



Well•Spring Retirement Community, Inc.

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Well•Spring, A Life Plan Community

4100 Well Spring Drive

Greensboro, NC 27410

(336) 545-5400

DISCLOSURE STATEMENT

May 31, 2025

**IN ACCORDANCE WITH CHAPTER 58, ARTICLE 64 OF THE
NORTH CAROLINA GENERAL STATUTES:**

- This Disclosure Statement may be delivered until revised, but not after May 30, 2026.
- Delivery of this Disclosure Statement to a contracting party before execution of a contract for continuing care is required.
- This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

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INTRODUCTION

Well•Spring, A Life Plan Community, Inc. (“Well•Spring”) owns a continuing care retirement facility located in Greensboro, North Carolina, which offers its Residents use of an independent living unit (“Living Unit” or “Independent Living Unit”) and/or care in the on-site Health Center and Resident Clinic in accordance with the terms of the Resident agreements described below.

The purpose of this Disclosure Statement is to make disclosures required by North Carolina law and to furnish information to prospective Residents, their families and their advisors concerning the ownership and operation of Well•Spring Community.

ORGANIZATION, OWNERSHIP AND MANAGEMENT OF WELL•SPRING, A LIFE PLAN COMMUNITY

Well•Spring was chartered on February 28, 1986 as a non-stock, non-profit North Carolina corporation to construct and operate a Lifecare retirement community in the City of Greensboro, North Carolina. The business address of Well•Spring is 4100 Well Spring Drive, Greensboro, North Carolina 27410. Well•Spring began operation of its newly constructed residential and health care facility (the “Facility”) in June 1993. Well•Spring is exempt from federal income taxation 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, and is exempt from sales tax. In addition, Well•Spring is entitled to file for property tax exemption under NCGS Section 105-278.6A, an exemption for certain qualified retirement facilities that provide charity care and/or community benefits.

Well•Spring Services, Inc. was incorporated in 2012 as a nonprofit corporation to provide support and to serve as the sole member of Well•Spring Retirement Community, Inc., Well•Spring Foundation (the “Foundation”), Adult Center for Enrichment, Inc. (“ACE”) and Well•Spring Management and Development, Inc. (“Management & Development”)

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

Well•Spring Management & Development was incorporated in 2012 as a management company, organized to ultimately provide management services to Well•Spring, A Life Care Community and other health care organizations including The Village at Brookwood, a continuing care retirement community located in Burlington, North Carolina.

On January 1, 2013, Well•Spring Services, Inc. entered into an integration agreement with ACE in which Services became the sole member of ACE. In addition, the Board of Directors of Services has the authority to appoint the Board of Directors of ACE. The agreement was entered into to establish a collaborative arrangement for the creation, development and management of an aging services continuum centered around home and community-based services in Guilford County, North Carolina. ACE offers an adult day center, three group respite sites, and Caregiver

Education. In addition, on January 1, 2016 Well•Spring Home Care, LLC entered into operations as a limited liability corporation whose sole member is ACE. The ACE governing Board governs the operations of Well•Spring Home Care.

In 2010, Well•Spring contributed \$76,500 to PACE of Guilford & Rockingham Counties, Inc. (“PGRC”), a non-profit aging services provider, and became a member of PGRC. PGRC, which was in its start-up phase in 2010 and 2011, provides services in the community under the Program of All Inclusive Care for the Elderly (PACE), a risk-based long-term care program. Well•Spring provides food services to PGRC at market rates. The Community’s membership interest in PGRC provides substantial benefits; however, the Community did not have a majority voting interest. During 2012, the Community transferred its membership interests in PGRC to Well•Spring Services.

During 2011, the Well•Spring Community contributed \$15,000 to PACE of the Southern Piedmont, Inc. (“PSP”), another non-profit aging services provider, and became a member. PSP, which was in its start-up phase in 2011 and 2012, also provides services for PACE. During 2012, the Well•Spring Retirement Community also transferred its membership interest in PSP to Well•Spring Services.

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.

As part of the agreement, Alamance Extended Care, Inc, the legal entity for The Village at Brookwood joined an obligated group with Well•Spring Retirement Community and issued debt for the purchase. Through the obligated group Well•Spring Retirement and Alamance Extended Care are jointly liable for the debt of both organizations. The debt related to this transaction is reflected on the Financial Statements of The Village at Brookwood.

Affiliation

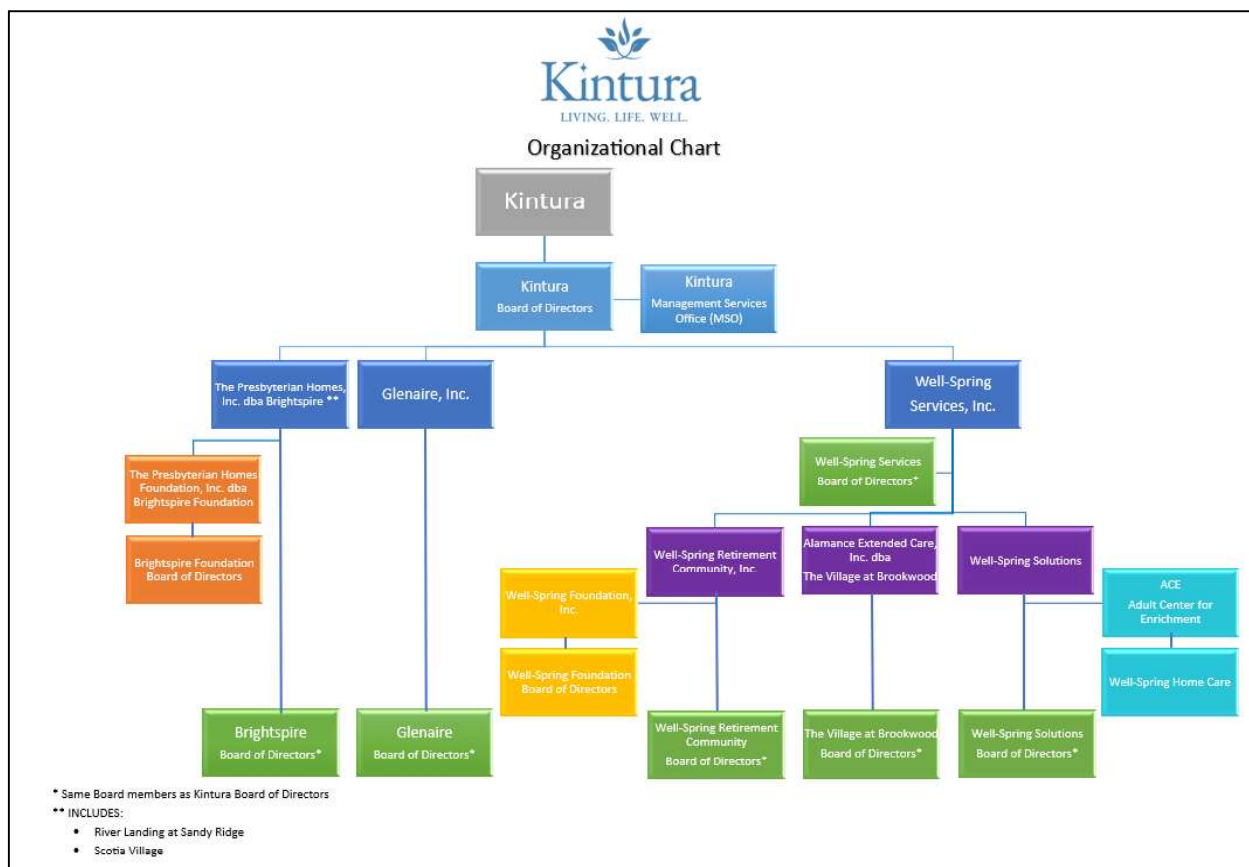
Kintura was founded in 2024 through the affiliation of the former organizations The Presbyterian Homes, Inc., (d/b/a Brightspire) and Well-Spring Services, Inc. (d/b/a The Well-Spring Group). Kintura, located in Greensboro, N.C., is a North Carolina not-for-profit corporation chartered by the State of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

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

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

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

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



The Facilities

Description of Well•Spring

The Facility is located on 90 acres on Drawbridge Parkway in Greensboro, North Carolina. The Facility provides housing and services, including health care, to individuals of retirement age and currently consists of mid-rise apartment buildings, one-story garden apartment residential units and one-story residential units for a total of 264 residential units, 50 skilled nursing rooms, 20 memory care rooms, 10 rehab/transitional stay rooms and 61 assisted living apartments; 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

Organization

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

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

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

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

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

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

Misti L. Ridenour, NHA is currently the Executive Director. Ms. Ridenour has her master's degree in Sociology from University of North Carolina at Greensboro, with a focus on Gerontology. Ms. Ridenour joined Well•Spring in June 1993 and has served in many capacities, including Director of Health Services, Medical Records, Marketing, Administrative Assistant and as Director of Social Services. She was promoted to Executive Director on June 15, 2022. Ms. Ridenour is a licensed Nursing Home Administrator ("NHA").

Kintura
BOARD OF DIRECTORS
2025

Cantey Alexander
5603 New Garden Village Drive
Greensboro, NC 27410

Retired – Triad Regional President
Truist Financial Corporation

Jane Baker
5603 New Garden Village Drive
Greensboro, NC 27410

Retired – Executive Director
NC Board of Examiners for Nursing Homes Administrators

Kathryn “Cookie” Billings (Vice-Chair)
5603 New Garden Village Drive
Greensboro, NC 27410

Retired – Town Manager
City of Jamestown

Bob Chandler
5603 New Garden Village Drive
Greensboro, NC 27410

Vice President
Chandler Concrete Company, Inc.

Tim Clontz (Treasurer)
5603 New Garden Village Drive
Greensboro, NC 27410

Retired
CEO and Executive Director, Community Care Center
Senior Vice President, Cone Health

David Coulter
5603 New Garden Village Drive
Greensboro, NC 27410

Retired
WakeMed, Senior VP, Administrator at Cary Hospital

Wendy Gatlin
5603 New Garden Village Drive
Greensboro, NC 27410

Senior Vice President
US Trust, Bank of American Private Wealth Management

Barry Goldstein
5603 New Garden Village Drive
Greensboro, NC 27410

Retired
CFO and Executive Vice President for Office Depot
Partner at Grant Thornton, international CPA firm

Lori Haddock (Chair)
5603 New Garden Village Drive
Greensboro, NC 27410

Managing Partner at Midtown Financial Advisors

Leigh Ann Klee
5603 New Garden Village Drive
Greensboro, NC 27410

CFO/COO
PACE Communications

Harold Martin Sr., Ph.D.
5603 New Garden Village Drive
Greensboro, NC 27410

Chancellor Emeritus - North Carolina Agricultural and Technical
State University

Alexander L. Maultsby
5603 New Garden Village Drive
Greensboro, NC 27410

Attorney, Partner
Ramseur Maultsby, LLP

Bill McIlwain (Secretary)
5603 New Garden Village Drive
Greensboro, NC 27410

Retired / District Court Judge

David Sprinkle
5603 New Garden Village Drive
Greensboro, NC 27410

Retired
Representative for Northwestern Mutual Life Insurance
President and CEO of The Todd Organization

Ben Zuraw
5603 New Garden Village Drive
Greensboro, NC 27410

Retired
Civic educator and law firm partner

None of the Directors are employed by either Well Spring Services, Inc. or by The Village at Brookwood. The services as Director are without remuneration.

Criminal Violation Statement

No member of the Board of Directors or the management staff has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or is subject to a currently effective injunctive or restrictive court order; or within the past five years, had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care community, nursing home retirement home, home for aged, or community subject to this Article 58-64 or a similar law in another state.

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

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

Admissions Policies

Resident and Care Agreements

Well•Spring offers two Residence and Care Agreement options; Lifecare Residence and Care and Modified Lifecare Residence and Care, both of which require the payment of a one-time Entrance Fee. The payment of the Entrance Fee in conjunction with an ongoing monthly service fee provides the resident with the lifetime usage of the residence and the services and amenities available at the Community. At the time the resident makes application for residency at the Community, the resident will sign a Residency Agreement to reserve the residence selected and will pay a 10% Entrance Fee deposit to the community. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 60 days after the Residency Agreement is executed.

Well•Spring offers a Lifecare Residence and Care Agreement to Residents that meet the eligibility requirements described below. The Lifecare Residence Care Agreement provides financial options that allow the prospective resident to pay a one-time Entrance Fee and an ongoing monthly service fee. Should a Resident with a Lifecare Residence Care Agreement need additional services in either Well•Spring's Adult Care, Memory Care or Skilled Nursing areas, the base monthly fee will not increase over the Independent Living monthly service fee paid by the Resident except for additional meals and care related supplies.

Well•Spring offers a Modified Residence and Care Agreement to Residents that meet the eligibility requirement described below. The Modified Residence and Care Agreement provides financial options that allow the Prospective Resident to pay a one-time reduced Entrance Fee and an ongoing discounted monthly service fee. Should a Resident with a Modified Residence and Care Agreement need additional services in either Well•Spring's Adult Care, Memory Care or

Skilled Nursing areas, the monthly cost will be the then current per diem rate for the appropriate level of care, less a percentage discount.

A Prospective Resident(s) qualifying for the Lifecare Residence and Care Agreement may select either agreement. A Prospective Resident(s) that does not meet the medical criteria for the Lifecare Resident and Care Agreement may be offered the Modified Lifecare Residence and Care Agreement.

Process of Obtaining Residency in an Independent Living Unit

Prospective Residents desiring to occupy an Independent Living Unit will execute a Reservation Agreement to reserve a particular Living Unit (the "Reserved Unit"). Prospective Residents, who will occupy the same Independent Living Unit ("Co-residents"), will sign a single Reservation Agreement with Well•Spring for the Independent Living Unit they desire to occupy (as used in the Disclosure Statement, the term "Resident" includes Co-residents unless the context indicates otherwise). The current version of the Reservation Agreement for Independent Living Units is attached as Appendix E. This Reservation Agreement gives a prospective Resident first priority to enter into a Lifecare Residence and Care Agreement or a Modified Lifecare Residence and Care Agreement for a particular Living Unit at Well•Spring.

In order to become a Resident of the Community, a prospective resident(s) must complete and submit a Confidential Personal Health History, a Confidential Financial Profile (which provides Well•Spring with financial information necessary for the residency process), and the reservation fee (the "Reservation Fee"). Upon receipt of these items, the prospective resident(s) is then considered an applicant. The Reservation Fee is an amount equal to ten percent (10%) of the total Entrance Fee for the type of Living Unit and refund option selected (discussed below). The applicant chooses one of the two Entrance Fee Refund options available for Independent Living Units at the time of signing the Reservation Agreement. This Entrance Fee option may be changed prior to signing a Residence and Care Agreement. The Well•Spring staff will interview an applicant and may request other personal interviews.

The application for residency at Well•Spring and the Confidential Financial Profile will be reviewed by the Residency Review Committee (the "RRC"). The completed Confidential Personal Health History, which includes an authorization for release of medical information, will be forwarded to the applicant's physician with a request for further information. A physician examination within the past twelve (12) months is a prerequisite before an applicant's physician can supply this information. If additional information is required, the applicant, or his or her physician, will be contacted. Well•Spring may also contact and request information from other physicians and health care providers who have provided the applicant with treatment. Once Well•Spring has received all pertinent medical information, the RRC will evaluate the applicant's eligibility for residency at Well•Spring in accordance with its residency criteria described above.

If an applicant is approved by the RRC for residency at Well•Spring, a notification of acceptance letter will be sent to welcome the applicant to the Well•Spring Community and document contractual arrangements available. The applicant must have paid the reservation fee (the "Reservation Fee") equal to ten percent (10%) of the total Entrance Fee amount and must execute a Residence and Care Agreement within seven (7) days after the notification date. The applicant will commence occupancy on a date established by Well•Spring (the "Occupancy Date"),

not to exceed more than sixty (60) days after signing a Residence and Care Agreement. If the applicant desires an occupancy date more than sixty (60) days after signing a Residence and Care Agreement, an additional reservation fee deposit may be required. Well•Spring will use its best efforts to establish an Occupancy Date acceptable to the applicant.

The balance of the total Entrance Fee due must be paid on or before the Occupancy Date. If a Resident fails to occupy his or her Living Unit on the Occupancy Date, they will nevertheless remain obligated to pay the balance of their Entrance Fee and to begin and continue paying the Monthly Fee applicable to their Living Unit less the published meal credit, unless the Residence and Care Agreement is terminated as described below.

Residents are required to maintain Medicare (Part A & B) coverage or equivalent insurance coverage acceptable to Well•Spring, any other governmental health care benefit or entitlement for which they are eligible and supplemental insurance acceptable to Well•Spring.

Independent Living is open to persons 62 years of age or older (except that, in the case of a couple, one applicant may be 60), who are free from communicable disease and demonstrate an ability to meet their financial obligations as residents. Admission to the community is not based upon the applicant's religion, sexual orientation, national origin, or other protected status.

Changes of Condition of Resident Prior to Occupancy

Under the terms of the Residence and Care Agreement, in the event Well•Spring determines prior to or on the Occupancy Date that a Resident cannot occupy the Independent Living Unit selected because of a change in health status, the Resident and Well•Spring agree that the Resident will commence residency on the Occupancy Date in the Health Center in an accommodation suitable to his or her needs. Well•Spring agrees to consult with the Resident and his or her physician, or with anyone else the Resident designates as a primary contact, prior to making a determination that the Resident is unable to occupy his or her Independent Living Unit for health reasons. If a Resident is admitted directly into the Health Center because of a change in the Resident's health status, the Independent Living Unit he or she selected will be released and made available to a new applicant, unless the Resident was a Co-resident, in which case the other Co-resident shall be entitled to occupy the Independent Living Unit as provided in the Residence and Care Agreement. Should Well•Spring later determine that the Resident has become able to occupy a Living Unit and to live independently, then (i) if the Resident's Co-resident occupies the Living Unit, the Resident may return to that Living Unit with his or her Co-resident; or (ii) if the Resident's Living Unit was released, the Resident shall be entitled to return to that Living Unit if it is available; or (iii) the Resident may select another Living Unit of the type described in Exhibit A to the Residence and Care Agreement. If neither the Resident's Living Unit nor a Living Unit of the same type is available, in its discretion, Well•Spring shall offer the Resident a Living Unit of another type, until a Living Unit of the type selected in Exhibit A to the Residence and Care Agreement becomes available. Unless the Resident and Well•Spring agree otherwise, the Resident shall relocate to a Living Unit of the type originally selected in the Residence and Care Agreement upon the availability of such Living Unit. No refund of any portion of the Entrance Fee shall be due as a result of the Resident's transfer from the Health Center to an Independent Living Unit or the Resident's occupancy of an Independent Living Unit other than the type described in the Residence and Care Agreement.

