



## **Disclosure Statement**

**Alamance Extended Care, Inc. dba  
The Village at Brookwood  
Provider: Well-Spring Services**

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

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

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

# Financial Snapshot: Key Ratios for The Village at Brookwood

Fiscal Year Ended: December 31, 2025(FY)

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 <sup>th</sup> % <sup>1</sup>	NC 50 <sup>th</sup> % <sup>1</sup>	NC 75 <sup>th</sup> % <sup>1</sup>
<b>DCOH</b>	144	98	100	88	125	156			
<b>CUSH</b>	3.09	2.22	2.23	2.21	3.24	4.23			
<b>OR</b>	105.57%	96.45%	94.55%	93.46%	92.69%	92.06%			
<b>NOM</b>	-5.57%	3.55%	5.45%	6.54%	7.31%	7.94%			
<b>NOM-A</b>	14.57%	44.49%	24.69%	26.92%	27.70%	28.36%			
<b>DSCR</b>	1.56	3.19	2.72	3.21	3.52	3.84			
<b>CD</b>	0.19	0.14	0.17	0.14	0.21	0.27			
<b>CED</b>	1.87	2.87	0.93	0.66	0.90	1.17			

## Liquidity Ratios:

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

## Profitability Ratios:

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

## Capital Structure Ratios:

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

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

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

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## 1. Provider Identification and Basic Information

Item	Information
<b>Provider Name:</b>	Alamance Extended Care, Inc. dba The Village at Brookwood
<b>Business Address:</b>	1860 Brookwood Ave, Burlington, NC 27215
<b>Telephone Number:</b>	(336) 570-8400
<b>Legal Entity Type:</b>	Nonprofit corporation organized under the laws of North Carolina
<b>For-Profit / Nonprofit Status:</b>	Nonprofit
<b>Federal Tax Status:</b>	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
<b>Ownership Type:</b>	Privately owned and controlled nonprofit corporation. The provider is not part of any publicly held or publicly traded corporate system.
<b>Tax Filing Status:</b>	Current on all required federal and state tax filings
<b>Ownership / Control:</b>	Alamance Extended Care, Inc. dba The Village at Brookwood is a non-profit corporation governed by its Board of Directors. The Village at Brookwood's controlling corporate parent is Kintura.

## 2. Organizational Structure

### 2.1 Multi-Entity Organization Status

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 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 501(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 at Brookwood, Well Spring Retirement Community, Inc.

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

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

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

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

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

## **2.2 Consolidation of Financial Statements**

The statements include a statement of operations and cash flow for the fifteen months from October 1, 2024 to December 31, 2025 and balance sheet as of December 31, 2025. The audited financial statements are prepared on a consolidated basis for the Well-Spring Services obligated group including The Village at Brookwood. by Clifton Larson Allen LLP (Greensboro, NC).

## 2.3 Controlling Person

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

## 2.4 Company Structure Chart

The organizational structure of The Village at Brookwood and its related entities is illustrated below:



**Accessible Text Equivalent:**

- **Board of Directors** – The Village at Brookwood is governed by a Board of Directors, which serves as the organization’s governing body and holds ultimate responsibility for oversight of operations, financial condition, and resident welfare.
- **Kintura** - not-for-profit corporation, that is the controlling corporate parent of each Kintura life plan community, including The Village at Brookwood
- **Well-Spring Services, Inc.** - incorporated in 2012, is a nonprofit corporation to provide support and to serve as the sole member of Well•Spring Retirement Community, Inc., Well•Spring Foundation, and Alamance Extended Care dba “The Village at Brookwood”
- **Alamance Extended Care d/b/a The Village at Brookwood.** -provider of continuing care contracts; operator of The Village at Brookwood (Burlington, NC)

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

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

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

### 3.1 Senior Officers of The Village at Brookwood and Kintura

Name / Role	Education	Experience	Length of Service
<b>Timothy J. Webster – Chief Executive Officer</b>	BSBA Accounting, Appalachian State University; Certified Public Accountant; Licensed Nursing Home Administrator	31+ years in senior living operations – held positions as Assistant Controller, Controller, Director of Finance, Director of Operations, and Vice President and Chief Operating Officer and Chief Executive Officer	31+ years with The Presbyterian Homes (which became Brightspire and is now Kintura); serves as Chief Executive Officer of Kintura; employed by Kintura
<b>Hank Lovvorn – Chief Operating Officer</b>	BS Economics, Florida State University; Licensed Nursing Home Administrator	29+ years in senior living operations – held positions as Regional Vice President of Operations, Vice President and Director of Operations and Chief Operating Officer	8 years with Westminster Retirement Communities of Florida; 17+ years with The Presbyterian Homes (which became Brightspire and is now Kintura); serves as Chief Operating Officer of Kintura; employed by Kintura
<b>K. Alan Tutterow – Chief Financial Officer</b>	Accounting degree, University of North Carolina at Chapel Hill; Certified Public Accountant; Certified Aging Services Professional; Financial Surveyor for CARF/CCAC	33+ years in senior living operations – held positions as Executive Director, Chief Operating Officer, Director of Philanthropy and Chief Financial Officer	33+ years with Well Spring Retirement Community and The Well Spring Group (which is now Kintura); serves as Chief Financial Officer of Kintura; employed by Kintura

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

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

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

### 3.2 Community Management – The Village at Brookwood

Name / Role	Education	Experience	Length of Service
<b>April Mayberry– Executive Director</b>	B.S. Recreational Therapy, Western Carolina University; Licensed Nursing Home Administrator	25+ years serving older adults; served as Recreation Therapy Director, Behavioral Health Director, Associate Administrator, and Licensed Nursing Home Administrator for Genesis Healthcare; Started at TVAB as Director of Health Care before being named Executive Director	2019 – Director of Health Care 2022 - Executive Director
<b>Austin Locklear- Associate Director – Healthcare Administrator</b>	Undergrad & Master of Public Health degrees, East Carolina University; Licensed Nursing Home Administrator	8 years of progressive experience leading long-term care communities for Luthern Services Carolinas	Began role in May 2026

**Business Address:** 1860 Brookwood Ave, Burlington, NC 27215

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

### 3.3 Board of Directors — The Village at Brookwood

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

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

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

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

### **3.4 Management Entity**

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

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

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

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

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

### **4.1 Provider Governing Body**

The Village at Brookwood is a Kintura Life Plan Community. Kintura serves as The Village at Brookwood's controlling corporate parent and sole member and appoints The Village at Brookwood's Board of Directors.

The Village at Brookwood operates under Kintura's Board Member-in-common governance model, in which members of the Kintura board also serve simultaneously on the The Village at Brookwood Board. The Village at Brookwood Board consists of 15 members, including two resident representatives, and retains decision-making authority for the community. A Kintura-appointed Board of Advisors, composed of resident representatives from each

Kintura community, provides additional insight and feedback to inform Kintura decision-making.

The Board's primary duties include:

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

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

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

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

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

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

#### **4.1.3 Committees**

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

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

develops and recommends policies limiting executive authority in financial matters and reviews and recommends annual operating and capital budgets. The committee also recommends policies governing investment of resources, budget planning parameters, and corporate financial performance targets, and establishes parameters for insurance coverage. Working with the President and Chief Executive Officer (or designated staff), the Finance Committee annually reviews Form 990 and submits a recommendation for approval to the full governing board prior to IRS submission. The committee oversees short- and long-term investment performance, recommends investment parameters, and periodically reviews administrative policies related to charitable contribution requests. It also recommends revisions to existing financial management policies or the development of new policies, reports on financial irregularities, concerns, or opportunities to the board, and as needed, reviews and recommends any issuance of debt.

- **Nominating Committee:** The Nominating Committee shall nominate candidates to the Board of Directors for election at each annual meeting, to fill vacancies among elected Directors, and to serve as officers of the corporation. The committee shall also review the Chairperson's proposed slate of committee members and committee chairs (excluding the Nominating Committee) and make recommendations to the Board of Directors. In addition, the Nominating Committee shall evaluate the effectiveness of the corporation's governance structure and Board performance, identify and cultivate qualified leadership candidates, and assess and support the ongoing education needs of the Board of Directors in collaboration with management.
- **Audit & Compliance Committee:** The Audit and Compliance Committee assists the Board of Directors in overseeing audit, compliance, and ethics matters, including compliance with applicable laws and regulations governing long-term health care operations. The Committee recommends the independent audit firm, reviews annual audit reports, and reports financial irregularities to the Board. It oversees the effectiveness of the organization's compliance and ethics program, including regulatory compliance, risk identification and mitigation, and quality-of-care standards, and periodically reviews and recommends updates to the Code of Conduct. The Committee monitors significant compliance risks and violations, evaluates regulatory and enforcement trends, and may conduct or authorize investigations within its scope. It meets at least quarterly with the Compliance Official, may request reports from management or others, maintains meeting minutes, and reports regularly to the Board.

## 4.2 Controlling Person Governing Body

The Village at Brookwood does not identify a separate controlling person in its bylaws, other than the Board of Directors.

## **5. Related Parties**

Kintura serves as The Village at Brookwood's controlling corporate parent company. Well-Spring Services, Inc. is the obligated party of The Village at Brookwood. Relationship explained more in Section 2.1.

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

The Village at Brookwood is not affiliated with any religious or charitable provider other than its provider, Well-Spring Services.

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

No other person or entity is responsible for the financial or contractual obligations of The Village at Brookwood other than the obligated group as stated in 8 below.

## **8. Obligated Groups**

The Well-Spring Services obligated group is jointly obligated to pay the indebtedness of The Village at Brookwood and Well-Spring Retirement Community life plan communities. These obligations are shown through financial statements.

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

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

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

The Village at Brookwood does not contract any third-party management.

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

The Village at Brookwood does not lease any of the real property that makes up its campus.

## **12. Endowment Funds**

The Village at Brookwood has one endowment fund, The Nursing Scholarship Endowment. This is shown as a permanently restricted asset that is shown in the financial statements.

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

The Village at Brookwood campus spans approximately 50 acres, generally bordered by Rockwood Avenue to the west, Hermitage Road to the east, Woodland Avenue and Arbor Drive to the north, and Edgewood Avenue to the south.

The community includes 110 apartments within a five-story building, 66 single-story garden homes, a community center, and a health care center featuring 48 licensed units across Assisted Living, Memory Care, and Skilled Nursing. In May 2009, a Wellness Center was added, offering exercise rooms, a swimming pool, jacuzzi, and locker facilities.

Common areas serve as the hub of resident activity and include a formal dining room, café, tavern, private dining room, living room and social lounge, covered patio, fire pit, arts and crafts studio, paint studio, auditorium, club room, library, beauty and barber shop, carpentry shop, billiards room, pickleball court, raised garden plots, outdoor pavilion, putting green, and dog park. Residents may enjoy these on-campus amenities or access the broader Burlington community.

The Health Care Center includes an outpatient clinic, 24 Assisted Living units licensed as Adult Care (Home for the Aged)—12 of which are designated for memory care—and 24 Skilled Nursing units licensed as Nursing Care.

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

As of December 31, 2025, the community comprises 176 independent living accommodations, 24 skilled nursing beds, and 24 assisted living units.

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

The Village at Brookwood does not have nor operate a Continuing Care at Home (CCaH) program.

## 16. Resident Population

As of December 31, 2025, the census at The Village at Brookwood was:

- 237 residents in independent living
- 15 residents in assisted living
- 23 residents in skilled living

## 17. Occupancy Rates

The 12-month daily average occupancy rates for the The Village at Brookwood Campus for the past five fiscal years were as follows:

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

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
12/31/2025	95.51%	73.57%	82.47%
12/31/2024	97.16%	79.17%	91.67%
12/31/2023	95.63%	70.83%	70.83%
12/31/2022	94.19%	70.83%	91.67%
12/31/2021	95.48%	79.17%	75.00%

## 18. Semiannual Resident Meetings

The Village at Brookwood holds meetings with residents monthly. All residents may attend “Coffee and Campus Updates” typically held on the second Tuesday bi-monthly and/or “Fireside Chats with April” every fourth Monday.

### Most Recent Meeting Dates

#### Coffee and Campus Updates

- December 17, 2026
- February 10, 2026
- April 21, 2026

#### Fireside Chats with April

- January 26, 2026
- February 23, 2026
- March 30, 2026

## **19. Resident Property Rights**

Residents do not hold ownership or property rights in the real estate of The Village at Brookwood. The Village at Brookwood retains full ownership and control of the property.

## **20. Services Provided**

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

### **20.1 Health Care Services**

Section I.G.13 of the Residence and Services Agreement outlines the services available in The Village at Brookwood Health Care Center. Payment for such services is detailed 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. An on-site health care clinic is available for Independent Living Residents during scheduled hours. The Life Care Benefit establishes the rate paid for residency in the Health Care Center. The rate in effect at the time of transfer shall apply to Assisted Living, Assisted Living Memory Care, and Skilled Nursing accommodations. The health clinic provides services such as examinations, consultations, routine checks, treatments, and certain tests, as authorized by staff and the PCP (Primary Care Physician). 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.

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

CCRC contracts represent the Residence & Services Agreement for residents who live at The Village at Brookwood. The Village at Brookwood has two types of residence & services agreements, Life Care and Fee-for-Service. Residents receive the following services as part of their monthly fees, with additional services available at an extra charge:

#### **20.2.1 Services Included in Monthly Fees for the Life Care Contract**

- One meal, per person, per day (at the choice of Resident during the month)
- Weekly housekeeping
- Maintenance of the residence and 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) and high-speed internet services (WIFI)

- 24-hour emergency call service and response, as well as personal emergency pendants
- 24-hour security services in a gated community and electronic check-in
- Trash removal
- Parking
- Assistance with filing health insurance claims
- Assistance with transfer to hospitals or other special care facilities

### **20.2.2 Services Available at Additional Charge for the Life Care Contract**

- Additional meals (beyond one meal, per person, per day)
- 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
- 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 healthcare accommodation) not covered by Medicare or other insurance.

### **20.2.3 Services Included in Monthly Fees for the Fee-for-Service Contract**

- 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) and 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 health insurance claims
- Assistance with transfer to hospitals or other special care facilities
- Health care services at the per diem rate

#### **20.2.4 Services Available at Additional Charge for the Fee-for-Service Contract**

- Additional meals (beyond 15 meals per person, per month)
- 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
- 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

#### **20.3 Delivery of Services**

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

## 21. Resident Fees

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

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

CCRC contracts represent the Residence & Services Agreement for residents who live at The Village at Brookwood.

**Table 21.1: Current Monthly Fees for The Village at Brookwood (LifeCare Plan)**

Unit Type	Single Occupant	Double Occupant
Azalea (One Bedroom) -IL Apt	\$3,667	\$5,463
Birch (One Bedroom + Den) -IL Apt	\$3,988	\$5,784
Camellia (Two Bedroom) -IL Apt	\$4,359	\$6,155
Dogwood (Two Bedroom + Den) -IL Apt	\$4,730	\$6,526
Elm (Two Bedroom Deluxe) -IL Apt	\$5,129	\$6,925
Holly (Two Bedroom) - IL Garden Home	\$5,601	\$7,397
Juniper (Two Bedroom) - IL Garden Home	\$5,672	\$7,468
Magnolia or Maple (Three Bedroom) - IL Garden Home	\$5,860	\$7,656
Oak (Two Bedroom + Den/Office) - IL Garden Home	\$6,030	\$7,826
Pine (Three Bedroom) - IL Garden Home	\$6,104	\$7,900

Assisted Living, Memory Care, or Skilled Nursing: \$5,594/month (\$186/day).

**Table 21.2: Current Monthly Fees for The Village at Brookwood (Fee-for-Service Plan)**

Unit Type	Single Occupant	Double Occupant
Azalea (One Bedroom) -IL Apt	\$3,081	\$4,229
Birch (One Bedroom + Den) -IL Apt	\$3,399	\$4,547
Camellia (Two Bedroom) -IL Apt	\$3,771	\$4,919
Dogwood (Two Bedroom + Den) -IL Apt	\$4,177	\$5,325
Elm (Two Bedroom Deluxe) -IL Apt	\$4,580	\$5,728
Holly (Two Bedroom) - IL Garden Home	\$4,621	\$5,769

<b>Unit Type</b>	<b>Single Occupant</b>	<b>Double Occupant</b>
Juniper (Two Bedroom) - IL Garden Home	\$4,697	\$5,845
Magnolia or Maple (Three Bedroom) - IL Garden Home	\$4,917	\$6,065
Oak (Two Bedroom + Den/Office) - IL Garden Home	\$5,084	\$6,232
Pine (Three Bedroom) - IL Garden Home	\$5,162	\$6,310

All Levels of Care on Campus: Priority access to rehabilitation, assisted living, memory care, and skilled nursing at per diem rates: Assisted Living: \$7,635/month (\$255/day); Memory Support: \$9,880/month (\$329/day); Skilled Nursing: \$13,740/month (\$458/day)

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

<b>Fiscal Year-End</b>	<b>Average % Increase</b>	<b>Average \$ Increase</b>	<b>Frequency</b>
12/31/2026	4.75%	\$525	Annual
12/31/2025	5.25%	\$233	Annual
12/31/2024	5.75%	\$354	Annual
12/31/2023	7.00%	\$335	Annual
12/31/2022	5.01%	\$240	Annual

**Table 21.4: Current Entrance Fees for The Village at Brookwood (LifeCare Plan)**

<b>Unit Type</b>	<b>Entrance Fee (Single)</b>	<b>Entrance Fee (Double)</b>
Azalea (One Bedroom) -IL Apt	\$257,000	\$303,000
Birch (One Bedroom + Den) -IL Apt	\$315,000	\$361,000
Camellia (Two Bedroom) -IL Apt	\$347,000	\$393,000
Dogwood (Two Bedroom + Den) -IL Apt	\$388,000	\$434,000
Elm (Two Bedroom Deluxe) -IL Apt	\$430,000	\$476,000
Holly (Two Bedroom) - IL Garden Home	\$440,000	\$486,000
Juniper (Two Bedroom) - IL Garden Home	\$506,000	\$559,000
Magnolia or Maple (Three Bedroom) - IL Garden Home	\$473,000	\$519,000
Oak (Two Bedroom + Den/Office) - IL Garden Home	\$493,000	\$539,000
Pine (Three Bedroom) - IL Garden Home	\$567,000	\$620,000

Refundability terms are disclosed in Section 22.

The entrance fees shown above are for the standard floor plan for the specified unit. Certain units have been modified to add additional rooms or amenities. The entrance fees and monthly service fees may be increased based on size and value of the modification.

**Table 21.5: Current Entrance Fees for The Village at Brookwood (Fee-for-Service Plan)**

Unit Type	Entrance Fee	Entrance Fee
	(Single)	(Double)
Azalea (One Bedroom) -IL Apt	\$162,000	\$191,000
Birch (One Bedroom + Den) -IL Apt	\$205,000	\$235,000
Camellia (Two Bedroom) -IL Apt	\$243,000	\$275,000
Dogwood (Two Bedroom + Den) -IL Apt	\$272,000	\$304,000
Elm (Two Bedroom Deluxe) -IL Apt	\$301,000	\$333,000
Holly (Two Bedroom) - IL Garden Home	\$335,000	\$370,000
Juniper (Two Bedroom) - IL Garden Home	\$385,000	\$425,000
Magnolia or Maple (Three Bedroom) - IL Garden Home	\$360,000	\$395,000
Oak (Two Bedroom + Den/Office) - IL Garden Home	\$375,000	\$410,000
Pine (Three Bedroom) - IL Garden Home	\$431,000	\$471,000

Refundability terms are disclosed in Section 22.

The entrance fees shown above are for the standard floor plan for the specified unit. Certain units have been modified to add additional rooms or amenities. The entrance fees and monthly service fees may be increased based on size and value of the modification.

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

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2026	11.20%	\$30,745	Annual
12/31/2025	8.00%	\$20,350	Annual
12/31/2024	10.00%	\$23,086	Annual
12/31/2023	11.60%	\$23,977	Annual
12/31/2022	3.00%	\$6,015	Annual

## **21.2 Household Composition Changes**

If a resident occupying a Living Accommodation marries or elects to share the unit with another resident, they may occupy either unit and must surrender the other. No refund is payable for the surrendered unit. The residents will pay the applicable Monthly Charge for double occupancy.

