	335,315	287,413	242,291	200,256	162,964	131,036
Skilled Nursing	1,163,587	1,014,917	879,048	757,817	646,752	543,404	449,764	364,702	289,772	223,647
Published Rates Differential	(8,950)	(5,889)	(3,787)	(2,374)	(1,443)	(846)	(478)	(259)	(135)	(68)
Resident Financial Assistance	(22,095)	(19,273)	(16,636)	(14,239)	(12,072)	(10,106)	(8,338)	(6,750)	(5,358)	(4,168)
Investment Income	0	0	0	0	0	0	0	0	0	0
TOTAL CASH INFLOWS	4,386,250	3,727,943	3,139,301	2,619,838	2,160,876	1,756,575	1,405,865	1,105,306	854,407	647,962

PROJECTED CASH OUTFLOWS	YEAR									
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Independent Living Units	$1,490,336	$1,225,223	$995,258	$797,492	$628,951	$487,300	$370,548	$276,382	$202,164	$145,006
Assisted Living	339,961	298,905	260,297	224,518	191,183	160,223	131,670	106,231	84,181	65,561
Memory Support	479,055	429,739	380,928	334,108	289,681	247,786	208,424	171,810	139,343	111,627
Skilled Nursing	1,220,069	1,065,355	921,512	791,252	672,721	563,177	464,193	374,069	294,054	224,401
Interest Expense	244,433	184,416	135,958	98,258	69,135	47,158	30,722	18,992	12,738	8,313
TOTAL CASH OUTFLOWS	3,773,854	3,203,638	2,693,954	2,245,628	1,851,672	1,505,644	1,205,556	947,484	732,480	554,907

PROJECTED CASH INFLOWS

	YEAR									
	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Independent Living Units	$158,957	$109,416	$73,433	$47,794	$29,907	$17,905	$10,198	$5,493	$2,780	$1,314
Assisted Living	55,008	42,024	31,931	24,153	18,248	14,046	11,323	9,653	8,699	8,244
Memory Support	104,134	81,844	63,886	49,741	38,804	30,616	24,760	21,145	19,353	18,762
Skilled Nursing	166,356	119,937	83,921	56,831	37,120	23,538	14,502	8,521	4,713	2,352
Published Rates Differential	(33)	(15)	(7)	(3)	(1)	(0)	(0)	(0)	(0)	(0)
Resident Financial Assistance	(3,173)	(2,372)	(1,746)	(1,270)	(918)	(669)	(503)	(399)	(340)	(311)
Investment Income	0	0	0	0	0	0	0	0	0	0
TOTAL CASH INFLOWS	481,250	350,833	251,417	177,247	123,160	85,436	60,279	44,413	35,205	30,360

PROJECTED CASH OUTFLOWS

	YEAR									
	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Independent Living Units	$102,102	$70,419	$47,384	$30,936	$19,424	$11,673	$6,676	$3,611	$1,835	$871
Assisted Living	50,362	38,300	28,897	21,673	16,241	12,398	9,908	8,383	7,518	7,112
Memory Support	88,394	69,181	53,679	41,466	32,057	25,144	20,354	17,489	16,124	15,722
Skilled Nursing	165,217	117,896	81,650	54,801	35,532	22,345	13,625	7,887	4,286	2,115
Interest Expense	5,215	3,159	1,829	1,002	504	226	78	8	0	0
TOTAL CASH OUTFLOWS	411,291	298,955	213,439	149,879	103,758	71,786	50,640	37,377	29,763	25,819

PRESENT VALUE OF NET CASH OUTFLOWS (INFLOWS)	YEAR									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Net Cash Outflows (Inflows)	($1,571,518)	($1,473,983)	($1,388,710)	($1,303,881)	($1,216,961)	($1,121,603)	($1,019,944)	($913,628)	($808,415)	($706,896)
Discount Rate										
5.50%										
Present Value of Net Cash Outflows (Inflows)	(1,530,006)	(1,360,235)	(1,214,732)	(1,081,071)	(956,402)	(835,508)	(720,171)	(611,471)	(512,848)	(425,067)
Present Value of Net Cash Outflows	($10,837,568)									