If, after the consultations described above, Well•Spring determines that the Resident would require care that cannot be provided at Well•Spring due to changes in the Resident's health status, Well•Spring shall have the right to terminate the Residence and Care Agreement (or in the case of Co-residents, to terminate the Residence and Care Agreement with respect to the Resident whose health status changes), and any refunds of the Resident's Entrance Fee will be made in accordance with the provisions of Section VI and, if applicable, Section VII of the Residence and Care Agreements attached as Appendix C.

Co-applicants, who are accepted for residency at Well•Spring, will pay jointly the Reservation Fee and the balance of the total Entrance Fee due for the type of Living Unit and the refund option they select. Co-applicants will execute a Residence and Care Agreement jointly in order to occupy the Living Unit selected by them. Each Co-applicant is jointly and severally liable for all payments, including the Monthly Fee due and all obligations to be performed by the Co-residents under the terms of the Residence and Care Agreement.

Process of Obtaining Residency in an Adult Care Unit

The residency process for acceptance directly into an Adult Care Unit is essentially the same as the residency process for Independent Living Units (described above). To begin the process of obtaining residency in an Adult Care Unit, applicants must submit a Confidential Personal Health History and Confidential Financial Profile and pay a \$500 Reservation Fee. If the applicant's application for residency in an Adult Care Unit is approved by the RRC, the applicant must execute the then-current version of the Health Care Agreement (Appendix D) no later than the first day of occupancy.

The resident will begin paying the monthly residency fee from the day of occupancy, prorated if necessary.

Termination of the Reservation Agreement

Termination and Refunds

The Reservation Agreement for an Independent Living Unit will terminate upon any of the following occurrences:

- a) The applicant fails to pay the Reservation Fee;
- b) The applicant dies, or in the case of Co-applicants for an Independent Living Unit, one Co-applicant dies, before the Residence and Care Agreement becomes effective;
- c) The applicant submits to Well•Spring by registered or certified mail a written notice of termination of the Reservation Agreement for any reason;
- d) The applicant is not accepted for residency at Well•Spring;
- e) The applicant fails to sign either a Residence and Care Agreement or a Health Care Agreement (as appropriate) or to pay the Advance Payment or Entrance Fee in accordance with the terms of the Reservation Agreement;

- f) The applicant experiences changes in his or her financial status prior to occupancy at Well•Spring Community that cause the applicant to fail to meet Well•Spring's financial qualifications for acceptance; or
- g) The applicant's future health care needs exceed the level of service provided in the Health Center.

The Reservation Agreement will also terminate once the applicant signs a Residence and Care Agreement.

If either the applicant or Well•Spring terminates a Reservation Agreement for an Independent Living Unit for a reason other than the applicant's signing a Residence and Care Agreement, Well•Spring will have the right to reassign the Independent Living Unit reserved, and the applicant will have no further rights to that unit except that Well•Spring will give a surviving Co-applicant the opportunity to enter into a new Reservation Agreement for the Independent Unit reserved based on single occupancy or on joint occupancy with another Co-applicant before the unit is offered to others.

If the Reservation Agreement for either an Independent Living Unit or an Adult Care Unit is terminated because: 1) the applicant is not accepted for residency at Well•Spring; 2) the applicant dies (or, in the case of Co-applicants for an Independent Living Unit, one Co-applicant dies); 3) the applicant experiences changes in his or her financial status prior to occupancy at Well•Spring Community that cause the applicant to fail to meet Well•Spring's financial qualifications for admission; or 4) the applicant's future health care needs exceed the level of services provided in the Health Center, Well•Spring will return all Reservation Fees, less any fees charged, to the applicant or the applicant's legal representative. If the Reservation Agreement is terminated because: 1) the applicant notifies Well•Spring of his or her termination; 2) the applicant fails to sign a Residence and Care Agreement or Health Care Agreement (as applicable); or 3) the applicant fails to pay the Reservation Fee or Entrance Fee, then, in addition to any fees charged, Well•Spring reserves the right to withhold a non-refundable administrative charge of two percent (2%) of the applicant's total Entrance Fee amount from any refunds due to the applicant to the extent permitted by law.

In the event the Reservation Agreement is terminated for any reason other than the applicant's signing a Residence and Care Agreement or a Health Care Agreement, Well•Spring shall refund any escrowed Entrance Fees, less any administrative charge, within five (5) working days after either: (i) Well•Spring receives written notification of the applicant's termination of the Reservation Agreement; or (ii) Well•Spring notifies the applicant in writing of termination of the Reservation Agreement by Well•Spring.

Termination of the Residence and Care Agreement – Life Care
(All Exhibits and Sections referenced in this section refer to Residence and Care
Agreements found in Appendix C)

This Agreement may be terminated in accordance with this Article VI. The effective date of termination of this Agreement, as established in the provisions below, is referred to hereinafter as the “Termination Date.”

Termination During 30 Day Opt-Out (“Rescission”) Period.

You may terminate this Agreement by giving written notice thereof to Well•Spring within thirty (30) days following the later of (i) the Effective Date of this Agreement (as defined in Section VIII, paragraph 4) or (ii) the receipt of a Disclosure Statement that meets the requirement of the laws of the State of North Carolina. You do not have to move in before the expiration of the 30-day rescission period. If you terminate this Agreement within this thirty (30) days period prior to your occupancy of your Living Unit and payment of the Entrance Fee, Well•Spring will refund your Reservation Fee, less two percent (2%) of the total Entrance Fee which is non-refundable.

Termination by You When Death, Illness, Injury or Incapacity Prevents Occupancy

If, at any time prior to occupancy, including the thirty (30) day rescission period described above, you are not able to commence occupancy of your Living Unit or an accommodation in the Health Center due to death, illness, injury or incapacity, you or your personal representative shall give written notice thereof to Well•Spring together with information to validate your claim. Upon validation of your claim, this Agreement would be automatically terminated, and the Termination Date shall be the date of the notice, and you or your legal representative shall receive a refund of your Reservation Fee less any fees charged by Well•Spring to you or your legal representative within five (5) business days after it accepts your claim.

Voluntary Termination by You.

If you wish to voluntarily terminate this Agreement you must provide written notice to Well•Spring at least thirty (30) days prior to your desired termination date. If you terminate this Agreement for any reason other than described in paragraphs 1 and 2 of this Article VI before you commence occupancy of your Living Unit and before you pay the Entrance Fee, Well•Spring will refund your Reservation Fee less two percent (2%) of the total Entrance Fee which is non-refundable. If you terminate this Agreement for any reason other than described in paragraphs 1 and 2 of this Article VI after you commence occupancy of your Living Unit, you will receive a refund of the Entrance Fee to which you are entitled based on the Refund Option you selected. The Termination Date shall be thirty (30) days after the date Well•Spring receives your notice of termination or a date greater than 30 days as specified by you. Well•Spring reserves the right in its discretion to delay payment of any refund pursuant to this Section 3 until the earlier of (i) the date Well•Spring receives payment of an Entrance Fee from a successor resident of your Living Unit or (ii) two (2) years from the Termination Date.

Failure to Meet Admission Criteria.

If Well•Spring determines that you do not meet its admission criteria prior to your occupancy of the Living Unit, this Agreement shall terminate, and Well•Spring will refund your Reservation Fee less any fees charged by Well•Spring within five (5) business days after its determination.

Termination by Well•Spring

Notwithstanding anything to the contrary contained herein, Well•Spring will have the right to terminate this Agreement for any cause which, in its judgment and sole discretion, shall be good and sufficient. Good and sufficient cause will include, without limitation, the following:

- Failure to perform your obligations under this Agreement, including, but not limited to the obligation to pay the Monthly Fees and other charges, within fifteen (15) days after they are due to be performed or paid.
- Failure to abide by the rules and regulations of Well•Spring Community, including such changes as may be adopted from time to time.
- Material misstatements or failure to state a material fact in your application, financial statement, and health history statement filed with Well•Spring or in your representations in this Agreement.
- Changes in your financial status prior to occupancy at Well•Spring Community that cause you to fail to meet Well•Spring's financial qualifications for admission.
- Dissipation or commitment of your financial resources in a voluntary and discretionary manner that impairs your ability to meet your financial obligations to Well•Spring.
- Permanent transfer to another public or private institution.
- You develop a medical condition or illness, such that you can no longer live independently and require assisted living or skilled nursing care, as determined by one or more physicians (hereafter the "Consulting Physician") selected by Well•Spring who will consult with your physician and you fail or refuse to leave and relinquish your Living Unit and be admitted to the Health Center within five (5) days after notice by Well•Spring.
- You give Well•Spring notice of your election to receive a refund of your Entrance Fee in accordance with Section VI, paragraph 9 below.

Well•Spring shall give you at least thirty (30) days' prior written notice of your Termination Date unless your continued occupancy presents a threat to the safety of others or to yourself in which case Well•Spring shall have the right to reduce the prior notice period in its discretion and to make the termination immediately effective, if necessary. Well•Spring reserves the right in its discretion to delay payment of any refund due as a result of a termination under this paragraph 5 until Well•Spring receives payment of an Entrance Fee from a successor resident of your Living Unit.

Effect of Termination on Co-Residents.

In the case of Co-Residents, Well•Spring will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this Agreement will remain in effect for the remaining Co-Resident. Notwithstanding any provision in this Agreement to the contrary, the rights and responsibilities of the Co-Residents with respect to any refund of Entrance Fees and payment of Monthly Fees will be determined in accordance with Section VII, paragraph 3.

Refund of Entrance Fee Conditioned on Payment of Resident's Obligations.

Notwithstanding any provision in this Agreement to the contrary, Well•Spring shall be entitled to withhold the refund of an Entrance Fee pursuant to Sections 3, 4 and 5 above until the Resident entitled to the refund pays Well•Spring all amounts owed to it, including but not limited to Monthly Fees and any reasonable expenses incurred in connection with the termination, including, but not limited to:

- Cost of any repairs or replacement of property assigned to your use.
- Painting or other refurbishment of your Living Unit in excess of that required by normal wear.
- The cumulative amount of any financial assistance or other subsidies provided to you by Well•Spring.

Well•Spring may also set off any amounts owed against any refund due and against any Monthly Fee that was prepaid for periods after the Termination Date.

Limitation of Remedies and Damages for Default by Well•Spring.

Until you notify us in writing of an alleged default and afford us a reasonable time in which to cure the alleged default, no default by Well•Spring in the performance of any of the obligations or promises herein agreed to by Well•Spring or imposed by law shall constitute a material breach of this Agreement, and you shall have no right to terminate the Agreement for any such breach or suspend your performance under this Agreement. Regardless of their duration, the defective condition of or failure to repair, maintain, or provide any area, fixture, or facility used in connection with social or recreational activities will not constitute a material breach of this Agreement and you shall have no right to terminate this Agreement or suspend your performance under this Agreement.

Refunds Pursuant to a Refund Option.

In addition to the provisions for a refund of the Entrance Fee stated above, you shall have the rights to and shall be bound by the terms of the Refund Option selected by you on Exhibit A. and the provisions concerning Co-Residents' rights and responsibilities, if applicable. Your right to a refund under the Refund Option you selected will arise if any one of the following circumstances should occur:

You give Well•Spring notice of your election to receive a refund in which event this Agreement will terminate in accordance with Section VI, paragraphs 1, 2, and 3.

Well•Spring terminates this Agreement in accordance with Section VI, paragraph 4 or 5; or; This Agreement is terminated as a result of your death.

The amount of the refund, if any, to which you are entitled will be determined in accordance with the Refund Option selected by you. The Refund Options are as follows:

One year, Four Percent Per Month Declining Refund Option. If you have selected the One (1) Year, Four Percent (4%) Per Month Declining Refund Option, Well•Spring will refund to you or to your estate an amount equal to ninety percent (90%) of the Entrance Fee paid in the event that the Termination Date occurs within sixty (60) days after the Occupancy Date. If the Termination Date occurs more than sixty (60) days after the Occupancy Date, Well•Spring will refund to you or your estate an amount equal to ninety percent (90%) of the Entrance Fee paid less four percent (4%) of the total Entrance Fee for each calendar month between the end of the initial sixty (60) day period and the Termination Date until the refund amount is equal to fifty percent (50%) of the Entrance Fee. In no event shall you be entitled to any refund if the Termination Date occurs more than twelve (12) months after the Occupancy Date. This option shall be referred to as the One (1) Year, Four Percent (4%) Per Month Declining Refund.

Ninety Percent Refund Option. If you have selected the Ninety Percent (90%) Refund Option, Well•Spring will refund to you or your estate ninety percent (90%) of the Entrance Fee paid. This option will be referred to as the Ninety Percent (90%) Refund.

For purposes of computing Entrance Fee Refunds, a partial calendar month of more than 15 days shall be treated as a full calendar month and a partial calendar month of 15 or fewer days shall be ignored. The Effective Date and Termination Date shall be counted as full calendar days.

Removal of Property.

You agree to the removal of your property from the Living Unit and the Well•Spring Community within a two (2) week grace period after the Termination Date. After the applicable grace period, you or your estate shall pay a daily rate based on the Monthly Fee applicable to your Living Unit less the published Food Credit. Additionally, Well•Spring may store such property at your or your estate's expense for up to sixty (60) days after which it may be disposed of by Well•Spring without liability.

Termination of the Residence and Care Agreement – Modified Life Care (All Exhibits and Sections referenced in this section refer to Residence and Care Agreements found in Appendix C)

This Agreement may be terminated in accordance with this Article VI. The effective date of termination of this Agreement, as established in the provisions below, is referred to hereinafter as the "Termination Date."

Termination During 30 Day Opt-Out ("Rescission") Period.

You may terminate this Agreement by giving written notice thereof to Well•Spring within thirty (30) days following the later of (i) the Effective Date of this Agreement (as defined in Section VIII, paragraph 4) or (ii) the receipt of a Disclosure Statement that meets the requirement of the laws of the State of North Carolina. You do not have to move in before the expiration of the 30-day rescission period. If you terminate this Agreement within this thirty (30) days period prior to

your occupancy of your Living Unit and payment of the Entrance Fee, Well•Spring will refund your Reservation Fee, less two percent (2%) of the total Entrance Fee which is non-refundable.

Termination by You When Death, Illness, Injury or Incapacity Prevents Occupancy.

If, at any time prior to occupancy, including the thirty (30) day rescission period described above, you are not able to commence occupancy of your Living Unit or an accommodation in the Health Center due to death, illness, injury or incapacity, you or your personal representative shall give written notice thereof to Well•Spring together with information to validate your claim. If your claim is accepted by Well•Spring, this Agreement shall terminate, and the Termination Date shall be the date of the notice, and you or your legal representative shall receive a refund your Reservation Fee less any fees charged by Well•Spring to you or your legal representative within five (5) business days after it accepts your claim.

Voluntary Termination by You.

If you wish to voluntarily terminate this Agreement you must provide written notice to Well•Spring at least 30 days prior to your desired termination date. If you terminate this Agreement for any reason other than described in paragraphs 1 and 2 of this Article VI before you commence occupancy of your Living Unit and before you pay the Entrance Fee, Well•Spring will refund your Reservation Fee less two percent (2%), of the total Entrance Fee which is non-refundable. If you terminate this Agreement for any reason other than described in paragraphs 1 and 2 of this Article VI after you commence occupancy of your Living Unit, you will receive a refund of the Entrance Fee to which you are entitled based on the Refund Option you selected. The Termination Date shall be thirty (30) days after the date Well•Spring receives your notice of termination or a date greater than 30 days as specified by you. Well•Spring reserves the right in its discretion to delay payment of any refund pursuant to this Section 3 until the earlier of (i) the date Well•Spring receives payment of an Entrance Fee from a successor resident of your Living Unit or (ii) two (2) years from the Termination Date.

Failure to Meet Admission Criteria.

If Well•Spring determines that you do not meet its admission criteria prior to your occupancy of the Living Unit, this Agreement shall terminate, and Well•Spring will refund your Reservation Fee within five (5) business days after its determination less any fees charged by Well•Spring.

Termination by Well•Spring.

Notwithstanding anything to the contrary contained herein, Well•Spring will have the right to terminate this Agreement for any cause which, in its judgment and sole discretion, shall be good and sufficient. Good and sufficient cause will include, without limitation, the following:

- Failure to perform your obligations under this Agreement, including, but not limited to the obligation to pay the Monthly Fees and other charges, within fifteen (15) days after they are due to be performed or paid.
- Failure to abide by the rules and regulations of Well•Spring Community, including such changes as may be adopted from time to time.

- Material misstatements or failure to state a material fact in your application, financial statement, and health history statement filed with Well•Spring or in your representations in this Agreement.
- Changes in your financial status prior to occupancy at Well•Spring Community that cause you to fail to meet Well•Spring's financial qualifications for admission.
- Dissipation or commitment of your financial resources in a voluntary and discretionary manner that impairs your ability to meet your financial obligations to Well•Spring.
- Permanent transfer to another public or private institution.
- You develop a medical condition or illness, such that you can no longer live independently and require assisted living or skilled nursing care, as determined by one or more physicians (hereafter the "Consulting Physician") selected by Well•Spring who will consult with your physician.
- You give Well•Spring notice of your election to receive a refund of your Entrance Fee in accordance with Section VI, paragraph 9 below.

Well•Spring shall give you at least thirty (30) days' prior written notice of your Termination Date unless your continued occupancy presents a threat to the safety of others or to yourself in which case Well•Spring shall have the right to reduce the prior notice period in its discretion and to make the termination immediately effective, if necessary. Well•Spring reserves the right in its discretion to delay payment of any refund due as a result of a termination under this paragraph 5 until Well•Spring receives payment of an Entrance Fee from a successor resident of your Living Unit.