If a resident marries or elects to share a unit with a non-resident, that individual may become a resident if all then-current admission requirements of The Village at Brookwood are met. The co-resident must execute the then-current Residence and Services Agreement for the independent living unit, as amended to require: (i) payment of the applicable Monthly Service Fee for co-residents, and (ii) payment, prior to occupancy, of the difference between the single resident Entrance Fee and the then-current co-resident Entrance Fee.

For purposes of any Entrance Fee refund, the co-resident's agreement is deemed effective as of the original resident's agreement date.

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

The Village at Brookwood's Residence and Services Agreements outline 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. Residents may transfer between independent residences (fees may apply; no refund for downsizing). The Village at Brookwood determines transfers to higher care or outside facilities as needed, at the resident's expense. If a transfer is permanent, the residence must be surrendered, though priority is given if the resident later returns.

## **22. Refundable Entrance Fees**

### **22.1 Conditions for Refunds**

The following reasons would qualify as a condition for refunds at The Village at Brookwood:

- Before occupancy: Refund of deposit (less expenses and a small fee); full refund if due to death or ineligibility
- After occupancy (voluntary move-out): Partial Entrance Fee refund (per contract terms)
- Death after occupancy: Refund to estate (per contract terms)
- Termination by provider: Refund (per contract terms)

**22.2 Refund Obligations as of December 31, 2025**

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	12	\$3,604,489
Refunds currently due (including amounts 30+ days past due)	0	\$0
Resident now in non-independent living unit – unit not resold	0	\$0
Resident now in non-independent living unit – unit resold	0	\$0

As of December 31, 2025, The Village at Brookwood had \$11,090,162 in total contractual refund obligations on non-refundable contracts in the event of move-out, death, or a termination.

**23. Policies for Residents in Financial Hardship**

**23.1 Policies for Residents Unable to Pay**

The Village at Brookwood intends to allow residents to remain in their homes even if they later become unable to pay fees due to unexpected financial hardship after moving in. This applies as long as the hardship was not caused by intentionally or unreasonably spending down assets.

In such cases, The Village at Brookwood may consider helping cover some costs, but only if doing so does not harm its overall financial stability. Any decision to provide financial assistance is made solely at the discretion of The Village at Brookwood.

**23.2 Sources of Financial Support**

- Resident Assistance Endowment Fund** – It is the policy of The Village at Brookwood to allow for financial assistance from a Benevolent Trust Fund, which is an asset of Well-Spring Foundation, an affiliated group to the provider, The Well-Spring Group. This assistance is given to a limited number of applicants of modest means and/or to supplement current residents' monthly service fees if the need arises. Such a request is considered by the Board of Directors, which makes its decision primarily on the basis of the merits of the applicant and the funds

available. Such use of the contributed funds is limited by The Village at Brookwood's obligation to meet its commitment to all residents and to operate on a sound financial basis.

### **23.3 Conditions or Limitations**

- The Village at Brookwood will not terminate a resident's CCRC contract solely due to the resident's inability to continue paying the monthly charge or other charges payable under the contract due to circumstances beyond the resident's control.
- Any financial assistance granted shall be entirely within the sole discretion of The Village at Brookwood and shall be governed by a separate written agreement between The Village at Brookwood and the resident. If requested by The Village at Brookwood, the resident agrees to apply for Medicaid, public assistance, or any other reasonably available public benefit programs to help offset the monthly charge or other charges payable under the Residence and Services Agreement.

### **23.4 Narrative**

In 2025, The Village at Brookwood distributed \$230,000 in benevolent care support to The Village at Brookwood residents.

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

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

The Village at Brookwood may cancel or terminate the Residence and Services Agreement under the following conditions:

- Failure to provide accurate or complete information in the application, financial disclosure, or health history
- Loss of financial eligibility prior to occupancy
- Failure to pay fees or charges within 60 days of the due date
- Violation of the rules and regulations or breach of the agreement
- Misrepresentation or omission of material information
- Permanent transfer or need for higher level of care (as determined by the Provider)
- Voluntary termination by the resident (with required written notice)
- Death of the resident after occupancy (automatic termination)

Additional terms:

- A 30-day rescission period allows cancellation with a refund of the Entrance Fee minus 2% (no move-in required).
- After occupancy, residents must give 30 days' notice to terminate.

- Refunds depend on the selected Entrance Fee option and may be reduced by repair costs and unpaid charges.
- Refunds are paid after re-occupancy or within one year, whichever occurs first.

## **24.2 Resident-Initiated Cancellation**

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

- Cancel within 30 days of signing (rescission period)
- Cancel anytime before occupancy with written notice
- Terminate after occupancy with 30 days' written notice
- Death of the resident after occupancy (automatic termination)

Additional terms:

- Rescission: Entrance Fee refunded minus 2%; no move-in required; refund within 60 days
- Before occupancy: 10% deposit refunded minus expenses and 2% fee (fee waived for death or ineligibility); refund within 60 days
- After occupancy: Entrance Fee refund per contract terms
- Refunds are typically paid after re-occupancy or within one year
- Refunds may be reduced by repair costs and unpaid charges

## **24.3 Refunds Upon Cancellation**

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

## **24.4 Refunds Upon Death**

In the event of the death of the resident at any time after occupancy, the Residence and Services Agreement terminates. Any refund of the Entrance Fee paid by the resident will be calculated based on the Entrance Fee option selected by the resident, as described in Section III.C.

Any refund due to the resident's estate will be paid when the residence has been reoccupied by a new resident who has paid the full Entrance Fee, or within one (1) year from the date of termination, whichever occurs first.

All refunds may be reduced by costs to restore the residence to its original condition and by any outstanding charges owed by the resident.

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

A Living Unit at The Village at Brookwood is considered vacated for re-occupancy only after one of the following:

- Death of the Resident
- Voluntary termination with notice
- Termination by The Village at Brookwood
- Permanent transfer to Health Center with surrender of unit

Until termination, the Resident still holds occupancy rights.

### **25.1 Temporary Absences**

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

### **25.2 Refunds**

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

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

Residents of The Village at Brookwood may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

### **26.1 Resident Needs**

- **Health-Related Transfer:** When a resident's medical condition requires a move to a more supportive level of care, such as assisted living or skilled nursing.
- **Safety and Accessibility:** When the current living unit no longer meets the resident's safety or accessibility needs (for example, due to mobility limitations or inability to safely navigate stairs).

### **26.2 Provider Needs**

- **Renovation or Construction:** When construction, renovation, or repair work requires temporary or permanent relocation.

- **Operational Necessity:** When the continued occupancy of a living unit materially interferes with the orderly operation of the community and no reasonable alternative exists. This provision is applied only in limited circumstances.

### 26.3 Process

- **Reference Policy**
  - Can be found in Section V, “Transfers or Changes in Levels of Care,” of the Residence and Services Agreement.
- **Voluntary Transfers (Independent Living)**
  - Resident selects a new residence in accordance with the Friends Advantage Program.
  - Any applicable refurbishment fee may be charged.
  - Financial adjustments are made depending on whether the move is to a larger or smaller unit.
- **Transfers to Higher Levels of Care**
  - Initiated based on Medical Director’s professional assessment.
  - Reasonable efforts are made to consult with the Resident or their legal representative.
- **Transfers Outside The Village at Brookwood**
  - Occur when required care exceeds available services.
  - Residents bear the cost.
  - Consultation occurs when possible.
- **Post-Transfer Housing Status**
  - If transfer is deemed permanent:
    - Resident must surrender their unit.
    - A two-week grace period is allowed for vacating.
    - Monthly fees continue until the unit is vacated.
  - If the Resident can return:
    - They receive priority for a comparable residence when available.

### 26.4 Financial Obligations

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

## 27. Health and Financial Admission / Continuation Standards

### 27.1 Admission Requirements

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

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

- **Financial Standards:** Residents must demonstrate sufficient financial resources to cover the entrance fee, ongoing monthly service fees, and normal living expenses. This includes submitting a financial disclosure and, if requested, additional financial documentation. Upfront costs include an application fee, a reservation deposit, and full payment of the entrance fee balance and first month's fee prior to occupancy. Residents are also responsible for insurance premiums, medical exam costs, and any applicable higher fees if admitted to a healthcare level of care.
- **Health Standards:** Residents must be in good health and capable of independent living at the time of admission, including the ability to perform self-care in activities of daily living. Before moving in, they must complete a provider health assessment and submit a physician's report (within 60 days) confirming their fitness for independent living. If a resident's health condition is inconsistent with what was disclosed or does not meet these standards, admission to independent living may be denied, though placement in a higher level of care may be offered. Residents are also expected to maintain appropriate medical insurance coverage, such as Medicare or an equivalent plan.

### **27.2 Continuation Requirements**

- Once admitted, residents may remain in the community regardless of changes in health or financial status. Residents may be required to relocate to a higher level of care if their health needs can no longer be met safely in their current living unit.

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

- In the event, after payment of entrance fee and before occupancy by resident, the resident or resident's spouse or roommate should die, or if, on account of illness, injury, or incapacity, a resident would be precluded from occupying a living unit in the community under the terms of the contract for continuing care, or if it is determined that the resident no longer qualifies for admission to The Village at Brookwood after execution of such contract, the contract is "automatically cancelled." Any refund due shall be paid within sixty (60) days following receipt of notification of termination.

## 28. Age and Insurance Requirements for Admission

### 28.1 Age Requirements

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

### 28.2 Insurance Requirements

Applicants for CCRC contracts must:

- All residents are required to maintain Medicare (Part A & B) coverage or equivalent insurance coverage acceptable to The Village at Brookwood, any other governmental health care benefit or entitlement for which they are eligible and supplemental insurance acceptable to The Village at Brookwood.

### 28.3 Special Conditions

- None

## 29. Reserve Funding and Refund Security

### 29.1 Cash and Investments

As of December 31, 2025, The Village at Brookwood held \$4,980,354 in unrestricted cash and investments.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 100 days, representing approximately three months of projected operating expenses without new revenues.

### 29.2 Investment Management and Oversight

- **Oversight Body:** Finance Committee of the Board of Directors of The Village at Brookwood
- **Day-to-Day Management:** Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and Executive Director (ED)
- **Experience:** Management has over 100+ combined years of experience in senior living. CEO and CFO have combined over 60 years of experience as CPA.
- **Policy and Controls:** Investments are managed under a Board-approved policy. The policy recognizes that the strategic allocations of Portfolios assets across broadly defined financial asset and sub-asset categories with varying degrees of

risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability. Diversification across and within asset classes is the primary means by which the Committee expects the Portfolios to avoid undue risks of large losses over long time periods. To protect the Portfolios against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations.

### 29.3 Statutory Operating Reserve Requirement

North Carolina General Statutes Chapter 58, Article 64A requires The Village at Brookwood to maintain an operating reserve equal to 12.5% of the total operating costs projected for the twelve-month operating period of the first year of the financial forecast. The operating reserve of 12.5% assumes an occupancy level of 93% and a debt service coverage ratio of greater than 2 as of the most recent fiscal year. The forecast assumes an occupancy rate exceeding 93% occupancy in the forecast period. Years 2026 through 2030 were developed using management’s understanding of markets and circumstances as of the forecast date.

**Table 29.1: Statutory Operating Reserve Calculation (as of December 31, 2025)**

<b>Component</b>	<b>Amount</b>
Total projected operating expenses	\$18,673
Add: Debt service (principal and interest)	\$528
Less: Depreciation and amortization	(\$3,279)
Less: Debt Service provided	—
Less: Commissioner approved extraordinary items	—
<b>Projected operating costs</b>	<b>\$15,922</b>
Applicable reserve percentage based on occupancy	12.5%
<b>Required operating reserve</b>	<b>\$1,990</b>

**Summary:** As of December 31, 2025, The Village at Brookwood needs \$1,990 set aside as an operating reserve, which is 12.5% of the total projected costs of \$15,922.

**29.4 Refund Security (Entrance Fee Refunds)**

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

- \$2,990,354 of unrestricted liquidity above the statutory operating reserve.

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

The Village at Brookwood is not required by statute to escrow entrance fees and none are maintained in escrow.

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

Category	Amount	Notes
Total unrestricted cash & investments	\$4,980,354	All liquid balances (cash and investments)
Less: Required operating reserve	(\$1,990,000)	Must be maintained; release requires regulatory approval
<b>Excess unrestricted cash and investments above operating reserve and board designated refund reserve</b>	<b>\$2,990,354</b>	Available for operations and refund needs (outside of designated reserves)

**30. Expansion or Renovation Plans**

The Village at Brookwood Management and Kintura are currently collaborating with architects, civil engineers, and construction professionals on the design phase of a planned expansion project. Design work is scheduled to begin summer of 2026 for eight garden homes, each with approximately 2,000 square feet of living space. Additional expansion plans include the development of up to 60 new independent living apartments with a mid-rise building, along with expanded amenity spaces and enhancements to existing common areas.

**31. Audit Opinion and Timeliness**

The statements include a statement of operations and cash flow, and balance sheet for twelve months ending December 31, 2025. The audited financial statements are prepared on a consolidated basis for the Well-Spring Services obligated group, which includes The Village at Brookwood by CliftonLarsonAllen LLP (Greensboro, NC).

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

## **32. Audited Financial Statements**

The audited consolidated financial statements of The Village at Brookwood, for the fiscal year ended December 31, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

Because the financial statements have been presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for The Village at Brookwood.

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

The five-year prospective financial statements of The Village at Brookwood for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by CliftonLarsonAllen LLP and include a summary of significant assumptions and accounting policies.

## 34. Explanation of Variances from Projections

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

The following material variances were identified:

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

Category	Projected Amount (in millions)	Actual Amount (in millions)	Variance (in millions)	Explanation +/- 2 million
Deferred revenue from entrance fees - nonrefundable/refundable	21.3	25.6	4.3	Offset by variance in refundable entrance fees
Refundable Entrance Fees	9.4	3.6	(5.8)	Offset by variance in deferred revenue from entrance fees - nonrefundable/refundable
Contributions	0	2.4	2.4	Projection does not include contributions
Change in Assets Limited As to Use	0	3.7	3.7	Projection did not include assets provided and restricted by board to support the reserves required by state statute

## 35. Key Financial Metrics

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

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

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

## 35.1 Liquidity Ratios

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

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

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

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	144	98	100	88	125	156
CUSH	3.09	2.22	2.23	2.21	3.24	4.23

### Narrative – Community Only:

Liquidity declined from earlier levels, remained relatively stable for a period, and then improved in later years. Overall, both cash on hand and cash-to-debt ratios show moderate recovery and stronger positioning toward the end of the period.

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

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	377	380	433	423	440	464
CUSH	9.78	10.38	12.52	11.69	12.49	13.73

### Narrative – Obligated Group:

Liquidity remained strong and generally improved over time, with both measures increasing overall despite minor fluctuations. Days cash on hand and cash-to-debt ratios indicate a consistently solid and gradually strengthening financial position.

## 35.2 Profitability Ratios

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

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

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

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

<b>Ratio</b>	<b>FY-2</b>	<b>FY-1</b>	<b>FY</b>	<b>FY+1</b>	<b>FY+2</b>	<b>FY+3</b>
<b>OR</b>	105.57%	96.45%	94.55%	93.46%	92.69%	92.06%
<b>NOM</b>	-5.57%	3.55%	5.45%	6.54%	7.31%	7.94%
<b>NOM-A</b>	14.57%	44.49%	24.69%	26.92%	27.70%	28.36%

**Narrative – Community Only:**

Operating performance improved over time, with the operating ratio declining and margins strengthening after FY-2. Net operating margin turned positive and increased steadily, while adjusted margins remained strong with some fluctuation based on timing of entry fee receipts.

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

<b>Ratio</b>	<b>FY-2</b>	<b>FY-1</b>	<b>FY</b>	<b>FY+1</b>	<b>FY+2</b>	<b>FY+3</b>
<b>OR</b>	100.54%	99.41%	96.02%	94.81%	95.05%	94.59%
<b>NOM</b>	-0.54%	0.59%	3.98%	5.19%	4.95%	5.41%
<b>NOM-A</b>	16.64%	25.66%	24.24%	24.50%	24.68%	25.26%

**Narrative – Obligated Group:**

Operating performance improved overall, with the operating ratio declining and net operating margin turning positive and increasing. Adjusted margins remained stable at a solid level with only minor variation.

**35.3 Capital Structure Ratios**

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

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

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

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

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	1.56	3.19	2.72	3.21	3.52	3.84
CD	0.19	0.14	0.17	0.14	0.21	0.27
CED	1.87	2.87	0.93	0.66	0.90	1.17

**Narrative – Community Only:**

DSCR improves from 1.56 in FY-2 to 3.84 by FY+3, indicating a gradual strengthening in debt coverage. The CD ratio remains stable with minor fluctuations, suggesting consistent cash positioning relative to debt. CED dips after FY-1 but shows a modest recovery in the outer years, pointing to a slight but improving balance between cash earnings and debt.

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

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	1.98	2.67	3.97	3.59	3.77	4.07
CD	0.71	0.77	0.94	1.02	1.14	1.31
CED	1.15	1.17	0.96	1.07	1.07	1.16

**Narrative – Obligated Group:**

DSCR trends upward overall, indicating improving debt coverage despite a small dip in FY+1. CD rises steadily, reflecting gradually stronger cash coverage. CED stays stable with only minor fluctuations.

**35.4 Overall Summary**

Both the community, The Village at Brookwood, and the obligated Group, Well-Spring Services, Inc. demonstrate sound liquidity, profitability ratio compares favorably to industry benchmarks, and capital structure demonstrate the ability to add debt in the future if desired.

**36. Actuarial Opinion and Balance**

The opinion of a qualified independent actuary is attached as Appendix C as prepared by Continuing Care Actuaries, LLC. This report was done as of December 31, 2023.

**37. Most Recent Examination Report**

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

## **38. Other Material Information**

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

## **39. Continuing Care Contract**

The Village at Brookwood has two types of Residence & Services Agreements, Life Care and Fee-for-Service, attached hereto as Appendix D.

### **39.1 Continuing Care Contract**

The Village at Brookwood has two types of Residence & Services Agreements, Life Care and Fee-for-Service.

Life Care Contract:

- This contract also requires an entrance fee and monthly fee, but it includes a Life Care Benefit, which changes how healthcare is billed. When a resident transitions to a higher level of care, they pay a set monthly fee rather than full market daily rates, offering more stability in pricing. It also includes additional benefits, such as a limited number of covered respite care days and small credits when the resident is away. Overall, this model provides greater cost predictability and partial prepayment for future healthcare needs.

Fee-for-Service Contract:

- This contract includes an entrance fee and ongoing monthly fee covering housing, amenities, and basic services. However, healthcare is not prepaid or bundled—if the resident later needs assisted living, memory care, or skilled nursing, they are charged the full daily (“per diem”) rate for that level of care. As a result, while initial costs may be more predictable, future healthcare expenses can increase significantly and are largely the resident’s responsibility. This structure is best understood as paying for housing now, with healthcare costs added later as needed.

## **40. Appendix Index**

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

40.1 Appendix A – Audited Financial Statements

40.2 Appendix B – Five-Year Prospective Financial Statements

40.3 Appendix C – Statement of Actuarial Opinion

40.4 Appendix D – Representative Continuing Care Contracts

40.5 Appendix E – Statutory Ratio and Supporting Definitions

## **40.1 Appendix A – Audited Financial Statements**

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2025 AND 2024**



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**WELL•SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
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 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, 2025 and 2024, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Services as of December 31, 2025 and 2024, 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 within 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audit was 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  
March 13, 2026

**WELL-SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2025 AND 2024**

<b>ASSETS</b>	2025	2024
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,288,036	\$ 6,678,233
Resident and Client Accounts Receivable	712,406	457,616
Less: Allowance for Credit Losses	(43,572)	(43,572)
Resident and Client Accounts Receivable, Net	668,834	414,044
Other Receivables	1,404,868	1,611,045
Unconditional Promises to Give	300,000	300,000
Other	628,696	1,114,148
Intercompany Receivable	11,558	-
Total Current Assets	6,301,992	10,117,470
<b>ASSETS LIMITED AS TO USE</b>		
Reserves Required by State Statute	13,406,000	13,300,000
By Donors	8,314,296	7,027,136
Benevolence Assistance	30,230,301	4,678,034
Community Benefit Reserve	286,837	560,904
Refundable Entrance Fees	355,996	355,996
Total Assets Limited as to Use	52,593,430	25,922,070
<b>INVESTMENTS AND OTHER ASSETS</b>		
Investments	48,956,913	37,014,781
Other Assets	618,996	205,782
Interest Rate Swap Agreement	4,493,697	6,008,151
Investment in Joint Ventures	18,728,491	14,606,372
Total Investments and Other Assets	72,798,097	57,835,086
<b>PROPERTY AND EQUIPMENT</b>		
Property and Equipment	224,497,842	213,626,144
Accumulated Depreciation	(92,999,026)	(82,350,593)
Total Property and Equipment, Net	131,498,816	131,275,551
<b>UNCONDITIONAL PROMISES TO GIVE, NET OF CURRENT PORTION</b>		
	800,000	200,000
Total Assets	\$ 263,992,335	\$ 225,350,177

See accompanying Notes to Consolidated Financial Statements.