DEPRECIATION COST	YEAR									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696
Allocated Depreciation	2,955,466	2,702,581	2,397,435	2,098,214	1,815,359	1,554,253	1,317,512	1,105,689	918,601	755,751

PRESENT VALUE OF NET CASH OUTFLOWS (INFLOWS)	YEAR 2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Net Cash Outflows (Inflows)	($612,396)	($524,305)	($445,347)	($374,210)	($309,205)	($250,932)	($200,308)	($157,822)	($121,927)	($93,054)
Discount Rate										
5.50%										
Present Value of Net Cash Outflows (Inflows)	(349,045)	(283,257)	(228,057)	(181,638)	(142,261)	(109,431)	(82,801)	(61,837)	(45,283)	(32,758)
Present Value of Net Cash Outflows										

DEPRECIATION COST	YEAR 2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Depreciation	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696
Allocated Depreciation	615,453	496,201	396,118	312,992	244,321	188,006	142,464	106,080	77,610	55,765

PRESENT VALUE OF NET CASH OUTFLOWS (INFLOWS)					YEAR					
	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Net Cash Outflows (Inflows)	($69,960)	($51,878)	($37,979)	($27,368)	($19,402)	($13,650)	($9,639)	($7,036)	($5,442)	($4,541)
Discount Rate										
5.50%										
Present Value of Net Cash Outflows (Inflows)	(23,344)	(16,408)	(11,386)	(7,777)	(5,226)	(3,485)	(2,333)	(1,614)	(1,183)	(936)
Present Value of Net Cash Outflows										

DEPRECIATION COST					YEAR					
	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Depreciation	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696	$3,227,696
Allocated Depreciation	39,346	27,275	18,578	12,433	8,181	5,356	3,559	2,471	1,854	1,526

OBLIGATION TO PROVIDE FUTURE SERVICES AND THE USE OF FACILITIES TO CURRENT RESIDENTS

Present Value of Net Cash Outflows (Inflows)	($10,838,000)
Less:	
Unamortized deferred revenue at December 31, 2024	25,969,000
Plus:	
Allocable depreciation	20,376,000
Unamortized costs of acquiring initial continuing-care contracts	0
Obligation to provide future services and the use of facilities to current residents	($16,431,000)

Appendix G

Conflict of Interest Policy

Dated January 2025

KINTURA

Conflict of Interest Policy

Article I
Purpose

The purpose of the conflict of interest policy is to protect the tax-exempt interest of KINTURA, a North Carolina nonprofit corporation (the "Organization") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II
Definitions

I. **Interested Person.** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest m any entity with which the Organization has a transaction or arrangement,

b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists in accordance with Article Ill, Section 2.

Article III
Procedures

1. **Duty to Disclose.** In connection with any actual or possible conflict of interest an interested person must disclose the existence and nature of the financial interest (and be given the opportunity to disclose all material facts) to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists under applicable law, customary industry practices, or existing organizational policies.

3. **Procedures for Addressing the Conflict of Interest**

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of Interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. **Violations of the Conflicts of Interest Policy.**

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV
Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed; And

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V
Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement that affirms such person:

a. Has received a copy of the conflicts of interest policy,
b. Has read and understands the policy,
c. Has agreed to comply with the policy, and
d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Such director, principal officer, or member of a committee shall detail any actual or potential conflicts of interest they have in such annual statement.

Article VII
Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable based on competent survey information and are the result of arm's length bargaining;

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Article Vin
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VJI, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

This Conflict of Interest Policy is adopted effective January 1, 2025.

Appendix G

Kintura

LIVING. LIFE. WELL.

Kintura Board of Directors

Annual Conflict of Interest Acknowledgement Statement

I, ____ (printed name) affirm that I have received a copy of the conflict-of-interest policy, have read and understand the policy, and agree to comply with the policy. I understand that Kintura is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

____ ____________________________

Signature Date