Effect of Termination on Co-Residents.

In the case of Co-Residents, Well•Spring will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this Agreement will remain in effect for the remaining Co-Resident. Notwithstanding any provision in this Agreement to the contrary, the rights and responsibilities of the Co-Residents with respect to any refund of Entrance Fees and payment of Monthly Fees will be determined in accordance with Section VII, paragraph 3.

Refund of Entrance Fee Conditioned on Payment of Resident's Obligations.

Notwithstanding any provision in this Agreement to the contrary, Well•Spring shall be entitled to withhold the refund of an Entrance Fee pursuant to Sections 3, 4 and 5 above until the Resident entitled to the refund pays Well•Spring all amounts owed to it, including but not limited to Monthly Fees and any reasonable expenses incurred in connection with the termination, including, but not limited to:

- Cost of any repairs or replacement of property assigned to your use.
- Painting or other refurbishment of your Living Unit in excess of that required by normal wear.
- The cumulative amount of any financial assistance or other subsidies provided to you by Well•Spring.

Well•Spring may also set off any amounts owed against any refund due and against any Monthly Fee that was prepaid for periods after the Termination Date.

Limitation of Remedies and Damages for Default by Well•Spring.

Until you notify us in writing of an alleged default and afford us a reasonable time in which to cure the alleged default, no default by Well•Spring in the performance of any of the obligations or promises herein agreed to by Well•Spring or imposed by law shall constitute a material breach of this Agreement, and you shall have no right to terminate the Agreement for any such breach or suspend your performance under this Agreement. Regardless of their duration, the defective condition of or failure to repair, maintain, or provide any area, fixture, or facility used in connection with social or recreational activities will not constitute a material breach of this Agreement and you shall have no right to terminate this Agreement or suspend your performance under this Agreement.

Refunds Pursuant to a Refund Option.

In addition to the provisions for a refund of the Entrance Fee stated above, you shall have the rights to and shall be bound by the terms of the Refund Option selected by you on Exhibit A. and the provisions concerning Co-Residents' rights and responsibilities, if applicable. Your right to a refund under the Refund Option you selected will arise if any one of the following circumstances should occur:

You give Well•Spring notice of your election to receive a refund in which event this Agreement will terminate in accordance with Section VI, paragraphs 1, 2, and 3.

Well•Spring terminates this Agreement in accordance with Section VI, paragraph 4 or 5; or

This Agreement is terminated as a result of your death.

The amount of the refund, if any, to which you are entitled will be determined in accordance with the Refund Option selected by you. The Refund Options are as follows:

One year, Four Percent Per Month Declining Refund Option. If you have selected the One (1) Year, Four Percent (4%) Per Month Declining Refund Option, Well•Spring will refund to you or to your estate an amount equal to ninety percent (90%) of the Entrance Fee paid in the event that the Termination Date occurs within sixty (60) days after the Occupancy Date. If the Termination Date occurs more than sixty (60) days after the Occupancy Date, Well•Spring will refund to you or your estate an amount equal to ninety percent (90%) of the Entrance Fee paid less four percent (4%) of the total Entrance Fee for each calendar month between the end of the initial sixty (60) day period and the Termination Date until the refund amount is equal to fifty percent (50%) of the Entrance Fee. In no event shall you be entitled to any refund if the Termination Date occurs more than twelve (12) months after the Occupancy Date. This option shall be referred to as the One (1) Year, Four Percent (4%) Per Month Declining Refund.

For purposes of computing Entrance Fee Refunds, a partial calendar month of more than 15 days shall be treated as a full calendar month and a partial calendar month of 15 or fewer days shall be ignored. The Effective Date and Termination Date shall be counted as full calendar days.

Removal of Property.

You agree to the removal of your property from the Living Unit and the Well•Spring Community within a two (2) week grace period after the Termination Date. After the applicable grace period, you or your estate shall pay a daily rate based on the Monthly Fee applicable to your Living Unit less the published Food Credit. Additionally, Well•Spring may store such property at your or your estate's expense for up to sixty (60) days after which it may be disposed of by Well•Spring without liability.

**Termination of the Residence and Care Agreement – Health Care
(All Exhibits and Sections referenced in this section refer to Residence and Care
Agreements found in Appendix D)**

Termination Date

As used in this section, "Termination Date" shall mean the date on which this Agreement is terminated either (i) in accordance with the provisions of Article II above; or (ii) by either you or Well•Spring in accordance with the provisions of this Article VII.

Duties upon Termination

Your Daily Charge is to be paid through the Termination Date. In no event shall Well•Spring be obligated to refund more than one (1) month's payment of your Daily Charge. No refund of any portion of the Daily Charge shall be due as a result of your transfer to another institution or facility, unless this Agreement is terminated in accordance with its terms.

Upon termination by either you or Well•Spring pursuant to Article II above or the provisions of this section, you agree to pay Well•Spring all amounts owed to it any reasonable expenses incurred in connection with the termination of this Agreement, including, but not limited to:

- Cost of any repairs or replacement of property assigned to your use.
- Painting or other refurbishment of your Health Center Living Unit in excess of that required by normal wear.
- Well•Spring may set off any amounts owed it by you against any refund due.

Well•Spring shall refund any payment of your Daily Charge that may be due to you within five (5) working days after: (i) this Agreement has terminated in accordance with Section II above; (ii) Well•Spring receives written notification of your termination of this Agreement pursuant to the provisions of this section; or (iii) Well•Spring notifies you in writing of termination of this Agreement by Well•Spring pursuant to the provisions of this section.

Termination During 30 Day Opt-Out ("Rescission") Period

You may terminate this Agreement by giving written notice thereof to Well•Spring within thirty (30) days following the later of (i) the Effective Date of this Agreement (as defined in Section VIII, paragraph 2) or (ii) the receipt of a Disclosure Statement that meets the requirement of the laws of the State of North Carolina. You do not have to move in before the expiration of the 30-day rescission period. If you terminate this Agreement within this thirty (30) day period prior to

your occupancy of your Living Unit, Well•Spring will refund your Deposit, less any fees charged to you by Well•Spring.

Termination by You When Death, Illness, Injury or Incapacity Prevents Occupancy

If, at any time prior to occupancy, including the thirty (30) day rescission period described above, you are not able to commence occupancy of your Health Center Living Unit or an accommodation in the Health Center due to death, illness, injury or incapacity, you or your personal representative shall give written notice thereof to Well•Spring together with information to validate your claim. Upon validation of your claim, this Agreement would be automatically terminated, and the Termination Date shall be the date of the notice, and you or your legal representative shall receive a refund of

your Reservation Fee less any fees charged by Well•Spring to you or your legal representative within five (5) business days after it accepts your claim.

(Note: this paragraph is not applicable to residents who transfer to the Health Center from a Living Unit.)

Voluntary Termination by You

If you wish to voluntarily terminate this Agreement for reasons other than described stated in paragraphs 3 and 4 above, then you must provide written notice to Well•Spring at least 30 days prior to your desired termination date

Termination by Well•Spring

Well•Spring shall have the right to terminate this Agreement at any time for any cause which, in its judgment and sole discretion, shall be good and sufficient. Good and sufficient cause shall include, without limitation, the following:

- Failure to perform your obligations under this Agreement, including, but not limited to, the obligation to pay the Daily Charge and other charges, within fifteen (15) days after they are due to be performed or paid.
- Failure to abide by the rules and regulations of Well•Spring Community, including such changes as may be adopted from time to time.
- Material misstatement or failure to state a material fact in your application, financial statement or health history statement filed with Well•Spring.
- Changes in your financial status prior to occupancy at Well•Spring Community that impair your ability to meet Well•Spring's financial qualifications for acceptance.
- Dissipation or commitment of your financial resources in a voluntary and discretionary manner that impairs your ability to meet your financial obligations to Well•Spring.
- Permanent transfer to another public or private institution.
- You develop a medical condition or illness, such that you can no longer live independently and require assisted living or skilled nursing facility care, as determined by one or more physicians (hereafter the "Consulting Physician") selected by Well•Spring who will consult with your physician.

Well•Spring shall give you at least thirty (30) days prior written notice of your Termination Date unless your continued occupancy presents a threat to the safety of others or to yourself, in

which case Well•Spring shall have the right to reduce the prior notice period in its discretion and to make the termination immediately effective, if necessary.

Limitation of Remedies and Damages for Default by Well•Spring

Until you notify us in writing of an alleged default and afford us a reasonable time in which to cure the alleged default, no default by Well•Spring in the performance of any of the obligations or promises herein agreed to by Well•Spring or imposed by law shall constitute a material breach of this Agreement, and you shall have no right to terminate the Agreement for any such breach or suspend your performance under this Agreement. Regardless of their duration, the defective condition of or failure to repair, maintain, or provide any area, fixture, or facility used in connection with social or recreational activities will not constitute a material breach of this Agreement and you shall have no right to terminate this Agreement or suspend your performance under this Agreement.

Removal of Property

You agree to the removal of your property from the Living Unit and the Well•Spring Community within a two (2) week grace period after the Termination Date. After the applicable grace period, you or your estate shall pay a daily rate based on the Monthly Fee applicable to your Living Unit less the published Food Credit. Additionally, Well•Spring may store such property at your or your estate's expense for up to sixty (60) days after which it may be disposed of by Well•Spring without liability.

**Changes During Residency Life Care
(All Exhibits and Sections referenced in this section refer to Residence and Care
Agreements found in Appendix C)**

There may come a time when you, or if Co-Residents, one of you, must move from your Living Unit to the Health Center or to another facility which provides services not available at Well•Spring. Well•Spring is aware that this is a critical transition and shall adhere to the following procedures regarding any such transfer.

Consultations

Except in case of emergency, Well•Spring shall not transfer you from your Living Unit or from the Health Center for health-related or other reasons until it has consulted with you and your physician, or with anyone else you designate as a primary contact. In the case of an emergency transfer, the consultations described above shall be scheduled by Well•Spring within five (5) days after transfer.

Consents

When Well•Spring determines it to be appropriate, after the consultations provided for in the preceding paragraph have occurred, to transfer you from your Living Unit to the Health Center or to a suitable public or private facility for hospitalization, health care, or other health-related services, Well•Spring shall have the right and authority to transfer you without having to obtain your further consent.

In the event that Well•Spring determines that your continued occupancy of your Living Unit constitutes a danger to other residents or to yourself, or is detrimental to the peace or health of

other residents, Well•Spring shall have the right and authority to transfer you to another Living Unit, to the Health Center, or to a suitable public or private facility without having to obtain your further consent.

Temporary Transfer

When Well•Spring is persuaded that the condition which requires your transfer has the potential to be resolved in a manner which may allow you to return to your Living Unit, the unit will be held for your return in accordance with the provisions of this paragraph. The return to your Living Unit is subject to the approval of Well•Spring. You agree to pay the Monthly Fee applicable to your Living Unit during any temporary absence. During the first thirty (30) days (whether or not consecutive) of Health Center occupancy without a break of at least thirty (30) days, your Living Unit shall be held and reserved for you in the event you no longer need the services of the Health Center, at no extra cost. In the event you continue occupancy in the Health Center beyond thirty (30) days and wish to continue to reserve your Living Unit, Well•Spring may require you to pay a monthly Holding Fee in accordance with Well•Spring's Living Unit Holding Policy in effect at such time. Well•Spring's Living Unit Holding Policy may delay imposing the Holding Fee later than thirty (30) days, but in no circumstance will it begin earlier than the thirty (30) days stated above. The days you occupy the Health Center shall be counted, whether or not consecutive. After you have reoccupied your Living Unit for a period of thirty (30) consecutive days, your prior days of occupancy in the Health Center shall not be counted. You may not hold the Living Unit for more than ninety (90) days beyond the initial thirty (30) days of Health Center occupancy without the approval of Well•Spring. If you choose to surrender the Living Unit, and your physician and Well•Spring's Medical Director shall subsequently determine that you can resume occupancy in a Living Unit, you will receive a top priority for assignment to a comparable Living Unit as soon as such a unit becomes available.

Permanent Transfer

When Well•Spring determines that the condition which required your transfer is not temporary in nature, your Living Unit shall be released and made available to a new resident except in the case of the permanent transfer of one Co-Resident, in which case the other Co-Resident shall be entitled to remain in the Living Unit in accordance with the provisions of Section VII, paragraph 4 below. Any decision by Well•Spring relating to your transfer or the release of your Living Unit may be appealed to Well•Spring's Board of Directors or to a duly designated committee thereof, whose decision shall be final and binding upon all parties.

Changes During Residency Modified Life Care (All Exhibits and Sections referenced in this section refer to Residence and Care Agreements found in Appendix C)

There may come a time when you, or if Co-Residents, one of you, must move from your Living Unit to the Health Center or to another facility which provides services not available at Well•Spring. Well•Spring is aware that this is a critical transition and shall adhere to the following procedures regarding any such transfer:

Consultations

Except in case of emergency, Well•Spring shall not transfer you from your Living Unit or from the Health Center for health-related or other reasons until it has consulted with you and your physician, or with anyone else you designate as a primary contact. In the case of an emergency transfer, the consultations described above shall be scheduled by Well•Spring within five (5) days after transfer.

Consents

When Well•Spring determines it to be appropriate, after the consultations provided for in the preceding paragraph have occurred, to transfer you from your Living Unit to the Health Center or to a suitable public or private facility for hospitalization, health care, or other health-related services, Well•Spring shall have the right and authority to transfer you without having to obtain your further consent.

In the event that Well•Spring determines that your continued occupancy of your Living Unit constitutes a danger to other residents or to yourself, or is detrimental to the peace or health of other residents, Well•Spring shall have the right and authority to transfer you to another Living Unit, to the Health Center, or to a suitable public or private facility without having to obtain your further consent.

Return to Living Unit and Release of Living Unit

When you are transferred from your Living Unit to the Health Center, your Living Unit shall be reserved for you for the first 30 days of Health Center occupancy so that you may return to your Living Unit if your condition permits. Your Living Unit shall be released and made available to a new resident after 30 days of Health Center occupancy, unless you have reserved your Living Unit through payment of the Holding Fee as provided in Article IV, Section 3(c) above, and except in the case of the permanent transfer of one Co-Resident, in which case the other Co-Resident shall be entitled to remain in the Living Unit in accordance with the provisions of Section VII, paragraph 4 below. Any decision by Well•Spring relating to your transfer or the release of your Living Unit may be appealed to Well•Spring's Board of Directors or to a duly designated committee thereof, whose decision shall be final and binding upon all parties.

Changes During Residency Health Care (All Exhibits and Sections referenced in this section refer to Residence and Care Agreements found in Appendix D)

There may come a time when you must move (i) from a Health Center Living Unit to a living unit in the Skilled Nursing area in the Health Center, if available, (a "Skilled Nursing Unit") or (ii) to another facility which provides Skilled Nursing, hospital or other services not available at Well•Spring. Please note that Well•Spring makes no representations as to the availability of Skilled Nursing care on its campus. Well•Spring is aware that this is a critical transition and will observe the following procedures during any such transfer.

Consultations

Except in case of emergency, Well•Spring will not transfer you from a Health Center Living Unit in the Health Center for health-related or other reasons unless it has provided you with at least five (5) days advance notice and consulted with you and your physician, or with anyone

else you designate as a primary contact. In the case of an emergency transfer, the consultations described above will be scheduled by Well·Spring within five (5) days after transfer.

Changes in Levels of Care in the Health Center

When Well·Spring determines it to be appropriate and after the consultations described in Section VI, paragraph 1 above, Well·Spring shall have the authority to transfer you from one type of Health Center Living Unit to another within the Health Center or to another facility. You agree to pay the Daily Charge then in effect for the type of Health Center Health Center Living Unit occupied by you, and this Agreement shall be amended to reflect the change in your Health Center Health Center Living Unit and the applicable Daily Charge.

Consents

When Well·Spring determines it is appropriate, after the consultations called for in Section VI, paragraph 1 above, to transfer you from your Health Center Living Unit to a Skilled Nursing Unit, if available, or from the Health Center to a suitable public or private facility for skilled nursing, hospitalization, health care, or other health-related services, Well·Spring shall have full authority and right to transfer you without having to obtain your further consent.

In the event that Well·Spring determines that your continued occupancy of a Health Center Living Unit constitutes a danger to other residents or to yourself, or is detrimental to the peace or health of other residents, Well·Spring shall have full authority to transfer you to another Health Center Living Unit in the Health Center or to a suitable public or private facility without having to obtain your further consent.

Transfer within the Health Care Center and Holding Fee for Health Center Living Unit.

If you are transferred from your Health Center Living Unit (the “Original Health Center Living Unit”) to another Health Center Living Unit in the Health Center, you will immediately pay the Daily Charge for that other Health Center Living Unit. During the first fourteen (14) days (whether or not consecutive) of your occupancy of the other Health Center Living Unit, your Original Health Center Living Unit will be held for you at no extra cost to you in the event you no longer need the services provided by the other Health Center Living Unit. If you continue occupancy of the other Health Care Unit for more than fourteen (14) days (whether or not consecutive), and you wish to continue to hold your Original Health Care Living Unit, Well·Spring may require you to pay, in addition to the Daily Charge for other Health Care Living Unit, a Holding Fee equal to the Daily Charge for your Original Health Care Living Unit minus the cost of meals. You may not hold your Original Health Center Living Unit for more than 90 days without the approval of Well·Spring. If you choose to surrender your Original Health Center Living Unit, and your physician and Well·Spring’s Medical Director shall subsequently determine that you can resume occupancy in your Original Health Center Living Unit, you will receive a top priority for assignment to a comparable Health Care Living Unit as soon as such a unit becomes available.

Temporary Transfer From the Health Center

When Well·Spring is persuaded that the condition which requires your transfer from the Health Center to another public or private facility has the potential to be resolved in a manner which may allow you to return to a Health Center Health Center Living Unit, a Health Center Health Center Living Unit will be held for your return. The return to a Health Center Living Unit

is subject to the approval of Well·Spring. During any temporary absence, you agree to pay the Daily Charge applicable to the type of Health Center Living Unit occupied by you prior to your transfer.