**WELL-SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 2,505,697	\$ 2,415,452
Accounts Payable	1,925,743	2,209,844
Accrued Payroll and Related Expenses	2,605,107	3,460,977
Accrued Interest	179,954	191,527
Other Accrued Expenses	240,921	1,814,391
Deferred Revenue from Entrance Fees - Refundable	1,075,000	1,265,000
Intercompany Payable	1,091,521	-
Total Current Liabilities	9,623,943	11,357,191
 <b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, Net	60,065,001	62,478,547
Deferred Revenue from Entrance Fees - Nonrefundable	59,794,798	55,645,773
Deferred Revenue from Entrance Fees - Refundable, Net of Current Portion	16,651,909	16,468,271
Refundable Entrance Fees	3,960,485	4,623,280
Admission Deposits	1,164,442	1,095,006
Total Long-Term Liabilities	141,636,635	140,310,877
Total Liabilities	151,260,578	151,668,068
 <b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	101,325,270	66,451,289
Net Assets With Donor Restrictions	11,406,487	7,230,820
Total Net Assets	112,731,757	73,682,109
Total Liabilities and Net Assets	\$ 263,992,335	\$ 225,350,177

See accompanying Notes to Consolidated Financial Statements.

**WELL•SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>		
Resident Fees and Client Fees	\$ 50,160,460	\$ 46,823,711
Amortization of Entrance Fees	9,845,191	9,661,132
Investment Income, Net	7,243,683	3,209,618
Contributions	23,618,999	706,395
Contributions of Nonfinancial Assets	31,200	31,200
Net Assets Released from Restrictions for Use in Operations	2,276,139	1,392,559
Other Revenue	1,262,559	2,432,370
Total Revenue, Gains, and Other Support	94,438,231	64,256,985
<b>EXPENSES</b>		
Routine Services	15,454,225	15,023,505
Special Services	1,759,743	1,157,594
Dining Services	8,824,274	8,528,636
Environmental Services	2,524,994	2,388,196
Maintenance	8,166,174	8,218,147
Marketing	935,157	1,023,110
Administrative	13,693,513	13,091,460
Depreciation	10,648,432	10,505,562
Interest and Amortization	2,280,059	2,383,700
Purchased Medical Services	200,893	210,360
Miscellaneous, Net	140,188	-
Total Expenses	64,627,652	62,530,270
<b>OPERATING INCOME</b>	29,810,579	1,726,715
<b>OTHER INCOME (LOSS)</b>		
Net Unrealized Appreciation of Investments	3,096,659	1,744,612
Change in Value of Interest Rate Swap Agreements	(1,514,454)	1,048,956
Accreted Interest	(140,922)	(118,421)
Provision for Gains of Membership Interests	4,122,119	5,790,334
Total Other Income	5,563,402	8,465,481
<b>EXCESS OF REVENUE, GAINS, AND OTHER SUPPORT OVER EXPENSES</b>	<b>\$ 35,373,981</b>	<b>\$ 10,192,196</b>

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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Excess of Revenues, Gains, and Other Support Over Expenses	\$ 35,373,981	\$ 10,192,196
Capital Contribution to Kintura	<u>(500,000)</u>	<u>(1,000,000)</u>
Increase in Net Assets Without Donor Restrictions	34,873,981	9,192,196
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	4,112,736	923,494
Contributions In Perpetual Endowment	1,513,126	-
Net Unrealized Appreciation of Investments	825,944	446,281
Net Assets Released from Restrictions for Use in Operations	<u>(2,276,139)</u>	<u>(1,392,559)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>4,175,667</u>	<u>(22,784)</u>
<b>INCREASE IN NET ASSETS</b>	39,049,648	9,169,412
Net Assets - Beginning of Year	<u>73,682,109</u>	<u>64,512,697</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 112,731,757</u>	<u>\$ 73,682,109</u>

*See accompanying Notes to Consolidated Financial Statements.*

**WELL-SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 39,049,648	\$ 9,169,412
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	10,648,432	10,505,562
Amortization of Deferred Financing Costs	92,151	109,563
Amortization of Deferred Revenues	(9,845,191)	(9,661,132)
Nonrefundable Entrance Fees Received	14,107,381	11,066,880
Accreted Interest	140,922	118,421
Decrease in Charitable Gift Annuity Liability	-	(156,860)
Net Unrealized Appreciation and Realized Gains on Investments	(6,677,075)	(2,562,466)
Change in Value of Interest Rate Swap Agreements	1,514,454	(1,048,956)
Provision for Gains of Membership Interests	(4,122,119)	(5,790,334)
Provision for Credit Losses	-	(20,881)
Restricted Contributions	(5,625,862)	(923,494)
Changes in Assets and Liabilities:		
Increase in Resident and Client Accounts Receivable and Other Receivables	(48,613)	(961,994)
(Increase) Decrease in Unconditional Promises to Give	(600,000)	571,870
(Increase) Decrease in Other Current Assets	485,452	(253,553)
(Increase) Decrease in Other Assets	(413,214)	35,254
Increase in Intercompany Payable	1,079,963	-
Increase (Decrease) in Accounts Payable	247,720	(1,310,064)
Increase (Decrease) in Accrued Payroll and Related Expenses	(855,870)	675,361
Increase (Decrease) in Admission Deposits	69,436	(1,385,450)
Decrease in Accrued Interest	(11,573)	(12,674)
Decrease in Other Accrued Expenses	(1,573,470)	(88,505)
Net Cash Provided by Operating Activities	37,662,572	8,075,960
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in Investments and Assets Limited as to Use	(25,121,149)	3,759,244
Capital Expenditures	(11,403,518)	(12,196,204)
Proceeds from Membership Interests	-	545,000
Net Cash Used by Investing Activities	(36,524,667)	(7,891,960)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Long-Term Debt	(2,415,452)	(2,453,478)
Refundable and First Generation Entrance Fees Received	-	5,513,600
Capital Contribution to Kintura	(500,000)	(1,000,000)
Restricted Contributions	5,625,862	923,494
Entrance Fees Refunded	(923,244)	(543,163)
Net Cash Provided by Financing Activities	1,787,166	2,440,453
<b>NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	2,925,071	2,624,453
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	9,530,318	6,905,865
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 12,455,389	\$ 9,530,318

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, 2025 AND 2024**

	2025	2024
Cash and Cash Equivalents	\$ 3,288,036	\$ 6,678,233
Cash and Cash Equivalents Included in Assets Limited as to Use	9,167,353	2,852,085
Total	\$ 12,455,389	\$ 9,530,318
 <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest, Net of Amounts Capitalized	\$ 2,199,481	\$ 2,286,811
Purchases of Capital Assets in Accounts Payable	\$ 748,158	\$ 1,279,979

*See accompanying Notes to Consolidated Financial Statements.*

**WELL•SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**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.

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**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 capital contributions of \$500,000 and \$1,000,000 to Kintura during the years ended December 31, 2025 and December 31, 2024, respectively.

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.

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**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.

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**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
Vehicles	3 to 5 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, 2025 and 2024.

**Unconditional Promises to Give**

Unconditional promises to give are recognized as revenue in the period in which the unconditional pledge is made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give 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 unconditional promises to give is included in the accompanying consolidated balance sheet for the amount that is scheduled to be received within the next year. The Community had \$1,100,000 and \$500,000 of unconditional promises to give at December 31, 2025 and 2024, respectively.

Unconditional promises to give have been recorded at net present value as of December 31, 2025 as follows:

Due in Less Than One Year	\$ 300,000
Due in Two Years or More	800,000
Total	<u>1,100,000</u>
Less: Current Portion	<u>(300,000)</u>
Unconditional Promises to Give, Net	<u><u>\$ 800,000</u></u>

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**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 at December 31, 2025 and 2024.

**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, 2025 and 2024 were approximately \$21,687,000 and \$21,092,000, 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.

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**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 \$92,151 and \$109,563 in 2025 and 2024, 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, 2025 and 2024. 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, 2025 and 2024.

**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.

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**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 \$1,106,000 and \$1,289,000 for the years ended December 31, 2025 and 2024, respectively.

The Organization received restricted contributions and board-designated contributions of approximately \$21,245,000 and \$1,650,000 to subsidize the costs of providing benevolent assistance under its benevolent assistance policy for the years ended December 31, 2025 and 2024, 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, 2025 and 2024.

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(CONTINUED)**

**Contributed Nonfinancial Assets (Continued)**

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, 2025 and 2024 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.

**Advertising**

Advertising costs are expensed as incurred. Advertising expenses were approximately \$270,000 and \$438,000 for the years ended December 31, 2025 and 2024, 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), transfers of net assets between affiliates, and capital contributions.

**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.

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

**Income Tax Status**

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.

**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.

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

**Fair Value Measurements (Continued)**

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.

**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, 2025 and 2024, Services recorded an increase in net assets of approximately \$4,122,000 and \$5,790,000, respectively, representing Service's share of the change in net assets of PGRC. No distribution was received in 2025. A distribution of \$545,000 was received in 2024.

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.

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

**Membership Interest in PACE Programs (Continued)**

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

**Condensed Statements of Financial Position**

	<u>2025</u>	<u>2024</u>
Assets	\$ 40,368,308	\$ 23,550,616
Liabilities	5,204,104	4,662,490
Net Assets	<u>35,164,204</u>	<u>18,888,126</u>
Total Liabilities and Equity	<u>\$ 40,368,308</u>	<u>\$ 23,550,616</u>

**Condensed Statements of Operations**

	<u>2025</u>	<u>2024</u>
Total Operating Revenues	<u>\$ 39,679,064</u>	<u>\$ 34,724,335</u>
Total Operating Expenses	<u>(31,555,207)</u>	<u>(25,811,780)</u>
Change in Net Assets without Donor Restrictions	<u>\$ 8,123,857</u>	<u>\$ 8,912,555</u>

Assets of approximately \$18,728,000 and \$14,606,000 are shown as an Investment in Joint Ventures on the consolidated balance sheets at December 31, 2025 and 2024, respectively. Services does not anticipate any material commitments or contingencies arising from its membership interest in PGRC.

**Reclassifications**

Certain amounts in the 2024 consolidated financial statements were reclassified for comparison purposes with the 2025 consolidated financial statements. The reclassifications did not result in a change in net assets as previously reported.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 13, 2026, the date the consolidated financial statements were available to be issued.

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**NOTE 2 RESIDENT FEES AND CLIENT FEES**

Resident fees 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.

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.

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**NOTE 2 RESIDENT FEES AND CLIENT FEES (CONTINUED)**

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, 2025 and 2024. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as credit 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 and client fees by primary payor for the years ended December 31 is as follows:

	<u>2025</u>	<u>2024</u>
Private	\$ 58,604,323	\$ 55,407,887
Government Assistance Programs	1,401,328	1,076,956
Total	<u>\$ 60,005,651</u>	<u>\$ 56,484,843</u>

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

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

	<u>2025</u>	<u>2024</u>
Service Lines:		
Independent Living	\$ 37,660,959	\$ 35,861,733
Assisted Living	6,573,678	5,671,077
Health Care Services	12,110,773	11,473,755
Adult Day	1,402,684	1,456,540
Home Care	<u>2,257,557</u>	<u>2,021,738</u>
Total	<u>\$ 60,005,651</u>	<u>\$ 56,484,843</u>
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	<u>\$ 60,005,651</u>	<u>\$ 56,484,843</u>

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**NOTE 2 RESIDENT FEES AND CLIENT FEES (CONTINUED)**

The composition of resident fees is based on the Organization’s method of reimbursement, which includes monthly service fees, amortization of entrance fees, and fee for services for the years ended December 31, 2025 and 2024.

**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, 2024	\$ 569,276	\$ 67,340,221
December 31, 2024	414,044	73,379,044
December 31, 2025	668,834	77,521,707

**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 as of December 31:

	2025	2024
Investments and Assets Limited as to Use:		
Cash and Money Market	\$ 9,167,353	\$ 2,852,085
Equities	10,791	1,395,024
Mutual Funds - Fixed Income	34,285,013	21,371,991
Mutual Funds - Equities	58,035,279	37,263,153
Limited Partnership	51,907	54,598
Total	<u>\$ 101,550,343</u>	<u>\$ 62,936,851</u>

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

**Investment Income**

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

	2025	2024
Interest and Dividends	\$ 4,489,211	\$ 2,391,764
Net Realized Gains	2,754,472	817,854
Subtotal	7,243,683	3,209,618
Net Change in Unrealized Appreciation of Investments	3,922,603	2,190,893
Total	\$ 11,166,286	\$ 5,400,511

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, 2025 and 2024, management has estimated that approximately \$13,406,000 and \$13,300,000, 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.

**Health Care, Wellness Center, Nursing Scholarship, 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. The Organization has received donations that were used to establish an endowment to underwrite the cost of providing nursing scholarships. 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.

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

**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:

	<u>2025</u>	<u>2024</u>
Land	\$ 10,823,661	\$ 10,823,661
Land Improvements	8,086,679	7,396,960
Buildings	139,092,332	139,092,332
Building Improvements	37,205,361	34,777,843
Furniture and Equipment	23,591,068	21,362,103
Vehicles	366,991	-
Subtotal	<u>219,166,092</u>	<u>213,452,899</u>
Less: Accumulated Depreciation	<u>(92,999,026)</u>	<u>(82,350,593)</u>
Subtotal	126,167,066	131,102,306
Construction-In-Progress	5,331,750	173,245
Total	<u><u>\$ 131,498,816</u></u>	<u><u>\$ 131,275,551</u></u>

The Organization had remaining commitments of approximately \$3,043,000 and \$1,373,000 related to certain capital projects at the Community and the Village that were in progress as of December 31, 2025 and 2024, respectively. Construction in progress at December 31, 2025 and 2024 is related to general construction and renovations. The Community did not capitalize any interest during the year ended December 31, 2025. The Community capitalized approximately \$79,000 of interest during the year ended December 31, 2024.

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**NOTE 5 LONG-TERM DEBT**

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

<u>Description</u>	<u>2025</u>	<u>2024</u>
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 (4.377% at December 31, 2025).	\$ 928,750	\$ 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 (4.614% at December 31, 2025).	25,380,417	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 (4.200% at December 31, 2025).	13,005,000	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 (5.123% at December 31, 2025).	<u>23,768,468</u>	<u>24,276,837</u>
Total	63,082,635	65,498,088
Less: Current Maturities	(2,505,697)	(2,415,452)
Less: Unamortized Deferred Financing Costs	<u>(511,937)</u>	<u>(604,089)</u>
Total	<u>\$ 60,065,001</u>	<u>\$ 62,478,547</u>

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**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.

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**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, 2025 and 2024.

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, 2025 and 2024, 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, 2025 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 2,505,697
2027	2,580,882
2028	2,639,430
2029	2,704,017
2030	2,767,124
Thereafter	49,885,485
Total	<u>\$ 63,082,635</u>

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**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 \$928,750. 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 \$26,380,417.

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 \$13,005,000. 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 notional amount of \$14,257,502. The swap has an effective date of July 1, 2022, and terminates on June 1, 2037.

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**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**Interest Rate Swap Agreements (Continued)**

The total estimated fair value of the Swap Agreements as of December 31, 2025 and 2024, were assets of \$4,493,697 and \$6,008,151, respectively. The amounts are included on the consolidated balance sheets as Assets Under Interest Rate Swap Agreements. The change in fair value was a loss of \$1,514,454 and gain of \$1,048,956 and is included in Other Income (Loss) in the consolidated statements of operations for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, but not reported. This accrual totaled approximately \$338,000 and \$355,000 at December 31, 2025 and 2024, 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 \$578,000 and \$387,000 in 2025 and 2024, 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.

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2025	2024
Subject to Expenditure for Specific Purpose:		
Resident Activity Center / Dining Expansion	\$ 572,307	\$ 554,098
Medical Director	150,432	150,432
Blessing Fund	189,455	215,381
Resident Financial Assistance	848,615	96,789
Health Care Fund	135,211	39,330
Entertainment Booster Fund	182,229	175,303
Benevolent Assistance	107,951	-
Aquatic Fund / Wellness Center	1,003,400	3,350
Portco	150,000	-
Memory Services Scholarship	125,000	150,000
Other	683,514	341,693
	4,148,114	1,726,376
Subject to the Organization's Spending Policy and Appropriation on Perpetually Restricted Endowments:		
Health Center Staffing	1,847,860	1,864,660
Endowment for the Arts	911,945	721,198
Nursing Scholarship	47,641	-
Wellness Center	92,603	73,388
	2,900,049	2,659,246
Total Purpose Restricted Net Assets	7,048,163	4,385,622
Perpetually Restricted Endowments:		
Health Center Staffing	1,035,511	1,035,511
Endowment for the Arts	1,610,972	1,610,972
Nursing Scholarship	1,613,126	100,000
Wellness Center	98,715	98,715
Total Perpetually Restricted Net Assets	4,358,324	2,845,198
Total Net Assets With Donor Restrictions	\$ 11,406,487	\$ 7,230,820

During the years ended December 31, 2025 and 2024, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2025	2024
Purpose Restrictions Accomplished:		
Residents Gratitude Fund	\$ 574,413	\$ 538,333
Benevolence Assistance	667,972	265,315
Health Center Staffing	485,141	234,103
Endowment for the Arts	100,000	-
Other	448,613	354,808
Total	\$ 2,276,139	\$ 1,392,559

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**NOTE 9 ENDOWMENT FUNDS**

The Organization's endowment funds consist of four (4) individual funds established for a variety of purposes, including nursing scholarships, health care staff, wellness center operations, 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.

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**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:

<u>December 31, 2025</u>	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	\$ -	\$ 2,900,049	\$ 4,358,324	\$ 7,258,373
Board-Designated Endowment				
Funds	30,146,962	-	-	30,146,962
Total	<u>\$ 30,146,962</u>	<u>\$ 2,900,049</u>	<u>\$ 4,358,324</u>	<u>\$ 37,405,335</u>
<u>December 31, 2024</u>				
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	<u>\$ 4,537,891</u>	<u>\$ 2,659,246</u>	<u>\$ 2,845,198</u>	<u>\$ 10,042,335</u>

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**NOTE 9 ENDOWMENT FUNDS (CONTINUED)**

Changes in endowment net assets for the fiscal year ended December 31, 2025 are as follows:

	2025			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets - Beginning of Year	\$ 4,537,891	\$ 2,659,246	\$ 2,845,198	\$ 10,042,335
Investment Return	2,910,133	825,944	-	3,736,077
Contributions	23,070,235	-	1,513,126	24,583,361
Appropriation of Endowment Assets for Expenditure	(371,297)	(585,141)	-	(956,438)
Endowment Net Assets - End of Year	<u>\$ 30,146,962</u>	<u>\$ 2,900,049</u>	<u>\$ 4,358,324</u>	<u>\$ 37,405,335</u>

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	<u>\$ 4,537,891</u>	<u>\$ 2,659,246</u>	<u>\$ 2,845,198</u>	<u>\$ 10,042,335</u>

**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.

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**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 consolidated balance sheet date, comprise the following:

	2025	2024
Cash and Cash Equivalents	\$ 3,288,036	\$ 6,678,233
Investments	48,956,913	37,014,781
Reserves Required by State Statute	13,406,000	13,300,000
Receivables, Net	2,373,702	2,325,089
Less: Purpose Restricted Net Assets	(7,048,163)	(4,385,622)
Total	<u>\$ 60,976,488</u>	<u>\$ 54,932,481</u>

**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:

	2025			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Investments and Assets Limited as to Use				
Mutual Funds - Fixed Income	\$ 34,285,013	\$ -	\$ -	\$ 34,285,013
Equities	10,791	-	-	10,791
Mutual Funds - Equities	58,035,279	-	-	58,035,279
Assets Under Interest Rate Swap Agreements	-	4,493,697	-	4,493,697
Total Investments and Assets Limited as to Use Measured at Fair Value	<u>\$ 92,331,083</u>	<u>\$ 4,493,697</u>	<u>\$ -</u>	<u>\$ 96,824,780</u>

**WELL•SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)**

	2024			Total
	Level 1	Level 2	Level 3	
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	<u>\$ 60,030,168</u>	<u>\$ 6,008,151</u>	<u>\$ -</u>	<u>\$ 66,038,319</u>

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, 2025 and 2024, the carrying value of the Fund is \$51,907 and \$54,598, respectively, which represents the Community's capital commitments net of return of capital distributions. As of December 31, 2025 and 2024, these amounts are being carried at cost and are shown as Investments within the consolidated balance sheets.

**WELL•SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 12 FUNCTIONAL EXPENSES**

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

	2025						
	Program Services						
	Life Plan Retirement Communities	Adult Day Centers	Home Care	Total	Management and General	Fundraising	Total
Salaries	\$ 22,952,732	\$ 833,411	\$ 1,458,988	\$ 25,245,131	\$ 1,690,454	\$ -	\$ 26,935,585
Payroll Tax	1,574,636	72,411	129,540	1,776,587	119,390	-	1,895,977
Employee Benefits	4,816,061	236,358	227,894	5,280,313	427,315	-	5,707,628
Management Services	-	-	-	-	1,760,886	19,217	1,780,103
Legal Fees	-	-	-	-	17,556	-	17,556
Accounting Fees	-	-	-	-	149,783	-	149,783
Outside Services	1,362,028	18,124	-	1,380,152	-	-	1,380,152
Community Outreach	-	12,393	104	12,497	-	-	12,497
Advertising and Marketing	-	-	-	-	877,185	-	877,185
Office Expenses	2,326,608	109,471	40,590	2,476,669	53,857	-	2,530,526
Occupancy	3,126,608	24,522	-	3,151,130	25,402	-	3,176,532
Travel and Transportation	30,383	9,281	620	40,284	6,667	-	46,951
Conferences and Meetings	24,652	5,476	-	30,128	4,986	-	35,114
Interest	3,308,893	-	-	3,308,893	-	-	3,308,893
Depreciation	10,495,805	66,312	-	10,562,117	86,315	-	10,648,432
Insurance	749,031	9,498	11,709	770,238	6,211	-	776,449
Food	2,305,247	-	-	2,305,247	-	-	2,305,247
Equipment Rental and Maintenance	2,058,226	36,996	2,891	2,098,113	14,089	-	2,112,202
Resident Activities	104,385	4,764	299	109,448	26,278	-	135,726
Maintenance and Horticultural	466,765	-	-	466,765	68,507	-	535,272
Miscellaneous	174,338	-	-	174,338	85,504	-	259,842
Total Expenses by Function	<u>\$ 55,876,398</u>	<u>\$ 1,439,017</u>	<u>\$ 1,872,635</u>	<u>\$ 59,188,050</u>	<u>\$ 5,420,385</u>	<u>\$ 19,217</u>	<u>\$ 64,627,652</u>

**WELL-SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 12 FUNCTIONAL EXPENSES (CONTINUED)**

	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	<u>\$ 51,443,332</u>	<u>\$ 1,724,502</u>	<u>\$ 1,413,068</u>	<u>\$ 54,580,902</u>	<u>\$ 7,865,701</u>	<u>\$ 83,667</u>	<u>\$ 62,530,270</u>

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, 2025**  
**(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
<b>CURRENT ASSETS</b>										
Cash and Cash Equivalents	\$ 1,691,498	\$ 844,717	\$ -	\$ 2,536,215	\$ 39,316	\$ 83,677	\$ 91,216	\$ 537,612	\$ -	\$ 3,288,036
Accounts Receivable	148,638	393,373	-	542,011	-	-	-	170,395	-	712,406
Allowance for Credit Losses	(225)	(43,347)	-	(43,572)	-	-	-	-	-	(43,572)
Accounts Receivable, Net	148,413	350,026	-	498,439	-	-	-	170,395	-	668,834
Other Receivables	1,289,876	114,983	-	1,404,859	-	-	9	-	-	1,404,868
Unconditional Promises to Give	200,000	-	-	200,000	100,000	-	-	-	-	300,000
Other	384,724	172,741	-	557,465	-	-	608	70,623	-	628,696
Intercompany Receivables	1,386,388	80,000	(1,344,619)	121,769	-	-	-	193,689	(303,900)	11,558
Total Current Assets	5,100,899	1,562,467	(1,344,619)	5,318,747	139,316	83,677	91,833	972,319	(303,900)	6,301,992
<b>ASSETS LIMITED AS TO USE</b>										
Reserves Required by State Statute	9,400,000	4,006,000	-	13,406,000	-	-	-	-	-	13,406,000
By Donors for Endowment Funds	1,451,079	1,560,767	-	3,011,846	5,302,450	-	-	-	-	8,314,296
Benevolent Assistance	20	-	-	20	30,230,281	-	-	-	-	30,230,301
Community Benefit Reserve	-	-	-	-	286,837	-	-	-	-	286,837
Refundable Entrance Fees	355,996	-	-	355,996	-	-	-	-	-	355,996
Board Designated	4,000,000	-	(4,000,000)	-	-	-	-	-	-	-
Total	15,207,095	5,566,767	(4,000,000)	16,773,862	35,819,568	-	-	-	-	52,593,430
<b>OTHER ASSETS</b>										
Investments	45,328,599	129,637	-	45,458,236	-	1,310,747	-	2,187,930	-	48,956,913
Other Assets	477,996	141,000	-	618,996	-	-	-	-	-	618,996
Interest Rate Swap Agreement	3,022,538	1,471,159	-	4,493,697	-	-	-	-	-	4,493,697
Investment in Joint Ventures	-	-	-	-	-	18,728,491	-	-	-	18,728,491
Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	92,608,842	-	-	(92,608,842)	-
Total Other Assets	48,829,133	1,741,796	-	50,570,929	-	112,648,080	-	2,187,930	(92,608,842)	72,798,097
<b>PROPERTY AND EQUIPMENT</b>										
Property and Equipment	149,502,499	73,009,032	-	222,511,531	-	-	-	1,986,311	-	224,497,842
Accumulated Depreciation	(70,537,202)	(21,865,870)	-	(92,403,072)	-	-	-	(595,954)	-	(92,999,026)
Total Property and Equipment, Net	78,965,297	51,143,162	-	130,108,459	-	-	-	1,390,357	-	131,498,816
<b>UNCONDITIONAL PROMISES TO GIVE, NET OF CURRENT PORTION</b>	800,000	-	-	800,000	-	-	-	-	-	800,000
Total Assets	\$ 148,902,424	\$ 60,014,192	\$ (5,344,619)	\$ 203,571,997	\$ 35,958,884	\$ 112,731,757	\$ 91,833	\$ 4,550,606	\$ (92,912,742)	\$ 263,992,335

**WELL•SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2025**  
**(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
<b>CURRENT LIABILITIES</b>										
Current Portion of Long-Term Debt	\$ 1,977,500	\$ 528,197	\$ -	\$ 2,505,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,505,697
Accounts Payable	1,554,595	328,349	-	1,882,944	-	-	-	42,799	-	1,925,743
Accrued Salaries and Related Expenses	1,635,480	735,122	-	2,370,602	-	-	-	234,505	-	2,605,107
Accrued Interest	91,196	88,758	-	179,954	-	-	-	-	-	179,954
Other Accrued Expenses	240,921	-	-	240,921	-	-	-	-	-	240,921
Deferred Revenue from Entrance Fees - Refundable	185,000	890,000	-	1,075,000	-	-	-	-	-	1,075,000
Intercompany Payables	698,818	1,746,541	(1,344,619)	1,100,740	110,608	-	-	184,073	(303,900)	1,091,521
Total Current Liabilities	6,383,510	4,316,967	(1,344,619)	9,355,858	110,608	-	-	461,377	(303,900)	9,623,943
<b>LONG-TERM LIABILITIES</b>										
Long-Term Debt, Net	37,169,658	22,895,343	-	60,065,001	-	-	-	-	-	60,065,001
Deferred Revenue from Entrance Fees - Nonrefundable	44,358,771	15,436,027	-	59,794,798	-	-	-	-	-	59,794,798
Deferred Revenue from Entrance Fees - Refundable, Net of Current Portion	6,451,747	10,200,162	-	16,651,909	-	-	-	-	-	16,651,909
Refundable Entrance Fees	355,996	3,604,489	-	3,960,485	-	-	-	-	-	3,960,485
Admission Deposits	656,480	507,962	-	1,164,442	-	-	-	-	-	1,164,442
Long-Term Intercompany Payables	-	4,000,000	(4,000,000)	-	-	-	-	-	-	-
Total Long-Term Liabilities	88,992,652	56,643,983	(4,000,000)	141,636,635	-	-	-	-	-	141,636,635
Total Liabilities	95,376,162	60,960,950	(5,344,619)	150,992,493	110,608	-	-	461,377	(303,900)	151,260,578
<b>NET ASSETS (DEFICIT)</b>										
Net Assets Without Donor Restrictions	50,544,154	(3,577,891)	-	46,966,263	30,175,670	101,175,270	91,833	3,818,589	(80,902,355)	101,325,270
Net Assets With Donor Restrictions:	2,982,108	2,631,133	-	5,613,241	5,672,606	11,556,487	-	270,640	(11,706,487)	11,406,487
Total Net Assets (Deficit)	53,526,262	(946,758)	-	52,579,504	35,848,276	112,731,757	91,833	4,089,229	(92,608,842)	112,731,757
Total Liabilities and Net Assets (Deficit)	\$ 148,902,424	\$ 60,014,192	\$ (5,344,619)	\$ 203,571,997	\$ 35,958,884	\$ 112,731,757	\$ 91,833	\$ 4,550,606	\$ (92,912,742)	\$ 263,992,335

**WELL-SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2025**  
**(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
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>										
Resident Fees and Client Fees	\$ 33,147,743	\$ 13,353,832	\$ -	\$ 46,501,575	\$ -	\$ -	\$ -	\$ 3,658,885	\$ -	\$ 50,160,460
Amortization of Entrance Fees	6,580,045	3,265,146	-	9,845,191	-	-	-	-	-	9,845,191
Investment Income, Net	5,236,690	138,641	(135,637)	5,239,694	1,904,069	52,960	-	46,960	-	7,243,683
Contributions	-	-	-	-	22,201,156	-	-	1,417,843	-	23,618,999
Contributions of Nonfinancial Assets	-	-	-	-	-	-	-	31,200	-	31,200
Net Assets Released from Restrictions for Use in Operations	1,539,548	1,180	-	1,540,728	585,141	-	-	150,270	-	2,276,139
Other Revenue	814,561	446,219	-	1,260,780	-	1,779	-	-	-	1,262,559
Total Revenue, Gains, and Other Support	47,318,587	17,205,018	(135,637)	64,387,968	24,690,366	54,739	-	5,305,158	-	94,438,231
<b>EXPENSES</b>										
Routine Services	9,600,806	2,608,079	-	12,208,885	-	-	-	3,245,340	-	15,454,225
Special Services	1,274,949	484,794	-	1,759,743	-	-	-	-	-	1,759,743
Dining Services	6,221,025	2,603,249	-	8,824,274	-	-	-	-	-	8,824,274
Environmental Services	1,876,484	648,510	-	2,524,994	-	-	-	-	-	2,524,994
Maintenance	5,631,534	2,534,640	-	8,166,174	-	-	-	-	-	8,166,174
Marketing	510,315	424,842	-	935,157	-	-	-	-	-	935,157
Administrative	9,138,530	3,439,551	-	12,578,081	1,571	-	10,671	1,103,190	-	13,693,513
Depreciation	7,205,402	3,376,183	-	10,581,585	-	-	-	66,847	-	10,648,432
Interest and Amortization	1,170,921	1,244,775	(135,637)	2,280,059	-	-	-	-	-	2,280,059
Purchased Medical Services	-	200,893	-	200,893	-	-	-	-	-	200,893
Miscellaneous, Net	36,613	103,575	-	140,188	-	-	-	-	-	140,188
Total Expenses	42,666,579	17,669,091	(135,637)	60,200,033	1,571	-	10,671	4,415,377	-	64,627,652
<b>OPERATING INCOME (LOSS)</b>	4,652,008	(464,073)	-	4,187,935	24,688,795	54,739	(10,671)	889,781	-	29,810,579
<b>OTHER INCOME (LOSS)</b>										
Net Unrealized Appreciation of Investments	2,995,104	564	-	2,995,668	100,991	-	-	-	-	3,096,659
Change in Value of Interest Rate Swap Agreements	(1,248,833)	(265,621)	-	(1,514,454)	-	-	-	-	-	(1,514,454)
Accreted Interest	-	(140,922)	-	(140,922)	-	-	-	-	-	(140,922)
Provision for Gains of Membership Interests	-	-	-	-	-	4,122,119	-	-	-	4,122,119
Total Other Income (Loss)	1,746,271	(405,979)	-	1,340,292	100,991	4,122,119	-	-	-	5,563,402
<b>EXCESS (DEFICIT) OF REVENUE, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES</b>	6,398,279	(870,052)	-	5,528,227	24,789,786	4,176,858	(10,671)	889,781	-	35,373,981
Increase in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	30,997,123	-	-	(30,997,123)	-
Capital Contribution to Kintura	-	-	-	-	-	(300,000)	(200,000)	-	-	(500,000)
Increase (Decrease) in Net Assets Without Donor Restrictions	6,398,279	(870,052)	-	5,528,227	24,789,786	34,873,981	(210,671)	889,781	(30,997,123)	34,873,981
Contributions	3,018,263	910,500	-	3,928,763	-	-	-	183,973	-	4,112,736
Contributions In Perpetual Endowment	-	1,513,126	-	1,513,126	-	-	-	-	-	1,513,126
Earnings on Permanently Restricted Net Assets	-	47,641	-	47,641	778,303	-	-	-	-	825,944
Increase in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	4,175,667	-	-	(4,175,667)	-
Net Assets Released from Restrictions	(1,539,548)	(1,180)	-	(1,540,728)	(585,141)	-	-	(150,270)	-	(2,276,139)
Increase (Decrease) in Net Assets With Donor Restrictions	1,478,715	2,470,087	-	3,948,802	193,162	4,175,667	-	33,703	(4,175,667)	4,175,667
<b>INCREASE (DECREASE) IN NET ASSETS</b>	7,876,994	1,600,035	-	9,477,029	24,982,948	39,049,648	(210,671)	923,484	(35,172,790)	39,049,648
Net Assets (Deficit) - Beginning 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
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	\$ 53,526,262	\$ (946,758)	\$ -	\$ 52,579,504	\$ 35,848,276	\$ 112,731,757	\$ 91,833	\$ 4,089,229	\$ (92,608,842)	\$ 112,731,757

**WELL•SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Well•Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Non-Obligated Group	Eliminating Entries	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Increase in Net Assets	\$ 7,876,994	\$ 1,600,035	\$ -	\$ 9,477,029	\$ 64,745,409	\$ (35,172,790)	\$ 39,049,648
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:							
Depreciation	7,205,402	3,376,183	-	10,581,585	66,847	-	10,648,432
Amortization of Deferred Financing Costs	73,152	18,999	-	92,151	-	-	92,151
Amortization of Deferred Revenues	(6,580,045)	(3,265,146)	-	(9,845,191)	-	-	(9,845,191)
Nonrefundable Entrance Fees Received	9,658,281	4,449,100	-	14,107,381	-	-	14,107,381
Accreted Interest	-	140,922	-	140,922	-	-	140,922
Net Unrealized Appreciation and Realized Gains on Investments	(4,642,629)	-	-	(4,642,629)	(2,034,446)	-	(6,677,075)
Change in Value of Interest Rate Swap Agreements	1,248,833	265,621	-	1,514,454	-	-	1,514,454
Provision for Gains of Membership Interests	-	-	-	-	(4,122,119)	-	(4,122,119)
Restricted Contributions	(3,018,263)	(2,423,626)	-	(5,441,889)	(183,973)	-	(5,625,862)
Changes in Assets and Liabilities:							
(Increase) Decrease in Resident and Client Accounts Receivable and Other Receivables	(593,711)	86,457	-	(507,254)	458,641	-	(48,613)
(Increase) Decrease in Unconditional Promises to Give	(700,000)	-	-	(700,000)	100,000	-	(600,000)
(Increase) Decrease in Other Current Assets	(243,837)	(140,450)	-	(384,287)	869,739	-	485,452
(Increase) Decrease in Other Assets	(272,214)	(141,000)	-	(413,214)	-	-	(413,214)
(Increase) Decrease in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	(35,172,790)	35,172,790	-
Increase (Decrease) in Intercompany Payable	(558,512)	1,675,972	-	1,117,460	(37,497)	-	1,079,963
Increase (Decrease) in Accounts Payable	98,539	(1,043,722)	-	(945,183)	1,192,903	-	247,720
Increase (Decrease) in Accrued Payroll and Related Expenses	89,624	(10,502)	-	79,122	(934,992)	-	(855,870)
Increase (Decrease) in Admission Deposits	(141,180)	210,616	-	69,436	-	-	69,436
Decrease in Accrued Interest	(4,183)	(7,390)	-	(11,573)	-	-	(11,573)
Decrease in Other Accrued Expenses	(418,873)	(86,128)	-	(505,001)	(1,068,469)	-	(1,573,470)
Net Cash Provided by Operating Activities	<u>9,077,378</u>	<u>4,705,941</u>	<u>-</u>	<u>13,783,319</u>	<u>23,879,253</u>	<u>-</u>	<u>37,662,572</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Change in Investments and Assets Limited as to Use	(5,754,405)	3,900,000	-	(1,854,405)	(23,266,744)	-	(25,121,149)
Capital Expenditures	(7,023,643)	(3,137,063)	-	(10,160,706)	(1,242,812)	-	(11,403,518)
Net Cash Provided (Used) by Investing Activities	<u>(12,778,048)</u>	<u>762,937</u>	<u>-</u>	<u>(12,015,111)</u>	<u>(24,509,556)</u>	<u>-</u>	<u>(36,524,667)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Principal Payments on Long-Term Debt	(1,907,083)	(508,369)	-	(2,415,452)	-	-	(2,415,452)
Capital Contribution to Kintura	-	-	-	-	(500,000)	-	(500,000)
Restricted Contributions	3,018,263	2,423,626	-	5,441,889	183,973	-	5,625,862
Entrance Fees Refunded	-	(923,244)	-	(923,244)	-	-	(923,244)
Net Cash Provided (Used) by Financing Activities	<u>1,111,180</u>	<u>992,013</u>	<u>-</u>	<u>2,103,193</u>	<u>(316,027)</u>	<u>-</u>	<u>1,787,166</u>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>							
	(2,589,490)	6,460,891	-	3,871,401	(946,330)	-	2,925,071
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>4,483,490</u>	<u>80,230</u>	<u>-</u>	<u>4,563,720</u>	<u>4,966,598</u>	<u>-</u>	<u>9,530,318</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>							
	<u>\$ 1,894,000</u>	<u>\$ 6,541,121</u>	<u>\$ -</u>	<u>\$ 8,435,121</u>	<u>\$ 4,020,268</u>	<u>\$ -</u>	<u>\$ 12,455,389</u>

**WELL•SPRING SERVICES, INC.**  
**(AN AFFILIATE OF KINTURA)**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Well•Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Non-Obligated Group	Eliminating Entries	Consolidated
Cash and Cash Equivalents	\$ 1,691,498	\$ 844,717	\$ -	\$ 2,536,215	\$ 751,821	\$ -	\$ 3,288,036
Cash and Cash Equivalents Included in Assets Limited as to Use	202,502	5,696,404	-	5,898,906	3,268,447	-	9,167,353
Total	<u>\$ 1,894,000</u>	<u>\$ 6,541,121</u>	<u>\$ -</u>	<u>\$ 8,435,121</u>	<u>\$ 4,020,268</u>	<u>\$ -</u>	<u>\$ 12,455,389</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>							
Cash Paid During the Year for Interest, Net of Amounts Capitalized	<u>\$ 1,101,952</u>	<u>\$ 1,233,166</u>	<u>\$ (135,637)</u>	<u>\$ 2,199,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,199,481</u>
Purchases of Capital Assets in Accounts Payable	<u>\$ 748,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,158</u>



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

**WELL-SPRING, INC.  
(AN AFFILIATE OF KINTURA)**

**COMPILATION OF A COMBINED FINANCIAL PROJECTION  
AND SUPPLEMENTAL PROJECTED FINANCIAL  
STATEMENTS**

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



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**WELL-SPRING, INC.**  
**(AN AFFILIATE OF KINTURA)**  
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**FOR THE YEARS ENDING DECEMBER 31, 2026 THROUGH 2030**

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## 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, 2026, 2027, 2028, 2029 and 2030, 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 8 (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 supplementary information on pages 30 - 45 is presented for purposes of additional analysis and is not a required part of the combined projection. Such information is the responsibility of Management. Supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, or provide any assurance on such information.