Permanent Transfer From the Health Center

When Well·Spring determines that the condition which required your transfer from the Health Center to another public or private facility is not temporary in nature, your Health Center Living Unit shall be released and made available to a new resident, in which case Well·Spring shall have the right to terminate this Agreement. Any decision by Well·Spring relating to your permanent transfer from the Health Center to a public or private facility may be appealed to Well·Spring's Board of Directors or to a duly designated committee thereof, whose decision shall be final and binding on all parties.

Changes in Occupancy By Co-residents

In the event that Co-residents occupy an Independent Living Unit and one Co-resident dies or the Residence and Care Agreement is terminated with respect to one of them, the total Entrance Fee paid by the Co-residents shall be deemed to have been paid on behalf of the remaining Resident, whose Residence and Care Agreement shall remain in effect. Any refund of an Entrance Fee will be calculated upon termination of the Residence and Care Agreement of the remaining Resident and be refunded upon termination of the Residence and Care Agreement with the remaining Resident. When the Agreement of one (1) Co-resident terminates, the remaining or surviving Resident shall have the option to remain in the same Independent Living Unit or move to a smaller Living Unit, if and when available, in accordance with the terms of Section VIII, paragraph 1 ("Change of Living Unit"), of the Residence and Care Agreement. The remaining Resident will pay the Monthly Fee for a single Resident associated with the Independent Living Unit occupied by the Resident. If under a Lifecare Residence and Care Agreement one (1) Co-resident transfers permanently from their Independent Living Unit to the Health Center, the Co-residents will continue to pay the Co-residents' Monthly Fee applicable to the Independent Living Unit that they occupied at the time of transfer, and the Resident, who is transferred to the Health Center, will also pay the cost of two additional meals each day.

Marriages/New Second Occupant

Married Co-residents shall be treated the same as other Co-residents. Co-residents' rights and responsibilities are set out in detail in Section VII of the Residence and Care Agreement. If a Resident marries another Resident, the two Residents must execute a new Residence and Care Agreement jointly in order to occupy the Independent Living Unit of either Resident. Upon entering the new Residence and Care Agreement, the married Co-residents shall surrender the Independent Living Unit not to be occupied by them. No refund will be payable with respect to the Living Unit surrendered, except in accordance with the terms of the Refund Option chosen by the Resident surrendering the Living Unit. Such married Residents will pay the then-current Monthly Fee for Co-residents associated with the Living Unit occupied by them.

In the event that a Resident marries a person who is not a Resident of Well·Spring Community, the spouse may become a Co-resident if, in Well·Spring's sole judgment, such spouse meets all of the then current requirements for acceptance into Well·Spring Community. Before commencing occupancy, the spouse of the Resident must sign and become a Co-resident under the

Residence and Care Agreement then in effect for the Independent Living Unit, which Agreement shall be amended to require: (i) payment by the Resident and spouse of an Entrance Fee amount equal to the difference between the then-current single Resident and the Co-resident Entrance Fee applicable to the type of Living Unit to be occupied by the Resident and spouse; and (ii) payment of the current Co-resident Monthly Fee associated with the Living Unit to be occupied by the Resident and spouse. If the Resident's spouse does not meet the requirements of Well•Spring for admission as a Resident, the Resident may terminate his or her Residence and Care Agreement, in which event the Resident shall be subject to the termination and refund provisions of his or her Residence and Care Agreement.

The Benevolent Trust Fund

It is the policy of Well•Spring to allow for financial assistance from its Benevolent Trust Fund, which had assets totaling approximately \$4,700,000 as of December 31, 2024, which is an asset of Well•Spring Foundation. 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 Benevolence Committee of 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 Well•Spring's obligation to meet its commitment to all residents and to operate on a sound financial basis.

SERVICES AND FEES

Services Provided Pursuant To A Residence And Care Agreement Which Are Covered By The Entrance And Monthly Fees As Well As Services Which Are Not Covered Under The Residence And Care Agreement And Which Will Be At The Resident's Expense - Lifecare And Modified Lifecare Agreements

(All Exhibits and Sections referenced in this section refer to Residence and Care Agreements found in Appendix C)

Well•Spring shall provide to you the following services and facilities upon your occupancy at Well•Spring. Unless otherwise specified, there shall be no additional charge made for any of these services and facilities other than payment of the Entrance Fee and Monthly Service Fees, each of which is hereafter described below.

- ***Living Unit.***

Well•Spring grants to you the right to occupy and use the independent living unit ("Living Unit"), described in Exhibit A and selected by you, subject to the terms and provisions of this Agreement.

- ***Common Facilities.***

You may use, in common with other Residents, the common facilities of Well•Spring including, but not limited to, the dining room, lounges, lobbies, libraries, social and recreation rooms and designated outdoor activity areas. At times, advance reservation may be required for

certain common facilities. There will be additional charges for your use of special services, such as beauty/barber shop and convenience store/gift shop.

- ***Emergency and Temporary Illnesses.***

- *Emergencies.* The Health Center Staff and/or Safety Staff employed by Well•Spring shall be available to you for emergencies.
- *Temporary Illnesses.* For temporary illness, care will be available in the Health Center under the direction of Well•Spring's Medical Director. Well•Spring operates a licensed home care agency which is available to you for temporary illnesses. You shall pay for any home health care you may require to the extent it is not covered by your insurance or by government programs. Well•Spring's Health Center is available on a temporary basis in accordance with Section V, paragraph 3.

- ***Exclusions.***

The health and medical care for which you are responsible for payment includes, but is not limited to:

- charges of any physician, podiatrist, nurse practitioner, therapist or other health care provider;
- rehabilitative and therapeutic services;
- laboratory, X-ray and other diagnostic services;
- home health care and hospice;
- prescription drugs and supplies or equipment;
- vision, hearing, and dental care, including all supplies, equipment and appliances;
- orthopedic appliances;
- mental health services
- hospital charges;
- ambulatory surgical services;
- ambulance services;
- all other services for which you otherwise expressly agreed to pay under the terms of this Agreement.

- ***Food and Meals.***

- *Dining Room Service.* Three (3) meals will be served in the dining room on Monday through Saturday; and brunch will be served on Sunday. Your Monthly Service Fee will include a meal plan, which you may choose in accordance with Well•Spring dining service procedures. You may purchase additional meals or additional dining services separately. Any unused meals or unused account balance for any meal cycle period shall be forfeited and shall not be applied as a credit against meal charges for any other period. Well•Spring will periodically publish a schedule of meal rates ("meal rates") to establish the cost of additional meals or additional dining services. When you give Well•Spring advance notice that you are going to be away from Well•Spring for more than seven (7) consecutive nights, you will be

credited for the missed meals, according to a schedule periodically published by Well•Spring (the “Food Credit”).

- *Meals in Living Units.* When authorized by Well•Spring, meal delivery shall be provided to you in your Living Unit. Well•Spring may make additional charges for meals delivered to Living Units.
- *Dietary Service.* When authorized by Well•Spring’s medical and dietary personnel, meals accommodating special diets may be provided. Well•Spring may make additional charges for special diets.
- *Dining Room Service for Guests.* Dining room service shall be available for your guests. You may purchase guest meals at any time or use your meal plan or account balance for guest meals during your meal cycle period. This arrangement may be altered for special events and holidays, and it is subject to reasonable prior notice and availability.

- ***Furnishings.***

Well•Spring shall furnish your Living Unit with wall-to-wall carpeting, vinyl, sink, stove, garbage disposal, window blinds, washing machine and dryer, refrigerator with freezer, dishwasher, emergency call system, daily courtesy check-in system, bathroom with grab bars in the tub and/or shower, individual thermostatic control for heating and air-conditioning, cable television outlets, telephone outlets and smoke alarm. All other furnishings shall be provided by you.

- ***Grounds.***

Well•Spring shall furnish basic grounds-keeping care, including lawn service. You, at your own expense, may plant and maintain areas designated by Well•Spring, subject to the prior approval of Well•Spring.

- ***Guests.***

You shall be free to invite guests to your Living Unit for daily and overnight visits. Guest rooms may be available from time to time at a reasonable rate for overnight stays by your guests. Well•Spring 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 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 you or a Co-Resident (as described below), if any, may reside in the Living Unit without the approval of Well•Spring.

- ***Health Center and Resident Clinic.***

Well•Spring shall provide the following health care services and facilities:

- *Health Center – Lifecare Resident Agreement.* In its Health Center (“Health Center”), Well•Spring shall provide (i) licensed nursing care and (ii) licensed adult care. When a determination is made by your physician and approved by Well•Spring’s Medical Director (as defined below) that you need licensed nursing care or licensed adult care, Well•Spring shall provide such care in the Health Center, or arrange for your transfer to another facility.

- *Health Center – Modified Lifecare Resident Agreement.* In its Health Center (“Health Center”), Well•Spring shall provide (i) licensed nursing care and (ii) licensed adult care. When a determination is made by your physician and approved by Well•Spring’s Medical Director (as defined below) that you need licensed nursing care or licensed adult care, Well•Spring shall provide such care in the Health Center or arrange for your transfer to another facility. If you remain in the Health Center for more than 14 days, you will begin paying the Discounted Per Diem Rate instead of the Monthly Fee, as provided in Article IV, Section 3.
- *Health Center - Non-Residents.*
If Non-Resident patients are admitted to the Health Center from the outside community, they shall be admitted under the condition that they may be discharged in order to make a bed available for a Resident, if needed.
- *Transfer to Another Facility.*
In the rare event that space for a Resident is for some reason not available in the Health Center, Well•Spring shall arrange and pay for your temporary care in another facility that can provide you the same care that would otherwise have been provided by Well•Spring until space in the Health Center becomes available. You will continue to pay Well•Spring the monthly fee. Well•Spring will pay the difference between your payments and the cost of the other facility.
- *Resident Clinic.*
Well•Spring shall provide a Resident Clinic (“Clinic”) on the premises where Residents may be seen and treated as outpatients. Arrangements shall be made for one (1) or more physicians, selected by Well•Spring (“Clinic Physicians”), to keep scheduled office hours at the Clinic. There is no charge for the service of the Well•Spring nurse in the Frank Reid Brown Clinic or the satellite clinic. There is a nominal charge for procedures that are routinely done, such as blood sugar testing. The cost of care related supplies used shall be charged to you. You shall pay for office visits with Clinic Physicians or other Clinic health professionals including nurse practitioners and other non-physician providers. There is no obligation to use the Clinic or the Clinic Physicians. You remain free to engage, at your expense, the services of any physician or other health care provider of your choice.

- ***Hospital Coverage and Transfer Agreements.***

Well•Spring is not obligated to pay any charges for hospitalization or costs related thereto. In the event it becomes necessary for you to be transferred to a hospital, Well•Spring shall provide any information available to meet the provisions of any hospital transfer agreement, and you agree that Well•Spring has the right to provide such information, which may include part or all of your medical records, in accordance with applicable privacy and confidentiality laws.

Well•Spring is not designed or staffed to care for persons afflicted with certain diseases including, but not limited to, psychosis, substance abuse and addiction, or contagious disease. If you require care for a disease or condition which Well•Spring in consultation with your physician determines is a potential danger to the health and welfare of yourself, other residents or staff, you agree that Well•Spring has the authority, after consultations described in the transfer provisions of this Agreement have occurred, to transfer you elsewhere for hospitalization or nursing care as may

be deemed necessary by the Medical Director, whether or not the condition is deemed to be temporary in nature. If the transfer is deemed permanent by the Medical Director, your Living Unit may be released and refunds shall be made in accordance with the termination provisions of this Agreement and the provisions describing Co-Resident's rights and responsibilities, if applicable. Well•Spring will not pay for treatment for conditions that cannot be treated by Well•Spring.

- ***Housekeeping***

Well•Spring shall provide certain housekeeping services in your Living Unit on a weekly basis. Time allotted shall be determined by the type of Living Unit in accordance with a schedule published periodically by Well•Spring. These housekeeping services include vacuuming, floor maintenance, necessary cleaning of bathroom and kitchen, dusting, and other such tasks Well•Spring deems necessary under the circumstances. Additional housekeeping services may be made available at your expense.

- ***Illness or Injury Away from Well•Spring.***

If you become ill or are injured or develop a condition while you are away from Well•Spring which requires medical attention or treatment away from Well•Spring, all charges for any offsite medical attention or treatment for you shall be your personal responsibility. Upon your return to Well•Spring, Well•Spring shall resume providing all services to which you are entitled under this Agreement. For purposes of this paragraph, you shall be considered to be away from Well•Spring if your illness or injury or condition occurs when you are not on the grounds of Well•Spring.

- ***Mail.***

Well•Spring shall provide a mailbox for each Living Unit.

- ***Maintenance and Repair.***

Well•Spring shall perform all necessary repairs, maintenance, and replacement of its property and equipment. Necessary repairs, maintenance and replacement of your personal property shall be your responsibility.

- ***Medical Director.***

Well•Spring shall retain the services of a qualified physician ("Medical Director") to be responsible for the quality of all medical services and medically related activities provided by Well•Spring.

- ***Meetings with Residents.***

At least quarterly, Well•Spring shall hold meetings with the residents of Well•Spring for the purpose of free discussion of subjects of interest. Reasonable advance notice of each meeting shall be given. Upon request of the Residents' Association, a member of the Board of Directors shall attend such meetings. An agenda and any materials that are distributed at the meeting shall be available for review upon request.

- ***Parking.***

One (1) parking space shall be provided per Living Unit. Parking places shall be assigned by Well•Spring based upon established policy. Parking spaces shall be provided only if you maintain a vehicle.

- ***Private Caregivers and Personal Aides.***

You shall pay for all expenses (including meals if desired) of private caregivers and personal aides whom you employ and all of these individuals shall be subject to all rules and regulations in effect at the Well•Spring Community. No private caregivers or personal aides may be employed without prior notice to Well•Spring, and at all times they are subject to Well•Spring's Private Caregiver Policy.

- ***Programs.***

Well•Spring shall provide programs of social, educational and recreational activities. Religious services shall be provided on a regular basis.

- ***Real Estate Taxes.***

Well•Spring shall be responsible for the payment of all real estate taxes, if any, assessed upon its property comprising the Well•Spring Community.

- ***Rehabilitation Therapies and Specialists.***

You or your medical insurance shall pay for all diagnostic, therapeutic and rehabilitative services. Well•Spring may make arrangements for the services of a physical therapist, occupational therapist, speech therapist, or other health professionals such as podiatrist, dentist, and audiologist on the premises by appointment, but you are free to engage the services of any health professional of your choice at his or her office or elsewhere off the premises.

- ***Rights of Subrogation.***

Should you be injured by a third party and should such injury require Well•Spring to provide health care services for you under this Agreement, Well•Spring shall be subrogated, to the extent allowed by North Carolina law, to your rights against such other third party to the extent necessary to reimburse Well•Spring for the costs incurred in providing health care services for you under this Agreement.

To the extent allowed by North Carolina law, this right of subrogation authorizes Well•Spring to institute legal action in your name; provided, however, that such action shall not cause or result in a compromise, waiver or release of any causes of action that you may have against such third party for such injuries.

- ***Security.***

Well•Spring shall use reasonable care in providing security on the premises for you and your property. Well•Spring shall not be responsible for loss or damage to your personal property.

- ***Storage.***

Storage space for your use shall be allocated to your Living Unit.

- ***Transportation.***

Well•Spring shall provide regularly scheduled local transportation. Additional special transportation for personal or group trips shall be available at additional cost. Transportation is reserved by calling the front desk.

- ***Utilities.***

Well•Spring shall provide utilities to your Living Unit such as water, sewer, heating, electricity, and air-conditioning. Well•Spring shall not be responsible for any periods of service disruption regarding these utilities. Well•Spring will provide basic cable television service to your Living Unit. You may purchase the premium cable television channels that may be available at the Well•Spring Community at monthly rates established by the local cable provider. You shall install and maintain telephone service in your Living Unit and you shall pay the cost of telephone service (landline or cellular), installation, maintenance and use. The Well•Spring campus has a wireless internet network available for resident use. Additionally, you may install and maintain cable internet access and high-speed wireless internet access in your Living Unit. You shall pay the cost of additional internet service, installation, maintenance and use.

Your Rights And Responsibilities As A Resident – Life Care And Modified Life Care

(All Exhibits and Sections referenced in this section refer to Residence and Care Agreements found in Appendix C)

- ***Commencing Occupancy.***

You agree to pay the balance of your Entrance Fee and to commence occupancy of your Living Unit on the Occupancy Date set forth in the attached Exhibit A (the “Occupancy Date”). If Well•Spring is unable to make the Living Unit available to you on the Occupancy Date, a revised Occupancy Date shall be established by written mutual agreement. If you fail to occupy the Living Unit on the Occupancy Date, you shall nevertheless become obligated on that date to pay the balance of your Entrance Fee and to begin and continue paying the Monthly Fee applicable to your Living Unit less the published Food Credit, unless this Agreement is terminated in accordance with Section VI. If the occupancy date on Exhibit A falls within the rescission period and you have not occupied your unit, you will not be required to occupy the unit or pay the monthly fee on the unit until the earlier of either actual occupancy or the end of the rescission period.

In the event that Well•Spring determines prior to or on the Occupancy Date that you cannot occupy the Living Unit selected by you because of a change in your health status, you agree to commence occupancy on the Occupancy Date in the Health Center in an accommodation suitable to your needs. Well•Spring agrees to consult with you and your physician, or with anyone else you designate as a primary contact, prior to making a determination that you are unable to occupy your Living Unit for health reasons. If you are admitted directly into the Health Center because of a change in your health status prior to your Occupancy Date, the Living Unit you selected shall be released and made available to a new Resident unless you were a Co-Resident, in which case, your Co-Resident shall be entitled to occupy your Living Unit as provided below. Should Well•Spring later determine that you have become able to occupy the Living Unit and to live independently, then (i) if your Co-Resident occupies your Living Unit, you may return to that Living Unit with your Co-Resident; or (ii) if your Living Unit was released, you shall be entitled to return to that Living Unit if it is available; or (iii) you may select another available Living Unit of the type described in Exhibit A. If neither your Living Unit nor a Living Unit of the type described in Exhibit A is available, Well•Spring, in its discretion, shall offer you a Living Unit of another type, until a Living Unit of the type described in Exhibit A becomes available. Unless you and Well•Spring agree otherwise, you shall relocate to a Living Unit of the type you originally selected in Exhibit A, upon the availability of such Living Unit. No refund of any portion of the

Entrance Fee shall be due as a result of your transfer from the Health Center to a Living Unit or your occupancy of a Living Unit other than the type described in Exhibit A.