The accompanying 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 64A 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.

Board of Directors  
Well-Spring Services, Inc. Obligated Group  
(An Affiliate of Kintura)

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  
April 6, 2026

**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 8**  
**FOR THE YEARS ENDING DECEMBER 31,**  
**(000s Omitted)**

	2026	2027	2028	2029	2030
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>					
Resident Fees and Client Fees	\$ 49,432	\$ 51,799	\$ 54,279	\$ 56,841	\$ 59,509
Amortization of Entrance Fees	8,488	9,705	10,891	12,056	13,207
Investment Income, Net	2,517	2,709	2,898	3,144	3,499
Net Assets Released from Restrictions for Use in Operations	1,940	1,400	1,400	1,400	1,400
Other Revenue	1,391	1,391	1,391	1,391	1,391
Total Revenues, Gains, and Other Support	63,768	67,004	70,859	74,832	79,006
<b>EXPENSES</b>					
Routine Services	12,959	13,478	14,017	14,578	15,161
Special Services	2,102	2,186	2,273	2,365	2,459
Dining Services	9,496	9,875	10,270	10,681	11,108
Environmental Services	2,816	2,929	3,046	3,168	3,294
Maintenance	8,623	8,968	9,327	9,700	10,088
Marketing	1,102	1,144	1,190	1,237	1,287
Administrative	11,694	12,086	12,633	13,194	13,776
Depreciation	9,745	9,273	8,603	7,942	7,661
Amortization	60	35	30	25	17
Interest	2,722	2,693	2,606	2,505	2,405
Purchased Medical Services	315	328	341	355	369
Miscellaneous, Net	859	859	855	860	856
Total Expenses	62,493	63,854	65,191	66,610	68,481
<b>OPERATING INCOME</b>	1,275	3,150	5,668	8,222	10,525
<b>OTHER INCOME (LOSS)</b>					
Accreted Interest	(106)	(80)	(70)	(60)	(40)
Total Other Loss	(106)	(80)	(70)	(60)	(40)
<b>EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES</b>					
	1,169	3,070	5,598	8,162	10,485
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
Contributions	1,940	1,400	1,400	1,400	1,400
Net Assets Released from Restrictions - Operations	(1,940)	(1,400)	(1,400)	(1,400)	(1,400)
Change in Net Assets With Donor Restrictions	-	-	-	-	-
Increase in Net Assets	1,169	3,070	5,598	8,162	10,485
Net Assets - Beginning of Year	52,579	53,748	56,818	62,416	70,578
Net Assets - End of Year	\$ 53,748	\$ 56,818	\$ 62,416	\$ 70,578	\$ 81,063

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 8**  
**FOR THE YEARS ENDING DECEMBER 31,**  
**(000s Omitted)**

	2026	2027	2028	2029	2030
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Increase (Decrease) in Net Assets	\$ 1,169	\$ 3,071	\$ 5,598	\$ 8,162	\$ 10,485
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	9,745	9,273	8,603	7,942	7,661
Amortization of Deferred Financing Costs	79	52	45	38	28
Amortization of Deferred Revenues	(8,488)	(9,705)	(10,891)	(12,056)	(13,207)
Nonrefundable Entrance Fees Received	14,101	14,947	15,844	16,795	17,802
Accreted Interest	106	80	70	60	40
Change in Unconditional Promises to Give	200	200	200	200	200
Change in Intercompany Payable	(2,445)	-	-	-	-
Change in Intercompany Receivable	1,466	-	-	-	-
Decrease in Accrued Interest	(84)	(4)	(4)	-	(8)
Net Cash Provided by Operating Activities	15,849	17,914	19,465	21,141	23,001
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Change in Investments and Assets Limited as to Use	(4,255)	(4,731)	(6,153)	(8,873)	(12,050)
Capital Expenditures	(10,417)	(9,957)	(9,988)	(8,839)	(7,417)
Net Cash Used by Investing Activities	(14,672)	(14,688)	(16,141)	(17,712)	(19,467)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Principal Payments on Long-Term Debt	(2,506)	(2,581)	(2,640)	(2,704)	(2,767)
Entrance Fees Refunded	(607)	(645)	(684)	(725)	(767)
Net Cash Used by Financing Activities	(3,113)	(3,226)	(3,324)	(3,429)	(3,534)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,936)	-	-	-	-
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,536	600	600	600	600
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Supplementary Disclosure: Interest Paid During the Year	\$ 2,787	\$ 2,645	\$ 2,565	\$ 2,467	\$ 2,385

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 8**  
**AT DECEMBER 31,**  
**(000s Omitted)**

	2026	2027	2028	2029	2030
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Resident and Client Accounts Receivable, Net	498	498	498	498	498
Other Receivables	1,405	1,405	1,405	1,405	1,405
Unconditional Promises to Give	200	200	200	200	-
Other Current Assets	558	558	558	559	558
<b>Total Current Assets</b>	<b>3,261</b>	<b>3,261</b>	<b>3,261</b>	<b>3,262</b>	<b>3,061</b>
<b>ASSETS LIMITED AS TO USE</b>					
Reserves Required by State Statute	6,897	7,139	7,398	7,665	7,945
By Donors	3,012	3,012	3,012	3,012	3,012
Refundable Entrance Fees	356	356	356	356	356
<b>Total Assets Limited as to Use</b>	<b>10,265</b>	<b>10,507</b>	<b>10,766</b>	<b>11,033</b>	<b>11,313</b>
<b>INVESTMENTS AND OTHER ASSETS</b>					
Investments	56,223	60,712	66,606	75,214	86,983
Other Assets	619	619	619	619	619
Interest Rate Swap Agreement	4,494	4,494	4,494	4,494	4,494
<b>Total Other Assets</b>	<b>61,336</b>	<b>65,825</b>	<b>71,719</b>	<b>80,327</b>	<b>92,096</b>
<b>PROPERTY AND EQUIPMENT</b>					
Property and Equipment	232,928	242,885	252,873	261,712	269,129
Accumulated Depreciation	102,148	111,421	120,025	127,967	135,628
<b>Total Property and Equipment, Net</b>	<b>130,780</b>	<b>131,464</b>	<b>132,848</b>	<b>133,745</b>	<b>133,501</b>
<b>UNCONDITIONAL PROMISES TO GIVE, NET OF CURRENT PORTION</b>	<b>600</b>	<b>400</b>	<b>200</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 206,242</b>	<b>\$ 211,457</b>	<b>\$ 218,794</b>	<b>\$ 228,367</b>	<b>\$ 239,971</b>

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 8**  
**AT DECEMBER 31,**  
**(000s Omitted)**

	2026	2027	2028	2029	2030
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Current Portion of Long-Term Debt	\$ 2,581	\$ 2,640	\$ 2,704	\$ 2,767	\$ 2,831
Accounts Payable	1,885	1,885	1,885	1,885	1,883
Accrued Payroll and Related Expenses	2,371	2,371	2,371	2,371	2,371
Accrued Interest	96	92	88	88	80
Other Accrued Expenses	240	241	240	240	241
Deferred Revenue from Entrance Fees - Refundable	1,075	1,075	1,072	1,075	1,075
<b>Total Current Liabilities</b>	<b>8,248</b>	<b>8,304</b>	<b>8,360</b>	<b>8,426</b>	<b>8,481</b>
<b>LONG-TERM LIABILITIES</b>					
Long-Term Debt, Net	57,563	54,975	52,317	49,588	46,785
Deferred Revenue from Entrance Fees - Nonrefundable	64,154	67,807	71,196	74,377	77,395
Deferred Revenue from Entrance Fees - Refundable, Net of Current Portion	17,405	18,429	19,381	20,274	21,123
Refundable Entrance Fees	3,960	3,960	3,960	3,960	3,960
Admission Deposits	1,164	1,164	1,164	1,164	1,164
<b>Total Long-Term Liabilities</b>	<b>144,246</b>	<b>146,335</b>	<b>148,018</b>	<b>149,363</b>	<b>150,427</b>
<b>Total Liabilities</b>	<b>152,494</b>	<b>154,639</b>	<b>156,378</b>	<b>157,789</b>	<b>158,908</b>
<b>NET ASSETS</b>					
Net Assets Without Donor Restrictions	48,135	51,205	56,803	64,965	75,450
Net Assets With Donor Restrictions	5,613	5,613	5,613	5,613	5,613
<b>Total Net Assets</b>	<b>53,748</b>	<b>56,818</b>	<b>62,416</b>	<b>70,578</b>	<b>81,063</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 206,242</b>	<b>\$ 211,457</b>	<b>\$ 218,794</b>	<b>\$ 228,367</b>	<b>\$ 239,971</b>

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

**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, 2030 (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 April 6, 2026, 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, operating expense inflationary increases, and entrance fee 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 64A 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, 2025, 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 of the 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 2026 dollars.

*Summary of Significant Projection Assumptions and Accounting Policies*

**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		Entrance Fee	
			Plan A Lifecare Rate	Plan A Modified Lifecare Rate	Plan A Lifecare Rate	Plan A Modified Lifecare Rate
<i>Apartments</i>						
Azalea	675	12	\$ 4,387	\$ 3,817	\$ 189,000	\$ 138,000
Birch	750	5	\$ 4,387	\$ 3,817	\$ 189,000	\$ 138,000
Camellia	970	27	\$ 5,252	\$ 4,570	\$ 260,000	\$ 190,000
Dogwood	1,130	11	\$ 5,627	\$ 4,896	\$ 347,000	\$ 253,000
Elm	1,200	27	\$ 5,895	\$ 5,130	\$ 376,000	\$ 274,000
Chestnut	1,940	20	\$ 7,160	\$ 6,081	\$ 520,000	\$ 435,000
<i>Wildflower Square Apartments</i>						
Rosemary	1,632	12	\$ 7,074	\$ 6,155	\$ 527,000	\$ 396,000
Sage	1,998	12	\$ 7,337	\$ 6,383	\$ 587,000	\$ 428,000
<i>Garden Home</i>						
Forsythia	970	26	\$ 5,393	\$ 4,692	\$ 251,000	\$ 183,000
Gardenia	1,215	8	\$ 5,910	\$ 5,142	\$ 356,000	\$ 251,000
Holly	1,160	16	\$ 5,777	\$ 5,027	\$ 344,000	\$ 260,000
<i>Villa</i>						
Ivy	1,300	22	\$ 6,146	\$ 5,347	\$ 390,000	\$ 285,000
Juniper	1,580	18	\$ 6,851	\$ 5,960	\$ 471,000	\$ 344,000
Laurel	2,140	15	\$ 7,224	\$ 6,285	\$ 528,000	\$ 386,000
Maple	2,380	10	\$ 7,579	\$ 6,594	\$ 648,000	\$ 473,000
Oak	2,115	12	\$ 7,224	\$ 6,285	\$ 528,000	\$ 386,000
Pine	2,380	11	\$ 7,579	\$ 6,594	\$ 648,000	\$ 473,000
Total / Weighted Average	1,344	264	\$ 6,236	\$ 5,414	\$ 408,220	\$ 302,985
Second Person Fee			\$ 2,527	\$ 2,199	\$ 104,000	\$ 76,500

Source: Management

**Table 2  
The Village  
Projected Independent Living Units Configuration and Pricing**

Type	Square Feet	Number of Units	Monthly Service Fee		Entrance Fee	
			Lifecare Rate	Fee for Service Rate	Lifecare Rate	Fee for Service Rate
<i>Apartments</i>						
Azalea	826	13	\$ 3,667	\$ 3,081	\$ 257,000	\$ 162,000
Birch	1,113	27	\$ 3,988	\$ 3,399	\$ 315,000	\$ 205,000
Camellia	1,206	30	\$ 4,359	\$ 3,771	\$ 347,000	\$ 243,000
Dogwood	1,352	20	\$ 4,730	\$ 4,177	\$ 388,000	\$ 272,000
Elm	1,596	20	\$ 5,129	\$ 4,580	\$ 430,000	\$ 301,000
<i>Villa</i>						
Holly	1,692	16	\$ 5,601	\$ 4,621	\$ 440,000	\$ 335,000
Juniper	1,772	10	\$ 5,672	\$ 4,697	\$ 506,000	\$ 385,000
Magnolia	1,892	23	\$ 5,860	\$ 4,917	\$ 473,000	\$ 360,000
Oak	1,965	6	\$ 6,030	\$ 5,084	\$ 493,000	\$ 375,000
Pine	2,160	11	\$ 6,104	\$ 5,162	\$ 567,000	\$ 431,000
Total / Weighted Average	1,476	176	\$ 4,930	\$ 4,212	\$ 402,216	\$ 289,045
Second Person Fee			\$ 1,842	\$ 1,148	\$ 46,000	\$ 32,000

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 2026 dollars.

*Summary of Significant Projection Assumptions and Accounting Policies*

**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	Per Diem	Monthly Service Fee	
					Plan A Modified LifeCare	Plan A LifeCare
Assisted Living Apartments	1 Bedroom / 1 Bath	475	60	\$ 10,320	\$ 8,772	(1)
Skilled Nursing / Memory Care	1 Bedroom / 1 Bath	273	80	\$ 16,650	\$ 14,153	(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	Fee-for-Service Monthly Rates
Traditional Assisted Living Units	289 - 367	12	\$ 5,594	\$ 7,635
Memory Support Units	289 - 367	12	\$ 5,594	\$ 9,880
Sheltered Nursing Beds	205 - 297	24	\$ 5,594	\$ 13,740

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**

<u>Year Ending December 31,</u>	<u>Average Available Units</u>	<u>Average Occupied Units</u>	<u>Average Occupancy Percent</u>
2026	264	258	97.7%
2027	264	258	97.7%
2028	264	258	97.7%
2029	264	258	97.7%
2030	264	258	97.7%

Source: Management

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

*Summary of Significant Projection Assumptions and Accounting Policies*

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**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.

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**Table 6**  
**The Village**  
**Projected Utilization of the Independent Living Units**

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<b>Year Ending December 31,</b>	<b>Average Available Units</b>	<b>Average Occupied Units</b>	<b>Average Occupancy Percent</b>
2026	176	169	96.0%
2027	176	169	96.0%
2028	176	169	96.0%
2029	176	169	96.0%
2030	176	169	96.0%

---

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

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**Table 7**  
**Well-Spring**  
**Projected Utilization of the Assisted Living Units**

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<b>Year Ending December 31,</b>	<b>Average Available Units</b>	<b>Average Assisted Living Residents</b>	<b>Average Per Diem Residents</b>	<b>Average Total Units Occupied</b>	<b>Average Occupancy Percent</b>
2026	60	37	15	52	86.7%
2027	60	37	15	52	86.7%
2028	60	37	15	52	86.7%
2029	60	37	15	52	86.7%
2030	60	37	15	52	86.7%

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Source: Management

*Summary of Significant Projection Assumptions and Accounting Policies*

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

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

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<u>Year Ending December 31,</u>	<u>Average Available</u> <u>Units</u>	<u>Average Units</u> <u>Occupied</u>	<u>Average Occupancy</u>
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**

---

<u>Year Ending December 31,</u>	<u>Average Units</u> <u>Available</u>	<u>Average Units</u> <u>Occupied</u>	<u>Average Occupancy</u>
2026	80	69	86.3%
2027	80	69	86.3%
2028	80	69	86.3%
2029	80	69	86.3%
2030	80	69	86.3%

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Source: Management

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**Table 10**  
**The Village**  
**Projected Utilization of the Skilled Nursing Units**

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<u>Year Ending December 31,</u>	<u>Average Units</u> <u>Available</u>	<u>Average Units</u> <u>Occupied</u>	<u>Average Occupancy</u>
2026	24	20	83.3%
2027	24	20	83.3%
2028	24	20	83.3%
2029	24	20	83.3%
2030	24	20	83.3%

---

Source: Management

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

**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 \$320,000 in 2026 and inflate 6.0% 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.

## Summary of Significant Projection Assumptions and Accounting Policies

### **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,**

	2026	2027	2028	2029	2030
Entrance Fees from Turnover	\$ 14,101	\$ 14,947	\$ 15,844	\$ 16,795	\$ 17,802
Entrance Fees Refunded	(607)	(645)	(684)	(725)	(767)
<b>Total Entrance Fees, Net</b>	<b>\$ 13,494</b>	<b>\$ 14,302</b>	<b>\$ 15,160</b>	<b>\$ 16,070</b>	<b>\$ 17,035</b>

Source: Management

Resident fee revenues are based on the projected utilization and the 2026 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 fault of their own, outlive their financial resources, provided that this assistance does not jeopardize the financial stability of the Obligated Group.

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

*Summary of Significant Projection Assumptions and Accounting Policies*

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

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

	<u>Independent Living</u>			<u>Assisted Living</u>			<u>Nursing</u>		
		LifeCare	Modified LifeCare	LifeCare	Modified LifeCare	Per Diem	LifeCare	Modified LifeCare	Per Diem
<b>Well-Spring</b>									
2027	4.50%	4.50%	5.50%	5.50%	5.50%	4.50%	5.50%	5.50%	
2028	4.50%	4.50%	5.50%	5.50%	5.50%	4.50%	5.50%	5.50%	
2029	4.50%	4.50%	5.50%	5.50%	5.50%	4.50%	5.50%	5.50%	
2030	4.50%	4.50%	5.50%	5.50%	5.50%	4.50%	5.50%	5.50%	
	<u>Independent Living</u>			<u>Assisted Living</u>			<u>Nursing</u>		
		LifeCare	Fee For Service	LifeCare	Fee For Service	LifeCare	Fee For Service	LifeCare	Fee For Service
<b>The Village</b>									
2027	4.75%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	
2028	4.75%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	
2029	4.50%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	
2030	4.50%	5.00%	5.00%	5.00%	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 source. Management has projected other revenues based historical experience and other revenue ranges from 2.8% of resident fee revenues to 2.3% of resident fee revenues during 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,								
	<u>Independent Living</u>			<u>Assisted Living</u>			<u>Skilled Nursing, Memory Support and Rehabilitation</u>		
	<u>LifeCare</u>	<u>Modified LifeCare</u>		<u>LifeCare</u>	<u>Modified LifeCare</u>	<u>Per Diem</u>	<u>LifeCare</u>	<u>Modified LifeCare</u>	<u>Per Diem</u> <sup>(1)</sup>
2026	30%	70%		38%	33%	29%	38%	33%	29%
2027	30%	70%		38%	33%	29%	38%	33%	29%
2028	30%	70%		38%	33%	29%	38%	33%	29%
2029	30%	70%		38%	33%	29%	38%	33%	29%
2030	30%	70%		38%	33%	29%	38%	33%	29%

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			Skilled Nursing			
	LifeCare	Fee for Service		LifeCare	Fee for Service	Per Diem	LifeCare	Medicare	Fee for Service	Per Diem
2026	41%	59%		30%	50%	20%	30%	15%	50%	5%
2027	41%	59%		30%	50%	20%	30%	15%	50%	5%
2028	41%	59%		30%	50%	20%	30%	15%	50%	5%
2029	41%	59%		30%	50%	20%	30%	15%	50%	5%
2030	41%	59%		30%	50%	20%	30%	15%	50%	5%

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% 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, 2027, 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.

The following table reflects the routine capital additions throughout the Projection Period:

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**Table 17**  
**Projected Routine Capital Additions (in \$000s)**  
**For the Years Ending December 31,**

	2026	2027	2028	2029	2030
Routine Capital Expenditures	\$ 10,417	\$ 9,957	\$ 9,988	\$ 8,839	\$ 7,417

---

Source: Management

**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.

*Summary of Significant Projection Assumptions and Accounting Policies*

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

**Interest Expense and Long-Term Debt**

Long-term debt, totaling \$63,082,635 at December 31, 2025, consisted of the following maturities and annual interest rates:

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 (4.377% at December 31, 2025).	\$ 928,750
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 (4.614% at December 31, 2025).	25,380,417
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 (4.200% at December 31, 2025).	13,005,000
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 (5.123% at December 31, 2025).	23,768,468
Total	<u>63,082,635</u>
Less: Current Maturities	(2,505,697)
Less: Unamortized Deferred Financing Costs	<u>(511,937)</u>
Total	<u>\$ 60,065,001</u>

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.

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

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.

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, 2025.

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.

## Summary of Significant Projection Assumptions and Accounting Policies

### **Introduction, Background Information and Summary of Significant Projection Assumptions (continued)**

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.

**Table 15**  
**Projected Principal Payments (in \$000s)**

Year Ending December 31,	Series 2016A-2	Series 2016B	Series 2020A-1	Series 2022 Aquisition Loan	Total
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
2030	-	1,672	480	615	2,767
Thereafter	-	18,344	10,624	20,917	49,885
Total	\$ 928	\$ 25,381	\$ 13,005	\$ 23,769	\$ 63,083

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 \$928,750. 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 \$26,380,417.

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 \$13,005,000, with an effective date of September 1, 2021 and a termination date of March 1, 2035.

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

**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 notional amount of \$14,257,502. 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, 2025 was an asset of \$4,493,697. 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.

*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.

*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.

## Summary of Significant Projection Assumptions and Accounting Policies

### **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.

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

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

<u>Independent Living Unit Occupancy Rate:</u>	<u>Operating Reserve Percentage Requirement:</u>
90% or above	25.00%
86% to 89.9%	31.25%
83% to 85.9%	37.50%
80% to 92.9%	43.75%
Below 80%	50.00%

Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance. Management has projected, based on its projected occupancies, meeting the 25 percent operating reserve requirement for all years of the Projection Period, noting that this can be reduced to 12.5 percent in situations where a provider has a 12-month daily average independent living unit occupancy rate equal to or in excess of 93% and has no long-term debt or a debt service coverage ratio also exceeds 2.0 as of the provider's most recent fiscal year-end. Management has projected having annual independent living occupancy in excess of 93% and a debt service coverage ratio in excess of 2.0x in all years of the Projection and as such, has projected an operating reserve at 12.5% of operating expenses as noted in the following table.

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

## Summary of Significant Projection Assumptions and Accounting Policies

### **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)**

	2026	2027	2028	2029	2030
<b>Statutory Operating Reserve Calculation (Expenses in Thousands)</b>					
Total Operating Expenses	\$ 62,493	\$ 63,854	\$ 65,191	\$ 66,610	\$ 68,481
Less: Depreciation	(9,745)	(9,273)	(8,603)	(7,942)	(7,661)
Less: Amortization of Deferred Issuance Costs	(79)	(52)	(45)	(38)	(28)
Plus: Routine Principal Payments	2,506	2,581	2,640	2,704	2,767
Total Operating Costs	\$ 55,175	\$ 57,110	\$ 59,183	\$ 61,334	\$ 63,559
Required Reserve Multiplier	12.5%	12.5%	12.5%	12.5%	12.5%
Required Operating Reserve (In Thousands)	\$ 6,897	\$ 7,139	\$ 7,398	\$ 7,665	\$ 7,945
Average Available Units for the Year Ending December 31:	440	440	440	440	440
Average Occupied Units for the Year Ending December 31:	427	427	427	427	427
Average Occupancy for the Year Ending December 31	97.0%	97.0%	97.0%	97.0%	97.0%

Source: Management

*By Donors* - Consists of assets given by donors which are to be used for the donor-specified purpose.

*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.

*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.

#### **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 gifts, 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.

### **Basis of Combination**

The projected combined financial statements include the accounts of Well-Spring and the Village. All related party balances and intra-company transactions have been eliminated in combination.

### **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.

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

### **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.

**Summary of Significant Accounting Policies (continued)**

**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. Management has not projected any assets limited as to use as current during the Projection Period.

**Property and Equipment**

Property and equipment are recorded at cost. All items with a cost of over \$5,000 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
Vehicles	3 – 5 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.

**Unconditional Promises to Give**

Promises to give are recognized as revenue in the period in which the unconditional promise is made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give receivables 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 promise to give receivable is included in the accompanying projected combined balance sheets for the amount that is projected to be received within the next year. Promises to give are not projected to change during the Projection Period until 2030, at which time all outstanding amounts are projected to be collected.

**Summary of Significant Accounting Policies (continued)**

**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, 2025, the remaining unamortized portion was approximately \$367,000. Management has projected the accreted interest upon amortization of these agreements on the projected statement of operations and changes in net assets.

**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

**Summary of Significant Accounting Policies (continued)**

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, 2025, 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) 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

**Summary of Significant Accounting Policies (continued)**

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 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.

**Summary of Significant Accounting Policies (continued)**

**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.

## **Supplemental Information**

**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN**  
**NET ASSETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**FOR THE YEAR ENDING DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2026	2026	2026	2026
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Resident Fees and Client Fees	\$ 34,695	\$ 14,737	\$ -	\$ 49,432
Amortization of Entrance Fees	5,788	2,700	-	8,488
Investment Income, Net	2,417	100	-	2,517
Net Assets Released from Restrictions for Use in Operations	1,940	-	-	1,940
Other Revenue	880	511	-	1,391
Total Revenues, Gains, and Other Support	45,720	18,048	-	63,768
<b>EXPENSES</b>				
Routine Services	9,954	3,005	-	12,959
Special Services	1,487	615	-	2,102
Dining Services	6,526	2,970	-	9,496
Environmental Services	2,100	716	-	2,816
Maintenance	6,150	2,473	-	8,623
Marketing	606	496	-	1,102
Administrative	8,116	3,578	-	11,694
Depreciation	6,485	3,260	-	9,745
Amortization	60	-	-	60
Interest	1,560	1,162	-	2,722
Purchased Medical Services	-	315	-	315
Miscellaneous, Net	776	83	-	859
Total Expenses	43,820	18,673	-	62,493
<b>OPERATING INCOME (LOSS)</b>	1,900	(625)	-	1,275
<b>OTHER INCOME (LOSS)</b>				
Accreted Interest	-	(106)	-	(106)
Total Other Loss	-	(106)	-	(106)
<b>EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT</b> <b>OVER (UNDER) EXPENSES</b>	1,900	(731)	-	1,169
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	1,940	-	-	1,940
Net Assets Released from Restrictions - Operations	(1,940)	-	-	(1,940)
Decrease in Net Assets With Donor Restrictions	-	-	-	-
Increase (Decrease) in Net Assets	1,900	(731)	-	1,169
Net Assets - Beginning of Year	53,526	(947)	-	52,579
Net Assets - End of Year	\$ 55,426	\$ (1,678)	\$ -	\$ 53,748

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)**  
**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN**  
**NET ASSETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**FOR THE YEAR ENDING DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2027	2027	2027	2027
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Resident Fees and Client Fees	\$ 36,327	\$ 15,472	\$ -	\$ 51,799
Amortization of Entrance Fees	6,631	3,074	-	9,705
Investment Income, Net	2,517	192	-	2,709
Net Assets Released from Restrictions for Use in Operations	1,400	-	-	1,400
Other Revenue	880	511	-	1,391
<b>Total Revenues, Gains, and Other Support</b>	<b>47,755</b>	<b>19,249</b>	<b>-</b>	<b>67,004</b>
<b>EXPENSES</b>				
Routine Services	10,352	3,126	-	13,478
Special Services	1,547	639	-	2,186
Dining Services	6,787	3,088	-	9,875
Environmental Services	2,184	745	-	2,929
Maintenance	6,396	2,572	-	8,968
Marketing	629	515	-	1,144
Administrative	8,367	3,719	-	12,086
Depreciation	6,532	2,741	-	9,273
Amortization	35	-	-	35
Interest	1,560	1,133	-	2,693
Purchased Medical Services	-	328	-	328
Miscellaneous, Net	776	82	-	859
<b>Total Expenses</b>	<b>45,165</b>	<b>18,688</b>	<b>-</b>	<b>63,854</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,590</b>	<b>561</b>	<b>-</b>	<b>3,150</b>
<b>OTHER INCOME (LOSS)</b>				
Accreted Interest	-	(80)	-	(80)
<b>Total Other Loss</b>	<b>-</b>	<b>(80)</b>	<b>-</b>	<b>(80)</b>
<b>EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT</b>				
<b>OVER (UNDER) EXPENSES</b>	<b>2,590</b>	<b>481</b>	<b>-</b>	<b>3,070</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	1,400	-	-	1,400
Net Assets Released from Restrictions - Operations	(1,400)	-	-	(1,400)
<b>Decrease in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Assets</b>	<b>2,590</b>	<b>481</b>	<b>-</b>	<b>3,070</b>
<b>Net Assets - Beginning of Year</b>	<b>55,426</b>	<b>(1,678)</b>	<b>-</b>	<b>53,748</b>
<b>Net Assets - End of Year</b>	<b>\$ 58,016</b>	<b>\$ (1,197)</b>	<b>\$ -</b>	<b>\$ 56,818</b>

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)**  
**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN**  
**NET ASSETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**FOR THE YEAR ENDING DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2028	2028	2028	2028
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Resident Fees and Client Fees	\$ 38,036	\$ 16,243	\$ -	\$ 54,279
Amortization of Entrance Fees	7,453	3,438	-	10,891
Investment Income, Net	2,637	261	-	2,898
Net Assets Released from Restrictions for Use in Operations	1,400	-	-	1,400
Other Revenue	880	511	-	1,391
Total Revenues, Gains, and Other Support	50,406	20,453	-	70,859
<b>EXPENSES</b>				
Routine Services	10,766	3,251	-	14,017
Special Services	1,608	665	-	2,273
Dining Services	7,058	3,212	-	10,270
Environmental Services	2,271	775	-	3,046
Maintenance	6,652	2,675	-	9,327
Marketing	654	536	-	1,190
Administrative	8,745	3,888	-	12,633
Depreciation	5,969	2,634	-	8,603
Amortization	30	-	-	30
Interest	1,499	1,107	-	2,606
Purchased Medical Services	-	341	-	341
Miscellaneous, Net	774	81	-	855
Total Expenses	46,026	19,165	-	65,191
<b>OPERATING INCOME (LOSS)</b>	4,380	1,288	-	5,668
<b>OTHER INCOME (LOSS)</b>				
Accreted Interest	-	(70)	-	(70)
Total Other Loss	-	(70)	-	(70)
<b>EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT</b>				
<b>OVER EXPENSES</b>	4,380	1,218	-	5,598
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	1,400	-	-	1,400
Net Assets Released from Restrictions - Operations	(1,400)	-	-	(1,400)
Change in Net Assets With Donor Restrictions	-	-	-	-
Increase in Net Assets	4,380	1,218	-	5,598
Net Assets - Beginning of Year	58,015	(1,197)	-	56,818
Net Assets - End of Year	\$ 62,395	\$ 21	\$ -	\$ 62,416

See Accompanying Summary of Significant Projection Assumptions and Accounting Policies and  
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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN**  
**NET ASSETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**FOR THE YEAR ENDING DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Elimations	Total
	2029	2029	2029	2029
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Resident Fees and Client Fees	\$ 39,827	\$ 17,014	\$ -	\$ 56,841
Amortization of Entrance Fees	8,259	3,797	-	12,056
Investment Income, Net	2,818	326	-	3,144
Net Assets Released from Restrictions for Use in Operations	1,400	-	-	1,400
Other Revenue	880	511	-	1,391
Total Revenues, Gains, and Other Support	53,184	21,648	-	74,832
<b>EXPENSES</b>				
Routine Services	11,197	3,381	-	14,578
Special Services	1,673	692	-	2,365
Dining Services	7,341	3,340	-	10,681
Environmental Services	2,362	806	-	3,168
Maintenance	6,918	2,782	-	9,700
Marketing	680	557	-	1,237
Administrative	9,133	4,061	-	13,194
Depreciation	5,419	2,523	-	7,942
Amortization	25	-	-	25
Interest	1,431	1,074	-	2,505
Purchased Medical Services	-	355	-	355
Miscellaneous, Net	779	81	-	860
Total Expenses	46,958	19,652	-	66,610
<b>OPERATING INCOME (LOSS)</b>	6,226	1,996	-	8,222
<b>OTHER INCOME (LOSS)</b>				
Accreted Interest	-	(60)	-	(60)
Total Other Loss	-	(60)	-	(60)
<b>EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT</b>	6,226	1,936	-	8,162
<b>OVER EXPENSES</b>				
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	1,400	-	-	1,400
Net Assets Released from Restrictions - Operations	(1,400)	-	-	(1,400)
Change in Net Assets With Donor Restrictions	-	-	-	-
Increase in Net Assets	6,226	1,936	-	8,162
Net Assets - Beginning of Year	62,393	21	-	62,416
Net Assets - End of Year	\$ 68,619	\$ 1,957	\$ -	\$ 70,578

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
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**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN**  
**NET ASSETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**FOR THE YEAR ENDING DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Elimations	Total
	2030	2030	2030	2030
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Resident Fees and Client Fees	\$ 41,703	\$ 17,806	\$ -	\$ 59,509
Amortization of Entrance Fees	9,056	4,151	-	13,207
Investment Income, Net	3,048	451	-	3,499
Net Assets Released from Restrictions for Use in Operations	1,400	-	-	1,400
Other Revenue	880	511	-	1,391
<b>Total Revenues, Gains, and Other Support</b>	<b>56,087</b>	<b>22,919</b>	<b>-</b>	<b>79,006</b>
<b>EXPENSES</b>				
Routine Services	11,645	3,516	-	15,161
Special Services	1,740	719	-	2,459
Dining Services	7,634	3,474	-	11,108
Environmental Services	2,456	838	-	3,294
Maintenance	7,195	2,893	-	10,088
Marketing	708	579	-	1,287
Administrative	9,537	4,239	-	13,776
Depreciation	5,349	2,312	-	7,661
Amortization	17	-	-	17
Interest	1,362	1,043	-	2,405
Purchased Medical Services	-	369	-	369
Miscellaneous, Net	774	82	-	856
<b>Total Expenses</b>	<b>48,417</b>	<b>20,064</b>	<b>-</b>	<b>68,481</b>
<b>OPERATING INCOME (LOSS)</b>	<b>7,670</b>	<b>2,855</b>	<b>-</b>	<b>10,525</b>
<b>OTHER INCOME (LOSS)</b>				
Accreted Interest	-	(40)	-	(40)
<b>Total Other Loss</b>	<b>-</b>	<b>(40)</b>	<b>-</b>	<b>(40)</b>
<b>EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES</b>	<b>7,670</b>	<b>2,815</b>	<b>-</b>	<b>10,485</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	1,400	-	-	1,400
Net Assets Released from Restrictions - Operations	(1,400)	-	-	(1,400)
<b>Change in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Assets</b>	<b>7,670</b>	<b>2,815</b>	<b>-</b>	<b>10,485</b>
Net Assets - Beginning of Year	68,621	1,957	-	70,578
<b>Net Assets - End of Year</b>	<b>\$ 76,291</b>	<b>\$ 4,772</b>	<b>\$ -</b>	<b>\$ 81,063</b>

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF CASH FLOWS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**FOR THE YEAR ENDING DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2026	2026	2026	2026
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase (Decrease) in Net Assets	\$ 1,900	\$ (731)	\$ -	\$ 1,169
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	6,485	3,260	-	9,745
Amortization of Deferred Financing Costs	60	19	-	79
Amortization of Deferred Revenues	(5,788)	(2,700)	-	(8,488)
Nonrefundable Entrance Fees Received	9,286	4,815	-	14,101
Accrued Interest	-	106	-	106
(Increase) Decrease in Unconditional Promises to Give	200	-	-	200
Increase in Intercompany Payable	(699)	(1,746)	-	(2,445)
Change in Intercompany Receivable	1,386	80	-	1,466
Decrease in Accrued Interest	(43)	(41)	-	(84)
Net Cash Provided by Operating Activities	12,787	3,062	-	15,849
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in Investments and Assets Limited as to Use	(3,693)	(562)	-	(4,255)
Capital Expenditures	(8,262)	(2,155)	-	(10,417)
Net Cash Used by Investing Activities	(11,955)	(2,717)	-	(14,672)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt	(1,978)	(528)	-	(2,506)
Entrance Fees Refunded	(45)	(562)	-	(607)
Net Cash Used by Financing Activities	(2,023)	(1,090)	-	(3,113)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,191)	(745)	-	(1,936)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,691	845	-	2,536
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 500	\$ 100	\$ -	\$ 600
Supplementary Disclosure: Interest Paid During the Year	\$ 1,603	\$ 1,184	\$ -	\$ 2,787

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
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**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF CASH FLOWS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
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**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2027	2027	2027	2027
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase (Decrease) in Net Assets	\$ 2,590	\$ 481	\$ -	\$ 3,071
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	6,532	2,741	-	9,273
Amortization of Deferred Financing Costs	35	17	-	52
Amortization of Deferred Revenues	(6,631)	(3,074)	-	(9,705)
Nonrefundable Entrance Fees Received	9,843	5,104	-	14,947
Accreted Interest	-	80	-	80
(Increase) Decrease in Unconditional Promises to Give	200	-	-	200
Increase in Intercompany Payable	-	-	-	-
Change in Intercompany Receivable	-	-	-	-
Decrease in Accrued Interest	(2)	(2)	-	(4)
Net Cash Provided by Operating Activities	12,567	5,347	-	17,914
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in Investments and Assets Limited as to Use	(3,004)	(1,727)	-	(4,731)
Capital Expenditures	(7,483)	(2,474)	-	(9,957)
Net Cash Used by Investing Activities	(10,487)	(4,201)	-	(14,688)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt	(2,032)	(549)	-	(2,581)
Entrance Fees Refunded	(48)	(597)	-	(645)
Net Cash Used by Financing Activities	(2,080)	(1,146)	-	(3,226)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	-	-	-	-
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	500	100	-	600
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 500</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 600</b>
Supplementary Disclosure: Interest Paid During the Year	\$ 1,527	\$ 1,118	\$ -	\$ 2,645

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
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**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF CASH FLOWS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**FOR THE YEAR ENDING DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2028	2028	2028	2028
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase (Decrease) in Net Assets	\$ 4,380	\$ 1,218	\$ -	\$ 5,598
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	5,969	2,634	-	8,603
Amortization of Deferred Financing Costs	30	15	-	45
Amortization of Deferred Revenues	(7,453)	(3,438)	-	(10,891)
Nonrefundable Entrance Fees Received	10,434	5,410	-	15,844
Accreted Interest	-	70	-	70
(Increase) Decrease in Unconditional Promises to Give	200	-	-	200
Increase in Intercompany Payable	-	-	-	-
Change in Intercompany Receivable	-	-	-	-
Decrease in Accrued Interest	(2)	(2)	-	(4)
Net Cash Provided by Operating Activities	13,558	5,907	-	19,465
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in Investments and Assets Limited as to Use	(4,530)	(1,623)	-	(6,153)
Capital Expenditures	(6,905)	(3,083)	-	(9,988)
Net Cash Used by Investing Activities	(11,435)	(4,706)	-	(16,141)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt	(2,072)	(568)	-	(2,640)
Entrance Fees Refunded	(51)	(633)	-	(684)
Net Cash Used by Financing Activities	(2,123)	(1,201)	-	(3,324)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	-	-	-	-
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	500	100	-	600
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 500</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 600</b>
Supplementary Disclosure: Interest Paid During the Year	\$ 1,471	\$ 1,094	\$ -	\$ 2,565