If, after the consultations described above, Well•Spring determines that you require care that cannot be provided at Well•Spring due to changes in your health status, Well•Spring shall have the right to terminate this Agreement (or in the case of Co-Residents, to terminate this Agreement with respect to the Resident whose health status has changed), and any refund of your Entrance Fee shall be made in accordance with the provisions of Section VI and Section VII below if applicable.

- ***Financial Statements.***

If Well•Spring has reason to believe that your affairs are not being managed in accordance with the preservation of your assets section, you agree to provide Well•Spring with financial statements, including copies of your federal, state and gift tax returns or other financially related information.

- ***Furnishings.***

You shall be responsible for furnishing your Living Unit. All furniture and electrical and other appliances provided by you shall be subject to Well•Spring's approval in order to keep the Living Units safe and sanitary.

- ***Health Information***

You agree to provide any and all health information as requested by Well•Spring. Said information may include, but shall not be limited to: (a) medical history, (b) report of current physical examination and current physician's orders, including diet, treatment, and current medications; and (c) a physician's statement that you are free from a communicable disease within 30 days prior to admission. If you are suffering from a communicable disease, you will provide a physician's certificate that the disease is not in a transferable stage. Any health information requested by Well•Spring shall be kept confidential and will only be used to determine a resident's fitness to remain in your Living Unit.

- ***Housekeeping.***

You agree to maintain your Living Unit in a clean, safe and orderly condition, in conformance with all applicable health regulations, and to perform all usual housekeeping not provided by Well•Spring. You shall notify Well•Spring immediately in the event of any damage to your Living Unit, any water leakage, or any other necessary repairs or maintenance. Maintenance or repairs required as a result of damage caused by you or your guests, as opposed to normal wear and tear, is not included in the Monthly Occupancy Fee and will be billed to you.

- ***Indemnification.***

You shall indemnify, defend and hold Well•Spring and its members, directors, trustees, officers, agents and employees harmless from and against any and all claims, causes of action, damages, costs, and expenses, including, without limitation, attorney's fees and expenses and court costs resulting from any injury or death to persons or any damage to property caused by, resulting from, or attributable to, or in any way connected with your negligent or intentional acts or omissions. (You may wish to obtain insurance at your own expense to cover this obligation.)

- ***Linens.***

You shall provide your own bed and bath linens.

- ***Medicare and Supplemental Insurance Requirements.***

You shall enroll in and maintain Medicare (Part A and Part B) coverage (or equivalent insurance coverage acceptable to Well•Spring if you do not qualify for Medicare coverage), and you shall furnish Well•Spring with evidence of such coverage upon request. You shall also enroll in and maintain participation in any governmental program or entitlement for which you qualify that provides medical or nursing care or financial assistance for medical or nursing care. You shall also provide Well•Spring with evidence of such participation upon request.

You shall secure and maintain a supplemental insurance policy (such as Medicare supplemental insurance) approved by Well•Spring to pay for charges for care not covered by Medicare (or by equivalent coverage required by the preceding paragraph, if applicable) or by other governmental programs or entitlements. You shall not be required to provide such supplemental insurance if you show evidence satisfactory to Well•Spring that you are able to personally pay for such charges. This supplemental insurance coverage is not provided by Well•Spring.

If at any time you become eligible for payments for health services from governmental agencies, you agree to make prompt application for such payments. Well•Spring shall not pay for any nursing or medical care or related supplies that are covered by Medicare, any governmental programs or entitlements or by supplemental insurance which you are obligated to maintain or participate in under this Agreement. You agree that upon receiving third-party reimbursement, you shall repay Well•Spring for any reimbursable costs which Well•Spring incurred or paid on your behalf while your reimbursement approval was pending.

If any care provided to you by Well•Spring is covered by insurance or some other kind of third-party payor coverage, you shall nevertheless be primarily responsible for all payments due Well•Spring pursuant to this Agreement regardless of such third-party benefits. Well•Spring shall assist you by providing information in our possession you may need in applying for health services or benefits under any programs for which you might qualify. In addition, Well•Spring shall provide you information you may need in filing claims for payment of services provided by Well•Spring. Upon request, you agree to execute benefit assignments to Well•Spring.

- ***Non-Transferable.***

Your rights under this Agreement to the Living Unit, facilities or services provided for herein are personal to you and these rights cannot be transferred or assigned by you to any other person or entity.

- ***Pets.***

Pets or animals of any kind shall be allowed on the premises only in strict compliance with Well•Spring's written policies and with the prior written consent of Well•Spring. Well•Spring retains the right to modify pet policies at any time as it deems necessary to assure the safety and comfort of all Residents.

- ***Policies, Rules and Regulations.***

You agree to abide by the policies, rules and regulations of Well•Spring including such changes as may be adopted from time to time. These policies shall be set forth in a Resident Handbook and shall be made available to you by the management of Well•Spring.

- ***Power of Attorney***

You agree to execute and maintain in effect a limited Durable Power of Attorney as provided in Chapter 32A, Article 2 of the General Statutes of North Carolina (or similar laws subsequently enacted). This Power of Attorney shall designate as your attorney-in-fact, a bank, a lawyer, a relative or some other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits as fully and completely as you could if acting personally. It shall be in a form which survives your incapacity or disability and it shall otherwise be satisfactory to Well•Spring. You shall deliver a fully executed copy of this Durable Power of Attorney to Well•Spring prior to the Occupancy Date and you must notify Well•Spring in writing of any subsequent changes to your Power of Attorney, including the appointment of a new legal representative.

If you revoke your Power of Attorney and do not name a new personal representative, or if your personal representative dies, becomes incapacitated or cannot be located after a reasonable search, then you agree that Well•Spring will be your Attorney-in-Fact, coupled with an interest, for the sole purpose of giving Well•Spring the authority to nominate a legal guardian for you to serve when approved by a court as provided by law.

- ***Preservation of Your Assets.***

You agree to manage your financial resources so as not to threaten or impair your ability or the ability of your estate to satisfy your financial obligations as set forth in this Agreement. At the request of Well•Spring, you agree to make arrangements for the preservation and management of your financial resources by a third-party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Well•Spring, it appears that your continued management of your financial affairs may make you unable to meet your financial obligations to Well•Spring.

Well•Spring shall have no obligation to see to the proper management of your financial affairs, and you shall be solely responsible for the proper management or arranging for the proper management of your financial affairs.

- ***Protection of Personal Property.***

Well•Spring shall not be responsible for the loss of any personal property belonging to you due to theft, fire or any other cause, unless such property is specifically entrusted in writing to Well•Spring's care and control and then only for gross negligence in failing to safeguard and account for such property. (You may wish to obtain insurance at your own expense to protect against such losses.)

- ***Real Property.***

Your rights and privileges, as granted herein, do not include any right, title or interest whether legal, equitable, beneficial or otherwise, in or to any part of the real property, including land, buildings and improvements owned or operated by Well•Spring.

- ***Relationships between Residents and Staff Members.***

Employees of Well•Spring are supervised solely by Well•Spring's management staff, and not by residents. Employees and their families may not accept gratuities, bequests, or payment or 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. You acknowledge and agree that you or your family will not hire Well•Spring employees or solicit such employees to resign their employment at Well•Spring in order to work for you or your family. You also acknowledge and agree that, unless consented to by Well•Spring, you will not hire any former Well•Spring employee until three (3) months has elapsed from the date of termination of the person's employment at Well•Spring.

- ***Representations Made by You in Connection with Application for Residency.***

Your application forms, including the statements of your finances and health history, which you filed with Well•Spring as part of the residency application process described in the Reservation Agreement, are incorporated into this Agreement by reference and all statements therein are deemed to be true as of the date made. You represent and warrant that you have disclosed to Well•Spring all material changes in this information occurring since the date of your application.

Any material misstatement, or any material omission to state a fact called for, shall entitle Well•Spring to terminate this Agreement under Section VI, paragraph 5. By executing this Agreement, you represent and warrant that your sources of income are adequate to meet your financial responsibilities to Well•Spring and to pay all of your personal and incidental expenses. You represent and warrant that you have not made any gift or transfer for less than fair value of real or personal property in contemplation of the execution of this Agreement. You also agree that no such gift or transfer for less than fair value will be made subsequent to the execution of this Agreement that would impair your ability to satisfy your financial obligations under this Agreement. If you are unable to meet such financial obligations, you agree to make every reasonable effort to obtain assistance through or by means of your family or otherwise except as acknowledged in writing by Well•Spring.

- ***Residents' Association***

Residents shall have the right to organize and operate a Residents' Association at Well•Spring Community, and shall have the right to meet privately to conduct business as an association. The officers of the Residents' Association shall serve as liaison between the residents and Well•Spring.

- ***Resident Physician.***

You shall designate and provide Well•Spring with the name of your attending physician. Well•Spring shall not be responsible for the professional medical services provided by your attending physician.

- ***Responsibility for Damages.***

You shall be responsible for any costs incurred in replacing, maintaining or repairing any loss or damage to the real or personal property of Well•Spring caused by the negligence or willful misconduct of you, your guests, agents, employees or pets. (You may wish to obtain insurance at your own expense to cover this obligation.)

- ***Right of Entry.***

You shall permit authorized employees of Well•Spring to enter your Living Unit at all reasonable times for inspection, housekeeping and maintenance and at any time in case of emergencies. Well•Spring recognizes your right to privacy and it shall limit entry to your Living Unit to emergencies and as described above.

- ***Rights of Residents.***

Your rights as a Resident under this Agreement are those rights and privileges expressly granted to you by this Agreement or by North Carolina law.

- ***Structural Changes.***

Any structural or physical change of any kind within or about your Living Unit shall require Well•Spring's prior written approval and thereafter may be subject to its supervision. The cost of any changes you request, and the cost of restoring the Living Unit to its original condition upon the termination of this Agreement, if deemed necessary by Well•Spring, shall be your personal obligation. All built-in changes shall immediately become and remain the property of Well•Spring. You agree to permit access by Well•Spring to your Living Unit in order to make any structural or mechanical changes that may be required to comply with local building codes or otherwise needed in connection with any construction or improvement projects at Well•Spring.

- ***Subordination of Rights.***

Notwithstanding anything to the contrary your rights, privileges or benefits arising under this Agreement shall be subordinate and inferior to all mortgages, security interests, deeds of trust and leasehold interests granted to secure any loans or advances made to Well•Spring, its related entities, or its successors, now outstanding or made in the future, in the real property and improvements constituting the Well•Spring Community, and also subordinate and inferior to all amendments, modifications, replacements, refunding or refinancings thereof. You agree that, at the request of Well•Spring, you shall execute and deliver any and all documents which are deemed by Well•Spring to be necessary or required to effect or evidence such subordination.

- ***Taxes on Personal Property.***

You shall pay all taxes assessed regarding your personal property.

- ***Will and Funeral Arrangements.***

If you have not already done so, you agree to make a will providing for disposal of your personal property, the appointment of an executor of your estate, and funeral and burial arrangements, within sixty (60) days after the date of this Agreement. You agree to provide Well•Spring with written verification from your attorney or from another independent source that these arrangements have been made within sixty (60) days of the date of this Agreement. You acknowledge that while Well•Spring shall not be responsible for making arrangements relating to disposal of personal property and funeral and burial arrangements, if Well•Spring must do so, you agree that Well•Spring shall be reimbursed by your estate for all such expenses.

Fees – Lifecare
(All Exhibits and Sections referenced in this section refer to Residence and Care Agreements found in Appendix C)

• ***Statement of Fees.***

You shall pay the total Entrance Fee and the Monthly Fees set forth in attached Exhibit A, which represent payment for the services to be provided by Well•Spring under this Agreement. If you are a Co-Resident as defined in Section VII, paragraph 1 below, the total Entrance Fee for Co-Residents shown on Exhibit A is the total Entrance Fee applicable to your Living Unit, and you and your Co-Resident are jointly and severally liable for its payment. If you are a Co-Resident, the Co-Resident's Monthly Fee shown on Exhibit A is the total Monthly Fee applicable to your Living Unit, and you and your Co-Resident are jointly and severally liable for its payment.

Any Reservation Fee (as defined in the Reservation Agreement) and other Entrance Fee payments to Well•Spring shall be credited to reduce the Entrance Fee balance due. The total Entrance Fee shall be due and payable on or before the date your Living Unit is physically occupied or the recorded Occupancy Date, whichever comes first. After your Occupancy Date, earnings on the Entrance Fee will become the property of Well•Spring and will not be refunded.

• ***Monthly Fees for Occupancy of Living Unit.***

You agree to pay Well•Spring the Monthly Fee in advance by the 15th day of each calendar month beginning with the Occupancy Date of your living unit. This fee shall be prorated for any applicable period of less than one month. Unless expressly stated in this Agreement, fees shall not be waived, suspended, or reduced. The Monthly Fee may be adjusted periodically by Well•Spring at its sole discretion upon at least sixty (60) days advance written notice to you.

If this Agreement is terminated, Monthly Fees prepaid for periods after the termination date shall be refunded to you; provided that Well•Spring shall not be obligated to refund more than one (1) month's Monthly Fee and provided further that Well•Spring shall be entitled to set off against any refund any amounts that you may owe to it.

Well•Spring shall endeavor to maintain the Monthly Fee at the lowest feasible rate consistent with sound financial practice and maintenance of the quality of services including health care services to be provided by Well•Spring. When Well•Spring does adjust those fees, you shall pay the adjusted fee. You agree that you shall have no right to offset or withhold payment for the Monthly Fee or any other amounts you owe Well•Spring under this Agreement for any reason.

You agree to pay the Monthly Fee applicable to your Living Unit whether you are residing in your Living Unit or in the Health Center.

In the Health Center, you will be served three meals each day and agree to pay such additional charges as may be due thereby. You will be invoiced monthly for any services and supplies provided for you that Well•Spring is not obligated to provide without additional charge, and such invoices will be due and payable by the 15th day of each calendar month.

Fees – Modified Lifecare
(All Exhibits and Sections referenced in this section refer to Residence and Care
Agreements found in Appendix C)

• ***Statement of Fees.***

You shall pay the total Entrance Fee and either the Monthly Fee or the Discounted Per Diem Rate (as applicable) set forth in attached Exhibit A, which charges represent payment for the services to be provided by Well•Spring under this Agreement. If you are a Co-Resident as defined in Section VII, paragraph 1, the total Entrance Fee for Co-Residents shown on Exhibit A is the total Entrance Fee applicable to your Living Unit, and you and your Co-Resident are jointly and severally liable for its payment. If you are a Co-Resident, the Co-Resident's Monthly Fee shown on Exhibit A is the total Monthly Fee applicable to your Living Unit, and you and your Co-Resident are jointly and severally liable for its payment.

Any Reservation Fee (as defined in the Reservation Agreement) and other Entrance Fee payments to Well•Spring shall be credited to reduce the Entrance Fee balance due. The total Entrance Fee shall be due and payable on or before the date your Living Unit is physically occupied or the recorded Occupancy Date, whichever comes first.

• ***Monthly Fees for Occupancy of Living Unit.***

You agree to pay Well•Spring the Monthly Fee in advance by the 15th day of each calendar month beginning with the Occupancy Date of your Living Unit. This fee shall be prorated for any applicable period of less than one month. Unless expressly stated in this Agreement, fees shall not be waived, suspended, or reduced. The Monthly Fee may be adjusted periodically by Well•Spring at its sole discretion upon at least sixty (60) days' advance written notice to you.

Well•Spring shall endeavor to maintain the Monthly Fee at the lowest feasible rate consistent with sound financial practice and maintenance of the quality of services (including health care services) to be provided by Well•Spring. When Well•Spring does adjust those fees, you shall pay the adjusted fee. You agree that you shall have no right to offset or withhold payment for the Monthly Fee or any other amounts you owe Well•Spring under this Agreement for any reason.

You agree to pay the Monthly Fee applicable to your Living Unit so long as you are residing in your Living Unit or your Living Unit is being reserved for you.

You shall be invoiced monthly for any services and supplies provided for you, and such invoices shall be due and payable by the 15th day of each calendar month.

• ***Per Diem Rates and Holding Fees for Occupancy in Health Center.***

• Well•Spring shall establish, amend from time to time, and publish per diem rates for accommodations and services in the Health Center (the "Health Center Per Diem Rates"), taking into account rates being charged by other comparable nursing centers and the costs of operation of the Health Center.

• In the event you are transferred from your Living Unit to the Health Center in accordance with Article II, Section 3(a), or are transferred from a hospital or other facility to the Health Center, you shall continue to pay the Monthly Service Fee (or a prorated portion thereof) for the first fourteen (14) days (whether or not consecutive) of occupancy in the Health Center. Beginning on day 15 of Health Center occupancy, you shall cease paying the

Monthly Service Fee and shall begin paying a discounted Health Center Per Diem Rate (the “Discounted Per Diem Rate”) as published by Well•Spring.

- During the first thirty (30) days (whether or not consecutive) of Health Center occupancy, your living unit shall be held for you in the event you no longer need the services of the Health Center, at no extra cost beyond that indicated in Article IV, Section 3(b) above. In the event you continue occupancy in the Health Center beyond thirty (30) days (whether or not consecutive) and wish to continue to hold your Living Unit, Well•Spring may require you to pay, in addition to the Discounted Per Diem Rate for the Health Center, a monthly Holding Fee equal to the Monthly Fee for your Living Unit minus the cost of meals. The days you occupy the Health Center shall be counted, whether or not consecutive. After you have reoccupied your Living Unit for a period of thirty (30) consecutive days, your prior days of occupancy in the Health center shall not be counted. You may not hold the Living Unit for more than ninety (90) days beyond the initial thirty (30) days of Health Center occupancy without the approval of Well•Spring. If you choose to surrender the Living Unit, and you physician and Well•Spring’s Medical Director shall subsequently determine that you can resume occupancy in a Living Unit, you will receive a top priority for assignment to a comparable Living Unit as soon as such a unit becomes available.