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF CASH FLOWS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**FOR THE YEAR ENDING DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2029	2029	2029	2029
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase (Decrease) in Net Assets	\$ 6,226	\$ 1,936	\$ -	\$ 8,162
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	5,419	2,523	-	7,942
Amortization of Deferred Financing Costs	25	13	-	38
Amortization of Deferred Revenues	(8,259)	(3,797)	-	(12,056)
Nonrefundable Entrance Fees Received	11,060	5,735	-	16,795
Accreted Interest	-	60	-	60
(Increase) Decrease in Unconditional Promises to Give	200	-	-	200
Increase in Intercompany Payable	-	-	-	-
Change in Intercompany Receivable	-	-	-	-
Decrease in Accrued Interest	-	-	-	-
Net Cash Provided by Operating Activities	14,671	6,470	-	21,141
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in Investments and Assets Limited as to Use	(5,747)	(3,126)	-	(8,873)
Capital Expenditures	(6,758)	(2,081)	-	(8,839)
Net Cash Used by Investing Activities	(12,505)	(5,207)	-	(17,712)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt	(2,112)	(592)	-	(2,704)
Entrance Fees Refunded	(54)	(671)	-	(725)
Net Cash Used by Financing Activities	(2,166)	(1,263)	-	(3,429)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	-	-	-	-
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	500	100	-	600
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 500</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 600</b>
Supplementary Disclosure: Interest Paid During the Year	\$ 1,406	\$ 1,061	\$ -	\$ 2,467

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED STATEMENTS OF CASH FLOWS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**FOR THE YEAR ENDING DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Elimations	Total
	2030	2030	2030	2030
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase (Decrease) in Net Assets	\$ 7,670	\$ 2,815	\$ -	\$ 10,485
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	5,349	2,312	-	7,661
Amortization of Deferred Financing Costs	17	11	-	28
Amortization of Deferred Revenues	(9,056)	(4,151)	-	(13,207)
Nonrefundable Entrance Fees Received	11,723	6,079	-	17,802
Accreted Interest	-	40	-	40
(Increase) Decrease in Unconditional Promises to Give	200	-	-	200
Increase in Intercompany Payable	-	-	-	-
Change in Intercompany Receivable	-	-	-	-
Decrease in Accrued Interest	(4)	(4)	-	(8)
Net Cash Provided by Operating Activities	15,899	7,102	-	23,001
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in Investments and Assets Limited as to Use	(8,235)	(3,815)	-	(12,050)
Capital Expenditures	(5,455)	(1,962)	-	(7,417)
Net Cash Used by Investing Activities	(13,690)	(5,777)	-	(19,467)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt	(2,152)	(615)	-	(2,767)
Entrance Fees Refunded	(57)	(710)	-	(767)
Net Cash Used by Financing Activities	(2,209)	(1,325)	-	(3,534)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-	-	-
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	500	100	-	600
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 500</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 600</b>
Supplementary Disclosure: Interest Paid During the Year	\$ 1,349	\$ 1,036	\$ -	\$ 2,385

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED BALANCE SHEETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**AT DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2026	2026	2026	2026
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 500	\$ 100	\$ -	\$ 600
Resident and Client Accounts Receivable, Net	148	350	-	498
Other Receivables	1,290	115	-	1,405
Unconditional Promises to Give	200	-	-	200
Other Current Assets	385	173	-	558
<b>Total Current Assets</b>	<b>2,523</b>	<b>738</b>	<b>-</b>	<b>3,261</b>
<b>ASSETS LIMITED AS TO USE</b>				
Reserves Required by State Statute	4,907	1,990	-	6,897
By Donors	1,451	1,561	-	3,012
By Board	4,000	-	(4,000)	-
Refundable Entrance Fees	356	-	-	356
<b>Total Assets Limited as to Use</b>	<b>10,714</b>	<b>3,551</b>	<b>(4,000)</b>	<b>10,265</b>
<b>INVESTMENTS AND OTHER ASSETS</b>				
Investments	53,515	2,708	-	56,223
Other Assets	478	141	-	619
Interest Rate Swap Agreement	3,023	1,471	-	4,494
<b>Total Other Assets</b>	<b>57,016</b>	<b>4,320</b>	<b>-</b>	<b>61,336</b>
<b>PROPERTY AND EQUIPMENT</b>				
Property and Equipment	157,764	75,164	-	232,928
Accumulated Depreciation	77,022	25,126	-	102,148
<b>Total Property and Equipment, Net</b>	<b>80,742</b>	<b>50,038</b>	<b>-</b>	<b>130,780</b>
<b>UNCONDITIONAL PROMISES TO GIVE, NET OF CURRENT PORTION</b>				
	600	-	-	600
<b>Total Assets</b>	<b>\$ 151,595</b>	<b>\$ 58,647</b>	<b>\$ (4,000)</b>	<b>\$ 206,242</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Long-Term Debt	\$ 2,032	\$ 549	\$ -	\$ 2,581
Accounts Payable	1,555	330	-	1,885
Accrued Payroll and Related Expenses	1,635	736	-	2,371
Accrued Interest	48	48	-	96
Other Accrued Expenses	240	-	-	240
Deferred Revenue from Entrance Fees - Refundable	185	890	-	1,075
<b>Total Current Liabilities</b>	<b>5,695</b>	<b>2,553</b>	<b>-</b>	<b>8,248</b>
<b>LONG-TERM LIABILITIES</b>				
Long-Term Debt, Net	35,198	26,365	(4,000)	57,563
Deferred Revenue from Entrance Fees - Nonrefundable	47,363	16,791	-	64,154
Deferred Revenue from Entrance Fees - Refundable, Net of Current Portion	6,901	10,504	-	17,405
Refundable Entrance Fees	356	3,604	-	3,960
Admission Deposits	656	508	-	1,164
<b>Total Long-Term Liabilities</b>	<b>90,474</b>	<b>57,772</b>	<b>(4,000)</b>	<b>144,246</b>
<b>Total Liabilities</b>	<b>96,169</b>	<b>60,325</b>	<b>(4,000)</b>	<b>152,494</b>
<b>NET ASSETS</b>				
Net Assets Without Donor Restrictions	52,444	(4,309)	-	48,135
Net Assets With Donor Restrictions	2,982	2,631	-	5,613
<b>Total Net Assets</b>	<b>55,426</b>	<b>(1,678)</b>	<b>-</b>	<b>53,748</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 151,595</b>	<b>\$ 58,647</b>	<b>\$ (4,000)</b>	<b>\$ 206,242</b>

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED BALANCE SHEETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**AT DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2027	2027	2027	2027
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 500	\$ 100	\$ -	\$ 600
Resident and Client Accounts Receivable, Net	148	350	-	498
Other Receivables	1,290	115	-	1,405
Unconditional Promises to Give	200	-	-	200
Other Current Assets	385	173	-	558
<b>Total Current Assets</b>	<b>2,523</b>	<b>738</b>	<b>-</b>	<b>3,261</b>
<b>ASSETS LIMITED AS TO USE</b>				
Reserves Required by State Statute	5,079	2,060	-	7,139
By Donors	1,451	1,561	-	3,012
By Board	4,000	-	(4,000)	-
Refundable Entrance Fees	356	-	-	356
<b>Total Assets Limited as to Use</b>	<b>10,886</b>	<b>3,621</b>	<b>(4,000)</b>	<b>10,507</b>
<b>INVESTMENTS AND OTHER ASSETS</b>				
Investments	56,347	4,365	-	60,712
Other Assets	478	141	-	619
Interest Rate Swap Agreement	3,023	1,471	-	4,494
<b>Total Other Assets</b>	<b>59,848</b>	<b>5,977</b>	<b>-</b>	<b>65,825</b>
<b>PROPERTY AND EQUIPMENT</b>				
Property and Equipment	165,247	77,638	-	242,885
Accumulated Depreciation	83,554	27,867	-	111,421
<b>Total Property and Equipment, Net</b>	<b>81,693</b>	<b>49,771</b>	<b>-</b>	<b>131,464</b>
<b>UNCONDITIONAL PROMISES TO GIVE, NET OF CURRENT PORTION</b>				
	400	-	-	400
<b>Total Assets</b>	<b>\$ 155,350</b>	<b>\$ 60,107</b>	<b>\$ (4,000)</b>	<b>\$ 211,457</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Long-Term Debt	\$ 2,072	\$ 568	\$ -	\$ 2,640
Accounts Payable	1,555	330	-	1,885
Accrued Payroll and Related Expenses	1,635	736	-	2,371
Accrued Interest	46	46	-	92
Other Accrued Expenses	241	-	-	241
Deferred Revenue from Entrance Fees - Refundable	185	890	-	1,075
<b>Total Current Liabilities</b>	<b>5,734</b>	<b>2,570</b>	<b>-</b>	<b>8,304</b>
<b>LONG-TERM LIABILITIES</b>				
Long-Term Debt, Net	33,161	25,814	(4,000)	54,975
Deferred Revenue from Entrance Fees - Nonrefundable	50,115	17,692	-	67,807
Deferred Revenue from Entrance Fees - Refundable, Net of Current Portion	7,313	11,116	-	18,429
Refundable Entrance Fees	356	3,604	-	3,960
Admission Deposits	656	508	-	1,164
<b>Total Long-Term Liabilities</b>	<b>91,601</b>	<b>58,734</b>	<b>(4,000)</b>	<b>146,335</b>
<b>Total Liabilities</b>	<b>97,335</b>	<b>61,304</b>	<b>(4,000)</b>	<b>154,639</b>
<b>NET ASSETS</b>				
Net Assets Without Donor Restrictions	55,033	(3,828)	-	51,205
Net Assets With Donor Restrictions	2,982	2,631	-	5,613
<b>Total Net Assets</b>	<b>58,015</b>	<b>(1,197)</b>	<b>-</b>	<b>56,818</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 155,350</b>	<b>\$ 60,107</b>	<b>\$ (4,000)</b>	<b>\$ 211,457</b>

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED BALANCE SHEETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**AT DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2028	2028	2028	2028
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 500	\$ 100	\$ -	\$ 600
Resident and Client Accounts Receivable, Net	148	350	-	498
Other Receivables	1,290	115	-	1,405
Unconditional Promises to Give	200	-	-	200
Other Current Assets	385	173	-	558
Total Current Assets	2,523	738	-	3,261
<b>ASSETS LIMITED AS TO USE</b>				
Reserves Required by State Statute	5,262	2,136	-	7,398
By Donors	1,451	1,561	-	3,012
By Board	4,000	-	(4,000)	-
Refundable Entrance Fees	356	-	-	356
Total Assets Limited as to Use	11,069	3,697	(4,000)	10,766
<b>INVESTMENTS AND OTHER ASSETS</b>				
Investments	60,693	5,913	-	66,606
Other Assets	478	141	-	619
Interest Rate Swap Agreement	3,023	1,471	-	4,494
Total Other Assets	64,194	7,525	-	71,719
<b>PROPERTY AND EQUIPMENT</b>				
Property and Equipment	172,152	80,721	-	252,873
Accumulated Depreciation	89,524	30,501	-	120,025
Total Property and Equipment, Net	82,628	50,220	-	132,848
<b>UNCONDITIONAL PROMISES TO GIVE, NET OF CURRENT PORTION</b>				
	200	-	-	200
Total Assets	\$ 160,614	\$ 62,180	\$ (4,000)	\$ 218,794
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Long-Term Debt	\$ 2,112	\$ 592	\$ -	\$ 2,704
Accounts Payable	1,555	330	-	1,885
Accrued Payroll and Related Expenses	1,635	736	-	2,371
Accrued Interest	44	44	-	88
Other Accrued Expenses	240	-	-	240
Deferred Revenue from Entrance Fees - Refundable	184	890	-	1,072
Total Current Liabilities	5,770	2,592	-	8,360
<b>LONG-TERM LIABILITIES</b>				
Long-Term Debt, Net	31,080	25,237	(4,000)	52,317
Deferred Revenue from Entrance Fees - Nonrefundable	52,664	18,532	-	71,196
Deferred Revenue from Entrance Fees - Refundable, Net of Current Portion	7,695	11,686	-	19,381
Refundable Entrance Fees	356	3,604	-	3,960
Admission Deposits	656	508	-	1,164
Total Long-Term Liabilities	92,451	59,567	(4,000)	148,018
Total Liabilities	98,221	62,159	(4,000)	156,378
<b>NET ASSETS</b>				
Net Assets Without Donor Restrictions	59,411	(2,610)	-	56,803
Net Assets With Donor Restrictions	2,982	2,631	-	5,613
Total Net Assets	62,393	21	-	62,416
Total Liabilities and Net Assets	\$ 160,614	\$ 62,180	\$ (4,000)	\$ 218,794

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED BALANCE SHEETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**AT DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Eliminations	Total
	2029	2029	2029	2029
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 500	\$ 100	\$ -	\$ 600
Resident and Client Accounts Receivable, Net	148	350	-	498
Other Receivables	1,290	115	-	1,405
Unconditional Promises to Give	200	-	-	200
Other Current Assets	385	174	-	559
<b>Total Current Assets</b>	<b>2,523</b>	<b>739</b>	<b>-</b>	<b>3,262</b>
<b>ASSETS LIMITED AS TO USE</b>				
Reserves Required by State Statute	5,452	2,213	-	7,665
By Donors	1,451	1,561	-	3,012
By Board	4,000	-	(4,000)	-
Refundable Entrance Fees	356	-	-	356
<b>Total Assets Limited as to Use</b>	<b>11,259</b>	<b>3,774</b>	<b>(4,000)</b>	<b>11,033</b>
<b>INVESTMENTS AND OTHER ASSETS</b>				
Investments	66,253	8,961	-	75,214
Other Assets	478	141	-	619
Interest Rate Swap Agreement	3,023	1,471	-	4,494
<b>Total Other Assets</b>	<b>69,754</b>	<b>10,573</b>	<b>-</b>	<b>80,327</b>
<b>PROPERTY AND EQUIPMENT</b>				
Property and Equipment	178,910	82,802	-	261,712
Accumulated Depreciation	94,943	33,024	-	127,967
<b>Total Property and Equipment, Net</b>	<b>83,967</b>	<b>49,778</b>	<b>-</b>	<b>133,745</b>
<b>UNCONDITIONAL PROMISES TO GIVE, NET OF CURRENT PORTION</b>				
	-	-	-	-
<b>Total Assets</b>	<b>\$ 167,503</b>	<b>\$ 64,864</b>	<b>\$ (4,000)</b>	<b>\$ 228,367</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Long-Term Debt	\$ 2,152	\$ 615	\$ -	\$ 2,767
Accounts Payable	1,555	330	-	1,885
Accrued Payroll and Related Expenses	1,635	736	-	2,371
Accrued Interest	44	44	-	88
Other Accrued Expenses	240	-	-	240
Deferred Revenue from Entrance Fees - Refundable	185	890	-	1,075
<b>Total Current Liabilities</b>	<b>5,811</b>	<b>2,615</b>	<b>-</b>	<b>8,426</b>
<b>LONG-TERM LIABILITIES</b>				
Long-Term Debt, Net	28,953	24,635	(4,000)	49,588
Deferred Revenue from Entrance Fees - Nonrefundable	55,054	19,323	-	74,377
Deferred Revenue from Entrance Fees - Refundable, Net of Current Portion	8,052	12,222	-	20,274
Refundable Entrance Fees	356	3,604	-	3,960
Admission Deposits	656	508	-	1,164
<b>Total Long-Term Liabilities</b>	<b>93,071</b>	<b>60,292</b>	<b>(4,000)</b>	<b>149,363</b>
<b>Total Liabilities</b>	<b>98,882</b>	<b>62,907</b>	<b>(4,000)</b>	<b>157,789</b>
<b>NET ASSETS</b>				
Net Assets Without Donor Restrictions	65,639	(674)	-	64,965
Net Assets With Donor Restrictions	2,982	2,631	-	5,613
<b>Total Net Assets</b>	<b>68,621</b>	<b>1,957</b>	<b>-</b>	<b>70,578</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 167,503</b>	<b>\$ 64,864</b>	<b>\$ (4,000)</b>	<b>\$ 228,367</b>

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**WELL-SPRING SERVICES, INC. OBLIGATED GROUP**  
**(AN AFFILIATE OF KINTURA)**  
**SUPPLEMENTAL PROJECTED COMBINED BALANCE SHEETS**  
**ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 8**  
**AT DECEMBER 31,**  
**(000s Omitted)**

	WSRC	TVAB	Elimations	Total
	2030	2030	2030	2030
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 500	\$ 100	\$ -	\$ 600
Resident and Client Accounts Receivable, Net	148	350	-	498
Other Receivables	1,290	115	-	1,405
Unconditional Promises to Give	-	-	-	-
Other Current Assets	385	173	-	558
Total Current Assets	2,323	738	-	3,061
<b>ASSETS LIMITED AS TO USE</b>				
Reserves Required by State Statute	5,650	2,295	-	7,945
By Donors	1,451	1,561	-	3,012
By Board	4,000	-	(4,000)	-
Refundable Entrance Fees	356	-	-	356
Total Assets Limited as to Use	11,457	3,856	(4,000)	11,313
<b>INVESTMENTS AND OTHER ASSETS</b>				
Investments	74,289	12,694	-	86,983
Other Assets	478	141	-	619
Interest Rate Swap Agreement	3,023	1,471	-	4,494
Total Other Assets	77,790	14,306	-	92,096
<b>PROPERTY AND EQUIPMENT</b>				
Property and Equipment	184,365	84,764	-	269,129
Accumulated Depreciation	100,292	35,336	-	135,628
Total Property and Equipment, Net	84,073	49,428	-	133,501
<b>UNCONDITIONAL PROMISES TO GIVE, NET OF CURRENT PORTION</b>				
Total Assets	\$ 175,643	\$ 68,328	\$ (4,000)	\$ 239,971
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Poriton of Long-Term Debt	\$ 2,192	\$ 639	\$ -	\$ 2,831
Accounts Payable	1,555	330	-	1,883
Accrued Payroll and Related Expenses	1,635	736	-	2,371
Accrued Interest	40	40	-	80
Other Accrued Expenses	241	-	-	241
Deferred Revenue from Entrance Fees - Refundable	185	890	-	1,075
Total Current Liabilities	5,848	2,635	-	8,481
<b>LONG-TERM LIABILITIES</b>				
Long-Term Debt, Net	26,778	24,007	(4,000)	46,785
Deferred Revenue from Entrance Fees - Nonrefundable	57,324	20,071	-	77,395
Deferred Revenue from Entrance Fees - Refundable, Net of Current Portion	8,392	12,731	-	21,123
Refundable Entrance Fees	356	3,604	-	3,960
Admission Deposits	656	508	-	1,164
Total Long-Term Liabilities	93,506	60,921	(4,000)	150,427
Total Liabilities	99,354	63,556	(4,000)	158,908
<b>NET ASSETS</b>				
Net Assets Without Donor Restrictions	73,307	2,141	-	75,450
Net Assets With Donor Restrictions	2,982	2,631	-	5,613
Total Net Assets	76,289	4,772	-	81,063
Total Liabilities and Net Assets	\$ 175,643	\$ 68,328	\$ (4,000)	\$ 239,971

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### **40.3 Appendix C – Statement of Actuarial Opinion**



415 Main Street  
Reisterstown, MD 21136-1905  
410-833-4220  
410-833-4229 (fax)  
[www.continuingcareactuaries.com](http://www.continuingcareactuaries.com)

April 19, 2024

K. Alan Tutterow, NHA, CPA, CASP  
CFO/COO/Director of Philanthropy  
Well-Spring, A Life Plan Community  
4100 Well Spring Drive  
Greensboro, North Carolina 27410

Dear Alan:

Continuing Care Actuaries was retained by the management of The Village at Brookwood (“The Village” or “Community”), a nonprofit Life Plan continuing care retirement community (“CCRC”) located in Burlington, North Carolina, to conduct a comprehensive actuarial study. The purpose of the actuarial analysis was to: (1) review the resident demographic experience; (2) provide a population projection of current and prospective residents; (3) calculate the actuarial cash flow projection; (4) evaluate the actuarial balance sheet as of December 31, 2023; and (5) conduct an actuarial pricing analysis of the residence health care program contracts.

The Village at Brookwood opened its doors in 2003 on the site of what was once known as Memorial Hospital of Alamance. Following a merger of Alamance Regional and Cone Health in 2013, The Village at Brookwood became a member of the Cone Health family and was managed by The Well-Spring Group of Greensboro, NC, from 2017 to 2022. On July 1, 2022, The Village at Brookwood officially became part of the nonprofit Well-Spring Group family. This partnership brings to bear the expertise and services of one of the most highly respected retirement living organizations in the country.

The Village at Brookwood offers a wide range of services from independent living and assisted living, to short-term and long-term skilled nursing care, rehabilitation and memory support services. The Village at Brookwood currently has 175 independent living units, 12 assisted living units, 12 memory support units, and 24 skilled nursing beds.