- If you have permanently transferred from your Living Unit to a Health Center Living Unit (the “Original Health Center Living Unit”) and then you are transferred from your Original Health Center Living Unit to another Health Center Living in the Health Center, you will immediately pay the Discounted Daily Charge for the other Health Center Living Unit. During the first fourteen (14) days (whether or not consecutive) of your occupancy of the other Health Center Living Unit, your Original Health Center Living Unit will be held for you at no extra cost to you in the event you no longer need the services provided by the other Health Care Living Unit. If you continue occupancy of the other Health Care Living Unit for more than fourteen (14) days (whether or not consecutive), and you wish to continue to reserve your Original Health Care Living Unit, Well•Spring may require you to pay, in addition to the Discounted Daily Charge for other Health Care Living Unit, a Holding Fee equal to the Daily Charge for your Original Health Care Living Unit minus the cost of meals. You may not reserve your Original Health Center Living Unit for more than ninety (90) days without the approval of Well•Spring. If you choose to surrender your Original Health Center Living Unit, you will receive a top priority for assignment to a comparable Health Care Living Unit as soon as such a unit becomes available.

Services Provided Pursuant To A Health Care Agreement Which Are Covered By Monthly Fees And Services Which Are Not Covered Under The Health Care Agreement As Well As Which Will Be A The Resident’s Expense - Healthcare Agreement
(All Exhibits and Sections referenced in this section refer to Healthcare Agreement found in Appendix D)

Upon your occupancy in Well•Spring's Health Care Center (as defined in Section III, paragraph 2), Well•Spring shall provide to you during the Term of this Agreement the Living Unit and care shown on Exhibit A to this Agreement (“Health Center Living Unit”) and shall make available to you the facilities of Well•Spring Community. Unless otherwise specified, there shall be no charge

made for any of these services and facilities other than payment of the standard daily charge on Exhibit A (the "Daily Charge").

- ***Living Unit in the Health Care Center***

Well•Spring confers on you the right to occupy and use the Health Care Living Unit during the Term of this Agreement of the type selected by you and described in Exhibit A, subject to the terms and provisions of this Agreement.

- ***Adult Care, Resident Clinic, Skilled Nursing and Licensed Nursing Care*** Well•Spring will provide the following health care services and facilities to residents occupying Living Units in the Health Care Center:

- Assisted Living Care - Assisted Living Care shall be provided in accordance with North Carolina licensure statutes and regulations for licensed adult care. Well•Spring will provide you with licensed adult care in the Well•Spring Community Health Care Center (the "Health Care Center"). Responsible staff will be on duty at all times in the Health Care Center to assist you when necessary with bathing, dressing, grooming, eating, ambulation, and other activities of daily living. Well•Spring reserves the right to change the services provided under this Agreement at any time in order to comply with licensure laws and regulations from time to time in effect.
- Resident Clinic - Well•Spring will provide a Resident Clinic ("Clinic") on the Health Care Center premises where residents may be seen and treated as outpatients. Arrangements may be made for one (1) or more physicians, affiliated with Well•Spring ("Clinic Physicians"), to keep scheduled office hours at the Clinic. Routine services provided by the Clinic nursing staff will be provided at no additional charge. You shall pay an additional charge for office visits to Clinic Physicians or other Clinic health professionals including nurse practitioners and other physician extenders. There is no obligation to use the Clinic or the Clinic Physicians. You remain free to engage at your expense the services of a physician of your choice.
- Skilled Nursing Care & Licensed Nursing Care - Well•Spring may provide the following health care services and facilities to residents occupying Skilled Nursing Units in the Health Care Center, if available. Well•Spring makes no representations as to the availability of Skilled Nursing care on its campus. Well•Spring may provide licensed nursing care to you in the Health Care Center. Well•Spring reserves the right to change the services provided under this Agreement at any time in order to comply with licensure laws and regulations from time to time in effect.

- ***Common Facilities***

You may use, in common with other residents, the common facilities of Well•Spring's Health Care Center including but not limited to the dining room, lounges, lobbies, libraries, social and recreation rooms, and designated outdoor activity areas. At times, advance reservation may be

required for certain common facilities. There will be additional charges for your use of special services, such as beauty/barber shop and convenience store/gift shop.

- ***Emergencies***

The Health Care Center staff and/or safety staff employed by Well•Spring will be available to you in case of emergencies.

- ***Exclusions***

You agree that you or your insurance shall pay for all costs of your health and medical care except as follows:

- If you occupy a Living Unit, you shall be provided (i) assisted living (licensed as adult care) care in accordance with Section III, paragraph 2(a); (ii) care provided by Well•Spring in the Resident Clinic in accordance with Section III, paragraph 2(b); (iii) care provided by Well•Spring in emergencies in accordance with Section III, paragraph 4 and (iv) care provided for temporary illness.
- The health and medical care for which you are responsible for payment includes, but is not limited to:
- charges of any physician, dentist, podiatrist, nurse practitioner or other physician extenders or therapists;
- rehabilitative, and therapeutic services, including, but not limited to, speech therapy, occupational therapy, physical therapy, and respiratory therapy;
- laboratory, X-ray, and other diagnostic services;
- home health care and hospice;
- prescription drugs and supplies or equipment;
- oxygen supplies
- vision, hearing, and dental care, including all supplies, equipment and appliances;
- orthopedic appliances;
- mental health services;
- hospital charges;
- ambulatory surgical services;
- ambulance services;
- all other services for which you otherwise expressly agreed to pay under the terms of this Agreement.

- ***Food and Meals***

- Meals - Your Daily Charge includes three (3) meals per day for each day of a month. Meals will be served in the dining room, which is located in the Health Care Center. When authorized by Well•Spring, meal delivery service will be provided to your Living Unit.
- Food Credit - When you give Well•Spring advance notice that you are going to be away from Well•Spring for more than seven (7) consecutive nights or if you are hospitalized, you will be credited for the missed meals, according to a schedule periodically published by Well•Spring (the "Food Credit").

- Dietary Service - When authorized by Well•Spring's medical and dietary personnel, meals accommodating special diets may be provided.
- Dining Room for Guests - Dining room service will be available for your guests. Guests will be charged for meals at the currently published meal rate and charges for such meals will be included in your monthly service charge statements (referred to as the "Monthly Statement").
- ***Furnishings***
Well•Spring will furnish your Living Unit in the Health Care Center with mini-blinds, emergency nurse call system, bathroom with grab bars, individual thermostatic control for heating and air-conditioning, cable television outlet, telephone outlet, and smoke alarm. All other furnishings shall be provided by you and are subject to Well•Spring's approval in order to keep the Health Care Center safe and sanitary.
- ***Grounds***
Well•Spring will furnish basic grounds keeping care. Well•Spring Community will have conveniently located garden areas for Health Care Center residents.
- ***Guests***
You will be free to invite guests to your Living Unit for daily visits. Guest rooms may be available at a published rate for overnight stays by your guests from time to time. Well•Spring 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. No person other than you may reside in your Living Unit.
- ***Hospital Coverage and Transfer Agreements***
Well•Spring is not obligated to pay any charges for hospitalization or costs related thereto. In the event it becomes necessary for you to be transferred to a hospital, Well•Spring shall provide any medical or financial information available to meet the provisions of any hospital admissions agreement, and you agree that Well•Spring has the right to disclose such information, which may include part or all of your records.
Well•Spring is not designed or staffed to care for persons afflicted with certain diseases including, but not limited to, psychosis, substance abuse and addiction or contagious disease. If you require care for a disease or condition which Well•Spring in consultation with your physician determines is a potential danger to the health and welfare of you, other residents or staff, you agree that Well•Spring has the authority, after consultations described in the transfer provisions of this Agreement, to transfer you elsewhere for hospitalization or nursing care as may be deemed necessary by the Medical Director, whether or not the condition is deemed to be temporary in nature. If the transfer is deemed permanent by the Medical Director, your Living Unit may be released and made available to another Resident in accordance with the provisions of Section VI below, in which case Well•Spring shall have the right to terminate this Agreement.
- ***Housekeeping***
Well•Spring will provide certain housekeeping services in your Living Unit on a weekly basis and as required by applicable licensing regulations.

- ***Illness or Injury Away from Well•Spring Community***

If you become ill or are injured or develop a condition while you are away from Well•Spring which requires medical attention or treatment away from Well•Spring, all charges for any offsite medical attention or treatment for you shall be your personal responsibility. Upon your return to Well•Spring, Well•Spring shall assume providing all services to which you are entitled under this Agreement. For purposes of this paragraph, you shall be considered to be away from Well•Spring if your illness or injury or condition occurs when you are not on the grounds of Well•Spring.

- ***Mail***

A mailbox for each Living Unit will be provided in a central location in Assisted Living. Mail will be delivered to your room by staff in Skilled Nursing, Memory Care and Rehab.

- ***Maintenance and Repairs***

Well•Spring will perform all necessary repairs, maintenance and replacement of its property and equipment. Necessary repairs, maintenance and replacement of your personal property shall be your responsibility.

- ***Medical Director***

Well•Spring will retain the services of a qualified physician ("Medical Director") to be responsible for the quality of all medical services and medically related activities provided by Well•Spring.

- ***Meetings with Residents***

Well•Spring will hold at least quarterly meetings with the residents of Well•Spring Community for the purpose of free discussion of subjects of interest. Notice of each meeting will be given. Residents may, however, bring any grievances concerning the Health Care Center or suggestions for changes in rules and policies to the attention of Health Care Center staff at any time.

- ***Private Caregivers and Personal Aides***

You shall pay for all expenses (including meals if desired) of private caregivers and personal aides whom you employ, and all of these individuals shall be subject to all rules and regulations in effect at the Well•Spring Community. No private caregivers or personal aides may be employed without prior notice to Well•Spring, and at all times they are subject to Well•Spring's Private Caregiver Policy.

- ***Programs***

Well•Spring will provide programs of social, educational and recreational activities. Religious services will be provided on a regular basis.

- ***Real Estate Taxes***

Well•Spring will be responsible for the payment of all real estate taxes, if any, assessed on its property comprising Well•Spring Community.

- ***Rehabilitation Therapies, etc.***

You or your medical insurance will pay for all diagnostic, therapeutic and rehabilitative services. Well•Spring will make arrangements for specialized rehabilitative services, such as physical therapy, occupational therapy and speech therapy, on the Health Care Center premises. Well•Spring may also make arrangements for the services of other health care professionals on the Health Care Center premises by appointment. You are free to engage the services of the health care professional of your choice.

- ***Right of Subrogation***

Should you be injured by a third party and such injury requires Well•Spring to provide health care services under this Agreement, Well•Spring shall be subrogated, to the extent allowed by North Carolina law, to your rights against such other third party to the extent necessary to reimburse Well•Spring for all of its costs and expenses incurred by reason of such injuries.

To the extent allowed under North Carolina law, this right of subrogation authorizes Well•Spring to institute legal action in your name; provided, however, that such action shall not cause or result in a compromise, waiver or release of any causes of action that you may have against such third party for such injuries.

- ***Security***

Well•Spring will use reasonable care in providing security on the premises for you and your property. Well•Spring shall not be responsible for loss or damage to personal property. Well•Spring strongly discourages the keeping of valuable jewelry, papers, large sums of money or other items of value in the Health Care Center.

- ***Storage***

Limited storage space for clothing and possessions will be allocated to your Living Unit.

- ***Transportation***

Well•Spring will provide regularly scheduled local transportation and will assist in arranging for transportation at other times. Additional special transportation for personal or group trips will be available at additional cost.

- ***Utilities***

Well•Spring will provide utilities to your Living Unit such as water, sewer, heating, electricity, and air-conditioning. Well•Spring will not be responsible for periods of disruption of these utilities. You may install and maintain telephone service in your Living Unit and you shall pay the costs of its installation, maintenance and use. Well•Spring will provide basic cable television service to your Living Unit. You may install and maintain cable internet access and wireless internet access in your Living Unit. You shall pay the cost of internet service, installation, maintenance and use.

Your Rights And Responsibilities As A Resident - Healthcare

(All Exhibits and Sections referenced in this section refer to Healthcare Agreement found in Appendix D)

• *Commencing Occupancy*

You agree to commence occupancy of your Living Unit on the occupancy date set forth in Exhibit A (the "Occupancy Date"). If Well•Spring is unable to make a Living Unit available to you on the Occupancy Date, a revised Occupancy Date shall be established by written mutual agreement. Both the Occupancy Date and any revised Occupancy Date established pursuant to the terms of this paragraph shall be referred to as the "Occupancy Date." If you fail to occupy your Living Unit on the Occupancy Date, you shall nevertheless become obligated on that date to begin paying and to continue paying the Daily Charge set out in Exhibit A, less the published Food Credit.

If you are scheduled to enter a Living Unit but Well•Spring determines prior to or on the Occupancy Date that you are unable to occupy the Living Unit because of a change in your health status, you have the option of either: (i) terminating this Agreement, in which case neither party shall have any further obligations to the other; or (ii) if you meet Well•Spring's criteria for residency in a Skilled Nursing Unit (defined in Section VI), you may occupy a Skilled Nursing Unit (provided a Nursing Unit is available and such occupancy is permitted under applicable law and regulation), in which case this Agreement shall be amended to require you to pay the Daily Charge applicable to care in a Skilled Nursing Care Unit. Well•Spring agrees to consult with you and your physician or with anyone else you designate as a primary contact pursuant to Section VI below, prior to making a determination that you are unable to occupy a Living Unit. If, after the consultations described above, Well•Spring determines that you would require care that cannot be provided at Well•Spring due to changes in your health status, Well•Spring shall have the right to terminate this Agreement.

• *Financial Statements*

If Well•Spring has reason to believe that your affairs are not being managed in accordance with Section IV, paragraph 11, you agree to provide Well•Spring with financial statements, including copies of your federal, state and gift tax returns or other financially related information.

• *Health Information*

You agree to provide any and all health information as requested by Well•Spring. Said information may include, but shall not be limited to: (a) medical history, (b) report of current physical examination and current physician's orders, including diet, treatment, and current medications; and (c) a physician's statement that you are free from a communicable disease within 30 days prior to admission. If you are suffering from a communicable disease, you shall provide a physician's certificate that the disease is not in a transferable stage. Any health information requested by Well•Spring shall be kept confidential and will only be used to determine a resident's fitness to remain in a Living Unit.

- ***Housekeeping***

You agree to maintain your Living Unit in a clean, safe and orderly condition, in conformance with all applicable health regulations, and to perform all usual housekeeping not provided by Well•Spring. You shall notify Well•Spring immediately in the event of any damage to your Living Unit, any water leakage, or any other necessary repairs or maintenance. Maintenance or repairs required as a result of damage caused by you or your guests, as opposed to normal wear and tear, is not included in the Daily Rate and will be billed to you.

- ***Indemnification***

You shall indemnify, defend and hold Well•Spring and its members, directors, trustees, officers, agents and employees harmless from and against any and all claims, causes of action, damages, costs, and expenses, including, without limitation, attorneys fees and expenses and court costs resulting from any injury or death to persons or any damage to property caused by, resulting from, or attributable to, or in any way connected with your negligent or intentional acts or omissions. (You may wish to obtain insurance at your own expense to cover this obligation.)

- ***Medicare and Supplemental Insurance Requirements***

You shall enroll in and maintain Medicare (Part A and Part B) coverage (or equivalent insurance coverage acceptable to Well•Spring if you do not qualify for Medicare coverage) and shall furnish Well•Spring with evidence of such coverage upon request. You shall also enroll in and maintain participation in any governmental program or entitlement for which you qualify that provides medical or nursing care or financial assistance for medical or nursing care. You shall also provide Well•Spring with evidence of such participation on request.

You are required to secure and maintain a supplemental insurance policy (such as Medicare supplemental insurance) approved by Well•Spring to pay for charges for care not covered by Medicare (or by equivalent coverage required by the preceding paragraph, if applicable) or by other governmental programs or entitlements. You will not be required to provide such supplemental insurance if you show evidence satisfactory to Well•Spring that you have the financial ability to pay for such charges. This coverage is not provided by Well•Spring.

If at any time you become eligible for payments for health services from governmental agencies, you agree to make prompt application for such payments. Well•Spring will not pay for any nursing or medical care or related supplies that are covered by Medicare, any governmental programs or entitlements, or supplemental insurance which you are obligated to maintain or participate in under this Agreement. You agree that upon receiving third-party reimbursement, you will repay Well•Spring for any third-party reimbursable costs which Well•Spring incurred or paid on your behalf while your reimbursement approval was pending.

If care provided to you by Well•Spring is covered by insurance or some other third-party payer coverage, you shall nevertheless be primarily responsible for making all payments due Well•Spring pursuant to this Agreement regardless of such third-party benefits. Well•Spring will assist you in applying for health services or third-party benefits under any programs for which you might qualify. In addition, Well•Spring will assist you in filing claims for payment for services rendered by Well•Spring. Upon request you agree to execute assignments of benefits to Well•Spring.

- ***Non-Transferable***

Your rights under this Agreement to a Living Unit or services provided for herein are personal to you and cannot be transferred or assigned by you to any other person or entity.

- ***Pets***

Pets are allowed to reside in Health Care with prior approval by the Director of Health Services. Pets are defined as dogs, cats, (limit one per resident), birds (kept in a cage), and fish (maximum aquarium size of 10 gallons). Pets must be registered with Health Care and you must provide vaccination and licensing records to Health Care. Health Care staff is not responsible for the care of resident pets. If you become unable to care for your pet, a pet sitter may be hired or you will be asked to find a new home for your pet. Pet owners are responsible for any damage that occurs to Well•Spring premises as a result of their pet.

- ***Policies, Rules and Regulations***

You agree to abide by the policies, rules, and regulations of Well•Spring including such changes as may be adopted from time to time. These policies shall be set forth in a Resident Handbook and will be made available to you through the management of Well•Spring.