The Village at Brookwood currently offers two types of refundable declining contracts for the Life Plan residents: Life Care (Type A) and Fee For Service (Type B-Modified Life Care). The basic cost of residence at The Village at Brookwood consists of the initial entrance fee and the monthly fee. Residents requiring permanent or temporary health care are able to transfer to the assisted living units, memory support units or skilled nursing beds as determined appropriate by The Village at Brookwood medical and management staff in conjunction with residents and their physicians and family.

Collectively, entrance fees and monthly service fees are intended to cover the cost of constructing and operating the facilities and providing health care and other services to continuing care residents, as well as a portion of all other costs related to the operation of the facility. Entrance fees are held by The Village at Brookwood subject to refund requirements of the residency agreement.

The scope of our study consisted of: (1) an evaluation of the actual resident demographic movements observed at The Village at Brookwood from July 21, 2003 to December 31, 2023; (2) development of population projections based on the current demographic characteristics of the resident population; (3) development of projected statements of actuarial cash flow and actuarial balance sheet; and (4) preparation of an actuarial pricing analysis. This comprehensive actuarial study and review was performed under the guidelines contained in the American Academy of Actuaries' Actuarial Standard of Practice Number 3, "Practices Relating to Continuing Care Retirement Communities."

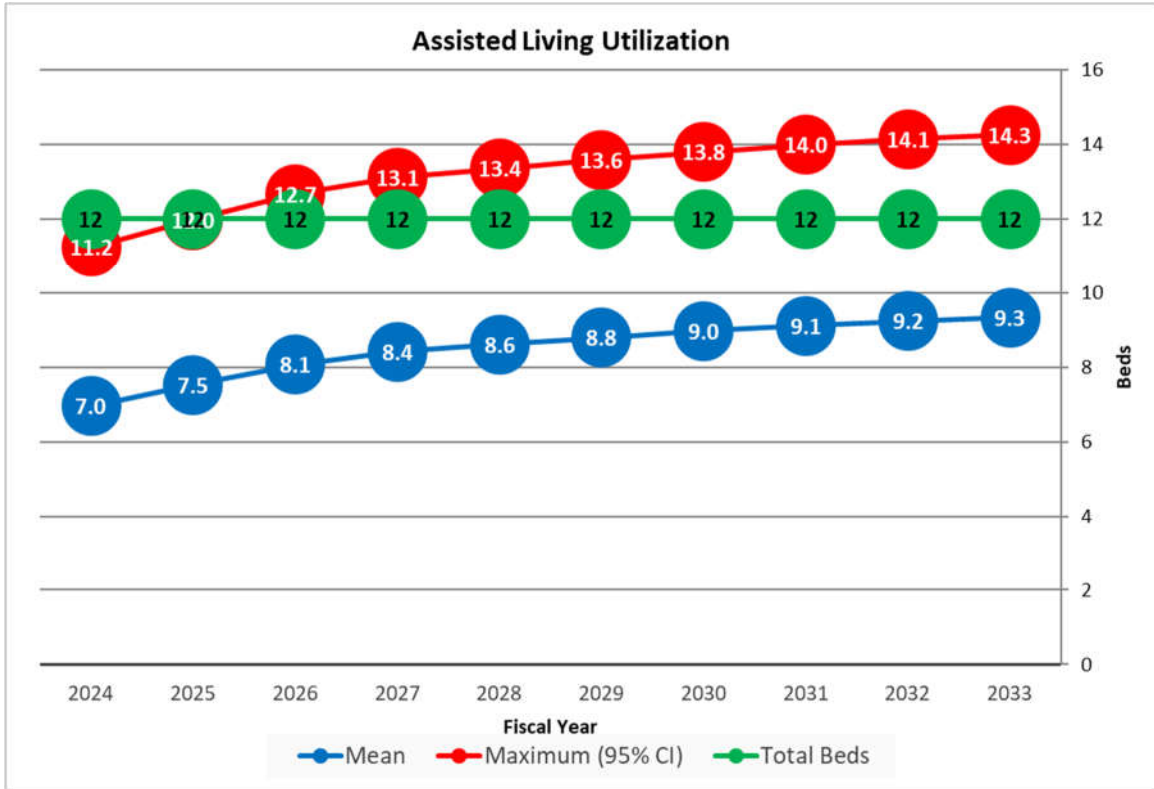
In order to perform the actuarial analysis, we projected initial residents and subsequent residents through various levels of care until move-out or death. The rates of permanent and temporary nursing transfers, deaths and withdrawals were developed using The Village at Brookwood's resident data and Continuing Care Actuaries' demographic database for CCRC residents. In addition to having performed analyses for over 450 CCRCs and At Home programs nationally, we possess one of the largest databases of CCRC residents with over 800,000 CCRC residential life-years of demographic experience. The database assumptions used in this analysis reflect the experience of communities with similar health care guarantees as The Village at Brookwood. The population projections were combined with expense and revenue assumptions to develop projected cash flows and contingent assets and liabilities. A by-product of these cash flow projections is the pricing analysis that examines the financial adequacy of the residential fee structures and the actuarially based balance sheet which is used as an indicator of the adequacy of historical residential fee structures as of December 31, 2023.

Management assumed that 30% of the new entrants will choose the Life Care (Type A) Declining Contract, and the remaining 70% of the new entrants will choose the Fee For Service (Type B-Modified Life Care) Declining Contract.

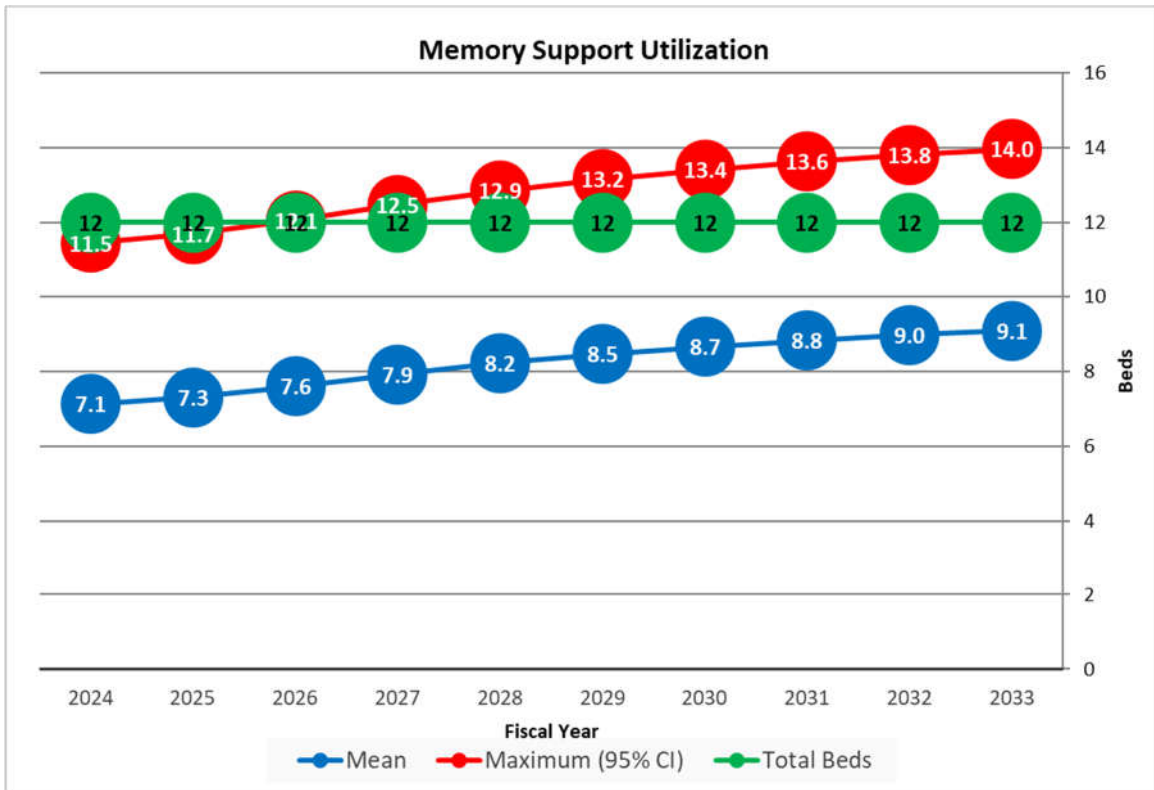
### **Summary Finding and Actuarial Opinion**

- 1) The data and assumptions used for the population and financial projections in this report form a reasonable basis for the projections. The methods used to produce the projections are consistent with sound actuarial principles and practices as prescribed by the Society of Actuaries and the American Academy of Actuaries. Based on the actuarial balance sheet and current assumptions regarding future population and financial activity, the present value of The Village at Brookwood's current and future resources are adequate to cover future obligations under contracts for all current residents, and produce an adequate surplus.

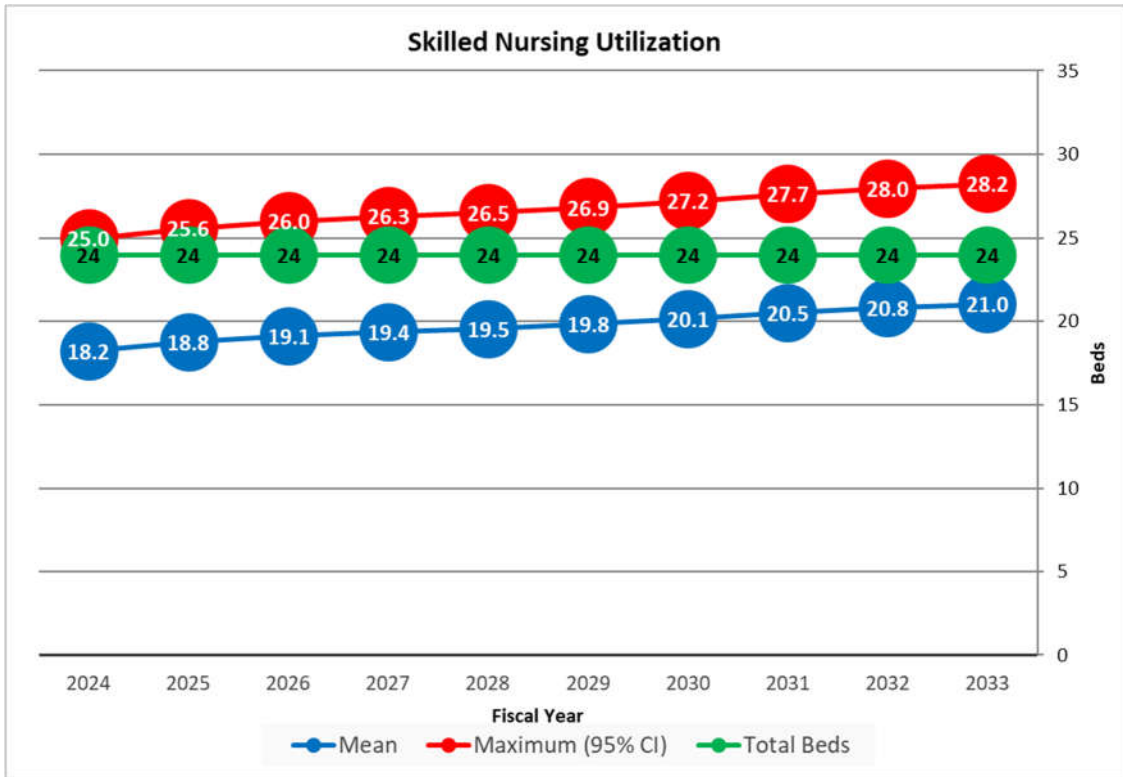
- 2) The projected Life Plan (Life Care and Fee For Service) contracts occupancy of assisted living units with the 95% confidence interval is displayed below.



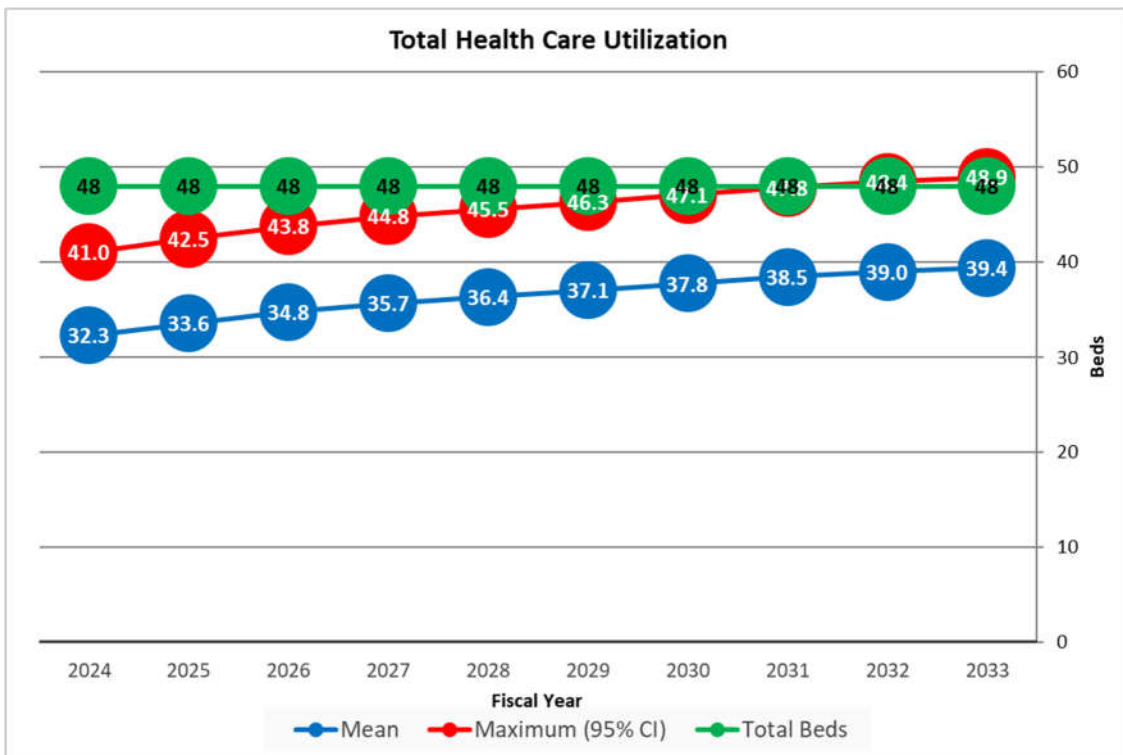
- 3) The projected Life Plan (Life Care and Fee For Service) contracts occupancy of memory support units with the 95% confidence interval is displayed below.



- 4) The projected Life Plan (Life Care and Fee For Service) contracts occupancy of skilled nursing facility with the 95% confidence interval is displayed below.



- 5) The projected Life Plan (Life Care and Fee For Service) contracts occupancy of the combined assisted living, memory support and skilled nursing with 95% confidence interval is detailed below.



- 6) The actuarial cash flow projection, under the assumption that The Village at Brookwood will maintain an ultimate occupancy level of 166.2 out of 175 ILU (95.0% occupancy), generates positive annual cash flow throughout the projection period, except in FY 2024 through FY 2029.
- 7) Based on the result of the actuarial balance sheet as of December 31, 2023, our analysis concluded that The Village at Brookwood will have an adequate funded status in excess of our targeted 110%. The funded status indicates that the combination of net actuarial assets and the present value of projected service fees for the residents as of December 31, 2023 over their lifetimes at The Village at Brookwood will be greater than the present value of the contractual liabilities of these residents.
- 8) The actuarial ratio determines the percent of future expenses that are expected to be covered by future revenues for current residents. This measure is important in that it represents The Village at Brookwood's ability to handle adverse experience since any shortfall must be covered by a combination of existing assets and future residents. This ratio was calculated at 99.2%. Generally, the actuarial ratio for a Life Plan community will vary between 65% and 85%. This result indicates that The Village at Brookwood has sufficient ability to deal with adverse experience by adjusting future monthly fees and daily fees.
- 9) The actuarial pricing analysis develops the expected contractual surplus (deficit) for each contract and for each type of new entrant at the time of entry to The Village at Brookwood. This analysis has parallels to insurance pricing. The present value of the entrance fee and future monthly service fees is calculated, and the present value of contractual liabilities is also calculated for the new entrant at each level of care. Contractual liabilities include future refunds and the cost of independent living and health care. A surplus indicates that the contracts are adequately priced, while a deficit indicates that a deficiency exists. In general, there are some subsidies of couple entrants by single entrants and the larger units subsidize the smaller units.

As a general rule, we recommend that management target contractual pricing to result in a surplus margin of approximately 10%. The surplus margin is defined as the difference in present values of revenues and expenses. This surplus is designed to offset adverse experience such as higher than expected transfers to health care center or higher than expected inflation. It does not represent a profit to The Village at Brookwood. By design, the larger units have a larger surplus to subsidize the smaller units, thereby providing a greater range of prices available to prospective residents and increasing the potential market.

The analysis for all currently sold contracts show an adequate pricing margin of our recommended 10% target. This margin is intended to provide adequate security for adverse experience.

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

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

Management should scrutinize future developments that may cause the fund balance to deteriorate. These developments include higher apartment vacancy rates, higher expense inflation, higher nursing care utilization and longer life expectancies than assumed in the projection.

This report is intended to be used solely by the management of The Village at Brookwood in conformity to its State's regulations to submit the actuarial study. Any distribution of this report to a third party is prohibited without Continuing Care Actuaries' consent. Should you have any questions regarding the information contained in this report, please contact me at 410-833-4220.

Respectfully,



Dave Bond, F.S.A., M.A.A.A.

Managing Partner

[dbond@continuingcareactuaries.com](mailto:dbond@continuingcareactuaries.com)

**40.4 Appendix D – Representative Continuing Care Contracts**

**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. 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.

<b>Entrance Fee Refund</b>	<b>Amortization Schedule</b>
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. Terms of Payment of the Balance of the Entrance Fee.** 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. 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.
- C. 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.

- 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 while occupying a Living Accommodation marries another Resident or elects to share a Living Accommodation with a person who is also a Resident, the two Residents may occupy the Living Accommodation of either Resident and shall surrender the Living Accommodation not to be occupied by them. No refund will be payable with respect to the Living Accommodation surrendered. Such Residents will pay the Monthly Charge for double occupancy associated with the Living Accommodation occupied by them. In the event that a Resident shall marry or elect to share a Living Accommodation with a person who is not a Resident of The Village at Brookwood, the non-resident spouse/co-resident may become a Resident if such spouse/cohabitant meets all of the then current requirements for admission to The Village of Brookwood. Co-Resident shall be required to sign the Residence and Services Agreement in effect for the independent living unit as the Co-Resident which will be amended to require: payment of the Monthly Service Fee applicable to Co-Residents of the independent living unit, and payment of the difference between the single resident and the current Co-Resident Entrance Fee applicable to the independent living unit prior to the new Co-Resident's occupancy of the independent living unit. The effective date of the new Co-Resident's Residence and Services Agreement for purposes of determining any applicable refund of Entrance Fee will be retroactive to the date of the original single resident's original Residence and Services Agreement.
- 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. 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 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.

<b>Entrance Fee Refund</b>	<b>Amortization Schedule</b>
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 while occupying a Living Accommodation marries another Resident or elects to share a Living Accommodation with a person who is also a Resident, the two Residents may occupy the Living Accommodation of either Resident and shall surrender the Living Accommodation not to be occupied by them. No refund will be payable with respect to the Living Accommodation surrendered. Such Residents will pay the Monthly Charge for double occupancy associated with the Living Accommodation occupied by them. In the event that a Resident shall marry or elect to share a Living Accommodation with a person who is not a Resident of The Village at Brookwood, the non-resident spouse/co-resident may become a Resident if such spouse/cohabitant meets all of the then current requirements for admission to The Village of Brookwood.

Co-Resident shall be required to sign the Residence and Services Agreement in effect for the independent living unit as the Co-Resident which will be amended to require: payment of the Monthly Service Fee applicable to Co-Residents of the independent living unit, and payment of the difference between the single resident and the current Co-Resident Entrance Fee applicable to the independent living unit prior to the new Co-Resident's occupancy of the independent living unit. The effective date of the new Co-Resident's Residence and Services Agreement for purposes of determining any applicable refund of Entrance Fee will be retroactive to the date of the original single resident's original Residence and Services Agreement.

**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. 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. **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: \_\_\_\_\_

## **40.5 Appendix E – Statutory Ratio and Supporting Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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