- ***Power of Attorney***

You agree to execute and maintain in effect a limited Durable Power of Attorney as provided in Chapter 32A, Article 2 of the General Statutes of North Carolina (or similar laws subsequently enacted). This Power of Attorney shall designate as your attorney-in-fact a bank, lawyer, relative or other responsible person or persons of your choice to act for you in managing your financial affairs and filing for your insurance or other benefits as fully and completely as you would if acting personally. It shall be in a form which survives your incapacity or disability and be otherwise satisfactory to Well•Spring. You shall deliver a fully executed copy of this Power of Attorney to Well•Spring upon Occupancy and you must notify Well•Spring in writing of any subsequent changes to your Power of Attorney, including the appointment of a new legal representative. If you revoke your Power of Attorney and do not name a new personal representative, or if your personal representative dies, becomes incapacitated or cannot be located after a reasonable search, then you agree that Well•Spring shall be your Attorney-in-Fact, coupled with an interest, for the sole purpose of giving Well•Spring the authority to nominate a legal guardian for you, to serve when approved by a court as provided by law.

- ***Preservation of Your Assets***

You agree to manage your financial resources so as not to threaten or impair your ability or the inability of your estate to satisfy your financial obligations as set forth in this Agreement. At the request of Well•Spring, you agree to make arrangements for the preservation and management of your financial resources by a third party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgement of Well•Spring, it appears that your continued management of your financial affairs may make you unable to meet your financial obligations to Well•Spring.

Well•Spring shall have no obligation to see to the proper management of your financial affairs, and you shall be solely responsible for proper management or arranging for the proper management of your financial affairs.

- ***Protection of Personal Property***

Well•Spring is not responsible for the loss of any personal property belonging to you due to theft, fire, or any other cause, unless said property is specifically entrusted in writing to Well•Spring's care and control and then only for gross negligence in failing to safeguard and account for such property. (You may wish to obtain insurance at your own expense to protect against such losses.)

- ***Real Property***

Your rights and privileges, as granted herein, do not include any right, title or interest whether legal, equitable, beneficial or otherwise, in or to any part of the real property, including land, buildings and improvements, owned or operated by Well•Spring.

- ***Relationships between Resident and Staff Members***

Employees of Well•Spring are supervised solely by Well•Spring'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. You acknowledge and agree that you or your family will not hire Well•Spring employees or solicit such employees to resign their employment at Well•Spring in order to work for you or your family. You also acknowledge and agree that, unless consented to by Well•Spring, you will not hire any former Well•Spring employee until three (3) months elapse from the date of termination of the person's employment at Well•Spring.

- ***Representations Made by You in Connection with Application for Residency***

Your application forms, including the statements of your finances and health history, which you filed with Well•Spring as part of the residency application process described in the Reservation Agreement are incorporated into this Agreement by reference, and all statements therein are deemed to be true as of the date made. You represent and warrant that you have disclosed to Well•Spring all material changes in this information occurring since the date of your application. Any material misstatement, or any material omission to state a fact called for, shall entitle Well•Spring to terminate this Agreement. By executing this Agreement, you represent and warrant that your sources of income are adequate to meet your financial responsibilities to Well•Spring and to pay all of your personal and incidental expenses. You represent and warrant that you have not made any gift or transfer for less than fair value of real or personal property in contemplation of the execution of this Agreement. You also agree that no such gift or transfer for less than fair value will be made subsequent to the execution of this Agreement that would impair your ability to satisfy your financial obligations under this Agreement. If you are unable to meet such financial obligations, you agree to make every reasonable effort to obtain assistance through or by means of your family or otherwise except as acknowledged in writing by Well•Spring.

- ***Resident Physician***

You shall designate and provide Well•Spring with the name of your attending physician. Well•Spring shall not be responsible for the professional medical services provided by your attending physician.

- ***Residents' Association***

Residents shall have the right to organize and operate a residents' association at Well•Spring Community, and shall have the right to meet privately to conduct business as an association. The officers of the residents' association shall serve as a liaison between the residents and Well•Spring.

- ***Responsibility for Damages***

You shall be responsible for any costs incurred in replacing, maintaining or repairing any loss or damage to the real or personal property of Well•Spring caused by the negligence or willful misconduct of you, your guests, agents, employees. (You may wish to obtain insurance at your own expense to cover this obligation.)

- ***Right of Entry***

You shall permit authorized employees of Well•Spring into your Living Unit at all reasonable times for purposes of providing care, inspection, housekeeping, maintenance, and at any time in case of emergencies.

- ***Rights of Residents***

Your rights as a resident under this Agreement are those rights and privileges expressly granted to you in this Agreement or by North Carolina law.

- ***Structural Changes***

You shall not make any structural or physical change of any kind within or about a Living Unit occupied by you.

- ***Subrogation of Rights***

Notwithstanding anything to the contrary herein, your rights, privileges or benefits arising under this Agreement shall be subordinate and inferior to all mortgages, security interests, deeds of trust and leasehold interests granted to secure any loans or advance made to Well•Spring, its related entities, or its successors, now outstanding or made in the future, in the real property and improvements constituting Well•Spring Community, and subordinate and inferior to all amendments, modifications, replacements, refunding or refinancing thereof. You agree that, upon the request of Well•Spring, you shall execute and deliver any and all documents which are deemed by Well•Spring to be necessary or required to effect or evidence such subordination.

- ***Taxes on Personal Property***

You shall pay all taxes assessed on your personal property.

- ***Will and Funeral Arrangements***

If you have not already done so, you agree to make a will providing for disposal of your personal property, the appointment of an executor of your estate, and funeral and burial arrangements, within sixty (60) days after the date of this Agreement. You agree to provide Well•Spring with written verification from your attorney or from another independent source that these arrangements have been made within sixty (60) days of the date of this Agreement. You acknowledge that while Well•Spring shall not be responsible for making arrangements relating to disposal of personal property and funeral and burial arrangements, if Well•Spring must do so, you agree that Well•Spring shall be reimbursed by your estate for all such expenses.

Fees – Healthcare Agreement

(All Exhibits and Sections referenced in this section refer to Healthcare Agreement found in Appendix D)

- ***Payment of Daily Charge and Additional Charges***

You agree to pay Well•Spring the Daily Charge set forth in Exhibit A, which represents payment for the facilities and services to be provided to you under this Agreement. The Daily Charge shall be prorated for any applicable period of less than one month. Unless expressly stated in this Agreement, charges shall not be waived, suspended, or reduced. The Daily Charge may be adjusted periodically by Well•Spring at its sole discretion upon at least sixty (60) day notice to you.

Well•Spring will endeavor to maintain the Daily Charge applicable to your Living Unit at the lowest possible rate consistent with sound financial practice and maintenance of quality health care services to be provided by Well•Spring. When Well•Spring does adjust those fees, you agree to pay the adjusted charge. You agree that you have no right to offset or withhold payment of the Daily Charge or any other amounts you owe Well•Spring under this Agreement for any reason.

You will be invoiced for any medical and health care services, supplies or equipment provided for you that Well•Spring is not obligated to provide under the terms of this Agreement without additional charge, and such invoices shall be due and payable by the fifteen (15th) day of the month.

Entrance Fees Independent Living

Well•Spring offers two entrance fee refund options. Well•Spring's 90% Refund Option is only applicable to the Lifecare Residence and Care Agreement. The entrance fee refund plans differ only in the amount of the entrance fee required and the amount of refund available, if any, upon termination of the Residence and Care Agreement. The entrance fee refund plans are described below.

One Year, Four Percent Per Month Declining Refund Option - (Plan A) **(Lifecare & Modified Lifecare)**

A resident or his or her estate will receive 90% of the entrance fee paid in the event the termination date occurs within 60 days after the scheduled date of move-in. Thereafter, the refund will be equal to 90% of the entrance fee paid less 4% of the entrance fee per month of occupancy after the initial 60 days. After 12 months of occupancy, no refund will be paid under this option.

Ninety Percent Refund Option - (Lifecare Only)

Under Well•Spring's 90% Refund Option, Well•Spring will refund an amount equal to 90% of the entrance fee paid, regardless of when the termination date occurs.

**ENTRANCE FEES
LIFECARE RESIDENCE AND CARE AGREEMENT**

Effective: January 1, 2025

	Plan A		90% Refund Option*	
APARTMENTS:	One Person	Two Person	One Person	Two Person
1 Bedroom/1 Bath (Azalea)	\$175,100	N/A	\$328,960	N/A
1 Bedroom/1 Bath (Birch)	\$175,100	N/A	\$328,960	N/A
1 Bedroom/1 Bath (Camellia)	\$232,000	\$318,200	\$435,858	\$597,802
2 Bedroom/1 Bath (Dogwood)	\$309,700	\$406,700	\$581,833	\$764,066
2 Bedroom/2 Bath (Elm)	\$335,300	\$433,300	\$629,927	\$814,040
2 Bedroom/2 Bath (Chestnut)	\$464,100	\$606,100	\$871,904	\$1,138,679

	Plan A		90% Refund Option*	
GARDEN HOMES:	One Person	Two Person	One Person	Two Person
1 Bedroom/1 Bath (Forsythia)	\$232,000	\$318,200	\$473,056	\$634,436
2 Bedroom/2 Bath (Gardenia)	\$329,900	\$423,100	\$656,417	\$831,699
2 Bedroom/1½ Bath (Holly)	\$318,600	\$411,700	\$635,563	\$810,470

	Plan A		90% Refund Option*	
VILLAS:	One Person	Two Person	One Person	Two Person
2 Bedroom/2 Bath (Ivy)	\$348,300	\$442,800	\$715,972	\$893,509
2 Bedroom/2 Bath/Study (Juniper)	\$420,200	\$523,200	\$850,862	\$1,044,368
2 Bedroom/2 Bath (Laurel)	\$489,200	\$599,700	\$919,059	\$1,126,655
3 Bedroom/2 Bath (Maple)	\$599,700	\$741,700	\$1,126,655	\$1,393,430
2 Bedroom/2 Bath (Oak)	\$489,200	\$599,700	\$919,059	\$1,126,655
3 Bedroom/2 Bath (Pine)	\$599,700	\$741,700	\$1,126,655	\$1,393,430

	Plan A		90% Refund Option*	
WILDFLOWER APARTMENTS:	One Person	Two Person	One Person	Two Person
2 Bedroom/2 Bath (Rosemary)	\$458,400	\$576,200	\$861,195	\$1,082,505
2 Bedroom/2 Bath (Sage)	\$510,800	\$628,600	\$959,639	\$1,180,949

* Entrance fees under Well•Spring's 90% Refund Option are determined based on a prospective resident's age at the time the Residence and Care Agreement is signed. Entrance fees shown are for a person who is seventy-five (75) years of age at the time the Resident and Care Agreement is signed. Entrance fees for people of other ages are available from Well•Spring upon request.

ENTRANCE FEES

MODIFIED LIFECARE RESIDENCE AND CARE AGREEMENT

Effective: January 1, 2025

	Plan A	
APARTMENTS:	One Person	Two Person
1 Bedroom/1 Bath (Azalea)	\$127,800	N/A
1 Bedroom/1 Bath (Birch)	\$127,800	N/A
1 Bedroom/1 Bath (Camellia)	\$169,400	\$232,400
2 Bedroom/1 Bath (Dogwood)	\$226,100	\$296,800
2 Bedroom/2 Bath (Elm)	\$244,800	\$316,400
2 Bedroom/2 Bath (Chestnut)	\$338,800	\$442,500

	Plan A	
GARDEN HOMES:	One Person	Two Person
1 Bedroom/1 Bath (Forsythia)	\$169,400	\$232,400
2 Bedroom/2 Bath (Gardenia)	\$240,800	\$308,800
2 Bedroom/1½ Bath (Holly)	\$232,700	\$300,600

	Plan A	
VILLAS:	One Person	Two Person
2 Bedroom/2 Bath (Ivy)	\$254,300	\$323,300
2 Bedroom/2 Bath/Study (Juniper)	\$306,800	\$381,900
2 Bedroom/2 Bath (Laurel)	\$357,100	\$437,800
3 Bedroom/2 Bath (Maple)	\$437,800	\$541,500
2 Bedroom/ 2 Bath (Oak)	\$357,100	\$437,800
3 Bedroom/ 2 Bath (Pine)	\$437,800	\$541,500

	Plan A	
WILDFLOWER APARTMENTS: **	One Person	Two Person
2 Bedroom/2 Bath (Rosemary)	\$334,600	\$420,700
2 Bedroom/2 Bath (Sage)	\$372,900	\$458,900

* Entrance fees shown are for a person who is seventy-five (75) years of age at the time the Resident and Care Agreement is signed. Entrance fees for people of other ages are available from Well•Spring upon request.

Lifecare Residence and Care Agreement Monthly Service Fees*

Apartments:	<u>Single Occupancy</u>	<u>Double Occupancy</u>
1 Bedroom/1 Bath (Azalea)	\$4,188	N/A
1 Bedroom/1 Bath (Birch)	\$4,188	N/A
1 Bedroom/1 Bath (Camellia)	\$5,014	\$7,426
2 Bedroom/1 Bath (Dogwood)	\$5,372	\$7,784
2 Bedroom/2 Bath (Elm)	\$5,628	\$8,040
2 Bedroom/2 Bath (Chestnut)	\$7,107	\$9,519

Garden Homes:	<u>Single Occupancy</u>	<u>Double Occupancy</u>
1 Bedroom/1 Bath (Forsythia)	\$5,148	\$7,560
2 Bedroom/2 Bath (Gardenia)	\$5,642	\$8,054
2 Bedroom/1½ Bath (Holly)	\$5,515	\$7,927

Villas:	<u>Single Occupancy</u>	<u>Double Occupancy</u>
2 Bedroom/2 Bath (Ivy)	\$5,867	\$8,279
2 Bedroom/2 Bath/Study (Juniper)	\$6,540	\$8,952
2 Bedroom/2 Bath (Laurel)	\$6,896	\$9,308
3 Bedroom/2 Bath (Maple)	\$7,235	\$9,647
2 Bedroom/2 Bath (Oak)	\$6,896	\$9,308
3 Bedroom/2 Bath (Pine)	\$7,235	\$9,647

WILDFLOWER APARTMENTS: **	<u>Single Occupancy</u>	<u>Double Occupancy</u>
2 Bedroom/2 Bath (Rosemary)	\$6,753	\$9,165
2 Bedroom/2 Bath (Sage)	\$7,004	\$9,416

Modified Lifecare Residence and Care Agreement Monthly Service Fees*

Apartments:	<u>Single Occupancy</u>	<u>Double Occupancy</u>
1 Bedroom/1 Bath (Azalea)	\$3,644	N/A
1 Bedroom/1 Bath (Birch)	\$3,644	N/A
1 Bedroom/1 Bath (Camellia)	\$4,363	\$6,462
2 Bedroom/1 Bath (Dogwood)	\$4,674	\$6,773
2 Bedroom/2 Bath (Elm)	\$4,897	\$6,996
2 Bedroom/2 Bath (Chestnut)	\$5,807	\$7,906

Garden Homes:	<u>Single Occupancy</u>	<u>Double Occupancy</u>
1 Bedroom/1 Bath (Forsythia)	\$4,479	\$6,578
2 Bedroom/2 Bath (Gardenia)	\$4,909	\$7,008
2 Bedroom/1½ Bath (Holly)	\$4,799	\$6,898

Villas:	<u>Single Occupancy</u>	<u>Double Occupancy</u>
2 Bedroom/2 Bath (Ivy)	\$5,105	\$7,204
2 Bedroom/2 Bath/Study (Juniper)	\$5,690	\$7,789
2 Bedroom/2 Bath (Laurel)	\$6,000	\$8,099
3 Bedroom/2 Bath (Maple)	\$6,295	\$8,394
2 Bedroom/ 2 Bath (Oak)	\$6,000	\$8,099

3 Bedroom/ 2 Bath (Pine)	\$6,295	\$8,394
WILDFLOWER APARTMENTS: **	<u>Single Occupancy</u>	<u>Double Occupancy</u>
2 Bedroom/2 Bath (Rosemary)	\$5,876	\$7,975
2 Bedroom/2 Bath (Sage)	\$6,094	\$8,193

**Effective: January 1, 2025*

The fee for Adult Care Units is \$326 per day, effective 1/1/25.

The fee for Skilled Nursing & Memory Care Units is \$527 per day, effective 1/1/25.

Notification of Fee Increase

Under the Residence and Care Agreement and the Health Care Agreement, Well•Spring has the authority to adjust the service fee from time to time. Well•Spring will endeavor to maintain the service fee at the lowest possible rate consistent with sound financial practice and maintenance of the quality of services. Well•Spring will notify Residents sixty (60) days in advance of any changes in the service fee.

Changes in Fees for the Previous Five Years

During the past five years Well•Spring has increased service fees as follows:

	Residential Living LifeCare & Modified LifeCare		Assisted Living Per Diem		Skilled Nursing & Memory Care Per Diem	
Effective Date	% Per Month (Weighted Average across all unit types)	\$ Per Month (Weighted Average across all unit types)	% Per Day	\$ Per Day	% Per Day	\$ Per Day
01/01/21	2.50%	\$110	3.64%	\$ 9	3.54%	\$ 14
01/01/22	5.01%	\$240	5.07%	\$13	5.13%	\$ 21
01/01/23	7.00%	\$335	7.00%	\$19	7.00%	\$ 35
01/01/24	5.75%	\$354	6.50%	\$19	6.50%	\$31
01/01/25	5.25%	\$233	6.20%	\$19	6.25%	\$31

FINANCIAL INFORMATION

- Financial Statements**

Audited financial statements and Forecast Financial Statements are included in the appendices.

- Operating Reserves**

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

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

NARRATIVE DESCRIPTION OF MATERIAL DIFFERENCES BETWEEN FORECAST AND ACTUAL

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

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

Variances

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

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

Note 3 - Factor of differences in other categories.

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

Note 5 - Intercompany transactions eliminated in the audited statements

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

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

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

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

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023



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

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Well•Spring Services, Inc. (an affiliate of Kintura) (Services) (a North Carolina nonprofit corporation), and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Services as of December 31, 2024 and 2023, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

Supplementary Information

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Charlotte, North Carolina
April 24, 2025

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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 employs more than 2,100 team members over its communities and additional services and programs provided. To support the formation and operation of Kintura, the Well•Spring Group made a capital contribution of \$1,000,000 to Kintura during the year ended December 31, 2024.

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

Basis of Accounting

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

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

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Property and Equipment

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

The following estimated useful lives are used to calculate depreciation:

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

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

Pledges Receivable

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

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

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

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Accounts Receivable and Allowance for Credit Losses

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

Charitable Gift Annuity Liability

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

Deferred Revenue from Entrance Fees and Refundable Entrance Fees

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

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

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Deferred Financing Costs

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

Assets Under Interest Rate Swap Agreements

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

Obligation to Provide Future Services

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

Consolidated Statements of Operations

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

Benevolent Assistance

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

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Benevolent Assistance (Continued)

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

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

Contributions

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

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

Contributed Nonfinancial Assets

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

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

WELL•SPRING SERVICES, INC.
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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Advertising

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

Excess of Revenue, Gains, and Other Support Over Expenses

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

Concentration of Credit Risk

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

Income Tax Status

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

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

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

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

WELL•SPRING SERVICES, INC.
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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Fair Value Measurements

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market clients would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

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

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

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

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

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

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

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

Membership Interest in PACE Programs

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

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

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

Condensed Statements of Financial Position

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

Condensed Statements of Operations

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

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

Membership Interest in PACE Programs (Continued)

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

Subsequent Events

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

NOTE 2 RESIDENT FEES EARNED AND CLIENT FEES

Resident fees earned and client fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care, home care services, and adult day programs. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

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

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

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NOTE 2 RESIDENT FEES EARNED AND CLIENT FEES (CONTINUED)

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

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

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

Generally, clients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for clients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to client fees in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as credit losses.

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

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

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

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

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NOTE 2 RESIDENT FEES EARNED AND CLIENT FEES (CONTINUED)

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

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

Financing Component

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

The opening and closing contract balances were as follows:

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

WELL•SPRING SERVICES, INC.
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NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE

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

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

Investment Income

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

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

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

Statutory Operating Reserve

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

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

WELL•SPRING SERVICES, INC.
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NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

Health Care, Wellness Center, and the Arts Endowment

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

Admission Deposits

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

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

Benevolent Assistance and Other Assets Limited as to Use

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

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NOTE 4 PROPERTY AND EQUIPMENT

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

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

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

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

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

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

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

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

WELL•SPRING SERVICES, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 \$1,750,417. The Series 2016B Swap now has an effective date of July 1, 2018. The Community now pays a fixed rate of 3.024% on a current notional amount of \$27,045,833.

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

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

WELL•SPRING SERVICES, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 LONG-TERM DEBT (CONTINUED)

Interest Rate Swap Agreements (Continued)

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

NOTE 6 COMMITMENTS AND CONTINGENCIES

Self-Insured Health Plan

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

Professional Malpractice Liability Insurance

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

NOTE 7 RETIREMENT PLAN

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

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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:

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

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

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

WELL•SPRING SERVICES, INC.
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NOTE 9 ENDOWMENT FUNDS

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

Interpretation of Relevant Law

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

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

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

Funds with Deficiencies

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

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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, 2024</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	\$ -	\$ 2,659,246	\$ 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>
 <u>December 31, 2023</u>				
Donor-Restricted Endowment				
Funds: Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	\$ -	\$ 2,712,333	\$ 2,845,198	\$ 5,557,531
Board-Designated Endowment Funds	5,091,957	-	-	5,091,957
Total	<u>\$ 5,091,957</u>	<u>\$ 2,712,333</u>	<u>\$ 2,845,198</u>	<u>\$ 10,649,488</u>

WELL•SPRING SERVICES, INC.
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NOTE 9 ENDOWMENT FUNDS (CONTINUED)

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

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

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

	2023			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets - Beginning of Year	\$ 4,800,379	\$ 2,121,351	\$ 3,230,198	\$ 10,151,928
Investment Return	731,263	523,201	-	1,254,464
Contributions	487,223	45,952	15,000	548,175
Donor Redesignation of Endowment	-	400,000	(400,000)	-
Appropriation of Endowment Assets for Expenditure	(926,908)	(378,171)	-	(1,305,079)
Endowment Net Assets - End of Year	<u>\$ 5,091,957</u>	<u>\$ 2,712,333</u>	<u>\$ 2,845,198</u>	<u>\$ 10,649,488</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. As of December 31, 2024 and 2023, the Organization had working capital of \$35,775,060 and \$31,495,211, respectively.

WELL•SPRING SERVICES, INC.
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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 balance sheet date, comprise the following:

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

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

WELL•SPRING SERVICES, INC.
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DECEMBER 31, 2024 AND 2023

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

	2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments and Assets Limited as to Use				
Mutual Funds - Fixed Income	\$ 22,673,017	\$ -	\$ -	\$ 22,673,017
Equities	1,320,243	-	-	1,320,243
Mutual Funds - Equities	36,231,460	-	-	36,231,460
Assets Under Interest Rate Swap Agreements	-	4,959,195	-	4,959,195
Total Investments and Assets Limited as to Use Measured at Fair Value	<u>\$ 60,224,720</u>	<u>\$ 4,959,195</u>	<u>\$ -</u>	<u>\$ 65,183,915</u>
Liabilities:				
Charitable Gift Annuities	\$ -	\$ 156,860	\$ -	\$ 156,860
Total Liabilities Measured at Fair Value	<u>\$ -</u>	<u>\$ 156,860</u>	<u>\$ -</u>	<u>\$ 156,860</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, 2024 and 2023, the carrying value of the Fund is \$54,598 and \$56,824, respectively, which represents the Community's capital commitments net of return of capital distributions. As of December 31, 2024 and 2023, these amounts are being carried at cost and are shown as Investments within the consolidated balance sheets.

WELL•SPRING SERVICES, INC.
(AN AFFILIATE OF KINTURA)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 12 FUNCTIONAL EXPENSES

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

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

WELL•SPRING SERVICES, INC.
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NOTE 12 FUNCTIONAL EXPENSES (CONTINUED)

	2023					
	Program Services					
	Life Plan		Adult Day Centers		Home Care	
	Retirement Communities					
Salaries	\$ 18,955,185	\$ 758,118	\$ 1,529,676	\$ 21,242,979	\$ 2,672,753	\$ 23,936,608
Payroll Tax	1,190,217	41,229	77,938	1,309,384	334,541	1,645,317
Employee Benefits	2,956,998	119,259	174,479	3,250,736	906,028	4,160,194
Management Services	-	-	-	-	1,368,474	1,433,712
Legal Fees	-	-	-	-	80,646	80,646
Accounting Fees	-	-	-	-	185,530	185,530
Outside Services	2,579,923	31,660	11,992	2,623,575	73,397	2,701,456
Community Outreach	-	-	-	-	365,719	365,719
Advertising and Marketing	19,866	59,289	515	79,670	385,430	465,100
Office Expenses	1,397,089	38,697	39,747	1,475,533	341,538	1,817,441
Occupancy	2,117,264	59,859	12,667	2,189,790	34,215	2,224,005
Travel and Transportation	11,784	1,204	-	12,988	1,950	14,938
Conferences and Meetings	51,224	-	-	51,224	8,478	59,702
Interest	2,599,847	-	-	2,599,847	-	2,599,847
Depreciation	10,195,138	78,257	275	10,273,670	61,392	10,335,062
Insurance	810,061	30,444	30,444	870,949	2,862	873,811
Food	2,222,072	94,558	-	2,316,630	-	2,316,630
Equipment Rental and Maintenance	3,022,390	31,708	1,222	3,055,320	31,667	3,086,987
Resident Activities	122,893	-	-	122,893	88,336	211,229
Maintenance and Horticultural	476,823	-	-	476,823	-	476,823
Miscellaneous	525,829	55,350	1,364	582,543	3,679,893	4,283,098
Total Expenses by Function	\$ 49,254,603	\$ 1,399,632	\$ 1,880,319	\$ 52,534,554	\$ 10,622,849	\$ 63,253,855
					\$ 96,452	

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.
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CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Well-Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well-Spring Foundation	Well-Spring Services, Inc.	Well-Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 2,824,608	\$ 80,230	\$ -	\$ 2,904,838	\$ 720,487	\$ 1,383,678	\$ 769,082	\$ 900,168	\$ -	\$ 6,678,233
Investments	35,690,305	-	-	35,690,305	-	1,324,476	-	-	-	37,014,781
Resident and Client Accounts Receivable	297,874	259,980	-	557,854	-	-	-	147,912	-	705,766
Allowance for Credit Losses	(225)	(43,347)	-	(43,572)	-	-	-	-	-	(43,572)
Resident and Client Accounts Receivable, Net	297,649	216,633	-	514,282	-	-	-	147,912	-	662,194
Pledges Receivable	200,000	-	-	200,000	100,000	-	-	-	-	300,000
Intercompany Receivables	215,323	285	-	215,608	650	-	32,971	86,280	(335,509)	-
Other Receivables	795,079	334,833	-	1,129,912	-	-	481,133	-	-	1,611,045
Other Current Assets	140,887	32,291	-	173,178	-	-	-	940,970	-	1,114,148
Total Current Assets	40,163,851	654,272	-	40,828,123	821,117	2,708,154	1,283,186	2,075,330	(335,509)	47,380,401
ASSETS LIMITED AS TO USE										
Statutory Operating Reserves	9,400,000	3,900,000	-	13,300,000	-	-	-	-	-	13,300,000
Health Care Endowment	-	-	-	-	2,308,414	-	-	-	-	2,308,414
Wellness Center Operational Endowment	-	-	-	-	150,052	-	-	-	-	150,052
Admissions Deposits	797,660	-	-	797,660	-	-	-	-	-	797,660
Refundable Entrance Fees	355,996	-	-	355,996	-	-	-	-	-	355,996
Benevolent Assistance	-	-	-	-	4,678,034	-	-	-	-	4,678,034
Endowment for the Arts	-	-	-	-	2,319,931	-	-	-	-	2,319,931
Community Benefit Reserve	-	-	-	-	560,904	-	-	-	-	560,904
Externally Restricted - Donor Restricted	1,451,079	-	-	1,451,079	-	-	-	-	-	1,451,079
Board Designated	3,900,000	-	(3,900,000)	-	-	-	-	-	-	-
Total Assets Limited as to Use	15,904,735	3,900,000	(3,900,000)	15,904,735	10,017,335	-	-	-	-	25,922,070
PROPERTY AND EQUIPMENT										
Property and Equipment	141,812,251	69,871,969	-	211,684,220	-	-	-	1,941,924	-	213,625,144
Accumulated Depreciation	(63,331,801)	(18,489,687)	-	(81,821,488)	-	-	-	(529,105)	-	(82,350,593)
Total Property and Equipment, Net	78,480,450	51,382,282	-	129,862,732	-	-	-	1,412,819	-	131,273,551
ASSETS UNDER INTEREST RATE SWAP AGREEMENTS										
PLEDGES RECEIVABLES, NET OF CURRENT PORTION										
	100,000	-	-	100,000	100,000	-	-	-	-	200,000
OTHER ASSETS										
Investment in Joint Ventures	-	-	-	-	-	14,606,372	-	-	-	14,606,372
Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	57,436,052	-	-	(57,436,052)	-
Other	205,782	-	-	205,782	-	-	-	-	-	205,782
Total Other Assets	205,782	-	-	205,782	-	72,042,424	-	-	(57,436,052)	14,812,154
Total Assets	\$ 139,126,189	\$ 57,683,334	\$ (3,900,000)	\$ 192,908,523	\$ 10,938,452	\$ 74,750,578	\$ 1,283,186	\$ 3,488,149	\$ (57,771,561)	\$ 225,598,327

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

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

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

	Well-Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well-Spring Foundation	Well-Spring Services, Inc.	Well-Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 1,032,897	\$ 1,705,960	\$ -	\$ 2,742,857	\$ 395,620	\$ 209,834	\$ 749,884	\$ 622,500	\$ -	\$ 4,720,695
Investments	34,662,209	-	-	34,662,209	32,480	2,454,257	-	-	-	37,148,946
Resident and Client Accounts Receivable	284,936	223,601	-	508,537	-	-	-	125,192	-	633,729
Allowance for Credit Losses	(21,106)	(43,347)	-	(64,453)	-	-	-	-	-	(64,453)
Resident and Client Accounts Receivable, Net	263,830	180,254	-	444,084	-	-	-	125,192	-	569,276
Pledges Receivable	220,870	-	-	220,870	100,000	-	-	-	-	320,870
Intercompany Receivables	604,133	140,175	-	744,308	-	-	348,824	299,099	(1,392,231)	-
Other Receivables	421,190	308,516	-	729,706	87	-	116	-	-	729,909
Other Current Assets	320,919	94,875	-	415,794	-	-	24,180	420,621	-	860,595
Total Current Assets	37,526,048	2,433,780	-	39,959,828	528,187	2,664,091	1,123,004	1,467,412	(1,392,231)	44,350,291
ASSETS LIMITED AS TO USE										
Statutory Operating Reserves	8,028,000	3,900,000	-	11,928,000	-	-	-	-	-	11,928,000
Health Care Endowment	-	-	-	-	2,267,104	-	-	-	-	2,267,104
Wellness Center Operational Endowment	-	-	-	-	137,758	-	-	-	-	137,758
Admissions Deposits	612,890	-	-	612,890	-	-	-	-	-	612,890
Refundable Entrance Fees	355,996	-	-	355,996	-	-	-	-	-	355,996
Benevolent Assistance	-	-	-	-	5,103,043	-	-	-	-	5,103,043
Charitable Gift Annuity	-	-	-	-	345,315	-	-	-	-	345,315
Future Expansion of Well-Spring	-	-	-	-	477,298	-	-	-	-	477,298
Endowment for the Arts	-	-	-	-	2,124,338	-	-	-	-	2,124,338
Community Benefit Reserve	-	-	-	-	514,947	-	-	-	-	514,947
Externally Restricted - Donor Restricted	1,451,079	-	-	1,451,079	-	-	-	-	-	1,451,079
Board Designated	3,900,000	-	(3,900,000)	-	-	-	-	-	-	-
Total Assets Limited as to Use	14,347,965	3,900,000	(3,900,000)	14,347,965	10,969,803	-	-	-	-	25,317,768
PROPERTY AND EQUIPMENT										
Property and Equipment	156,064,891	74,381,416	-	230,446,107	-	-	27,534	2,077,891	-	232,551,532
Accumulated Depreciation	(73,777,681)	(27,920,169)	-	(101,697,850)	-	-	(686,762)	(586,762)	-	(102,284,612)
Total Property and Equipment, Net	82,287,210	46,461,247	-	128,748,257	-	-	27,534	1,491,129	-	130,266,920
ASSET UNDER INTEREST RATE SWAP AGREEMENTS										
PLEDGES RECEIVABLE, NET OF CURRENT PORTION	3,777,609	1,181,586	-	4,959,195	-	-	-	-	-	4,959,195
	551,000	-	-	551,000	200,000	-	-	-	-	751,000
OTHER ASSETS										
Investment in Joint Ventures	-	-	-	-	-	-	-	-	-	9,361,038
Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	9,361,038	-	-	(53,528,372)	-
Other	241,036	-	-	241,036	-	53,528,372	-	-	-	241,036
Total Other Assets	241,036	-	-	241,036	-	62,889,410	-	-	(53,528,372)	9,602,074
Total Assets	\$ 138,730,668	\$ 53,976,613	\$ (3,900,000)	\$ 188,807,281	\$ 11,697,990	\$ 65,553,501	\$ 1,150,538	\$ 2,958,541	\$ (54,920,603)	\$ 215,247,248

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

	Well-Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well-Spring Foundation	Well-Spring Services, Inc.	Well-Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
CURRENT LIABILITIES										
Accrued Interest Payable	\$ 99,069	\$ 105,132	\$ -	\$ 204,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,201
Accounts Payable and Accrued Expenses	1,551,978	2,941,257	-	4,493,235	-	-	-	35,200	-	4,528,435
Accrued Salaries and Wages	1,372,399	677,433	-	2,049,832	-	-	533,644	202,140	-	2,785,616
Intercompany Payables	383,219	138,139	-	521,358	444,890	-	311,885	114,098	(1,392,231)	-
Deferred Resident Fee Revenue	256,971	-	-	256,971	-	-	-	-	-	256,971
Deferred Revenue from Entrance Fees	150,000	900,000	-	1,050,000	-	-	-	-	-	1,050,000
Current Portion of Long-Term Debt	1,872,916	580,561	-	2,453,477	-	-	-	-	-	2,453,477
Other Liabilities	535,576	-	-	535,576	-	1,040,804	-	-	-	1,576,380
Total Current Liabilities	6,222,128	5,342,522	-	11,564,650	444,890	1,040,804	845,529	351,438	(1,392,231)	12,855,080
LONG-TERM LIABILITIES										
Admission Deposits	612,890	1,867,566	-	2,480,456	-	-	-	-	-	2,480,456
Charitable Gift Annuity Payment Liability	-	-	-	-	156,860	-	-	-	-	156,860
Deferred Revenue from Entrance Fees, Net of Current Portion	48,511,565	17,778,656	-	66,290,221	-	-	-	-	-	66,290,221
Refundable Entrance Fees	355,996	3,811,501	-	4,167,497	-	-	-	-	-	4,167,497
Long-Term Intercompany Payables	-	3,900,000	(3,900,000)	-	-	-	-	-	-	-
Long-Term Debt, Less Current Portion	40,890,526	23,893,911	-	64,784,437	-	-	-	-	-	64,784,437
Total Long-Term Liabilities	90,370,977	51,251,634	(3,900,000)	137,722,611	156,860	-	-	-	-	137,879,471
Total Liabilities	96,593,105	56,594,156	(3,900,000)	149,287,261	601,750	1,040,804	845,529	351,438	(1,392,231)	150,734,551
NET ASSETS (DEFICIT)										
Net Assets Without Donor Restrictions	40,707,798	(2,822,094)	-	37,885,704	5,563,709	57,109,093	305,009	2,370,346	(45,974,768)	57,259,093
Net Assets With Donor Restrictions:										
Purpose Restrictions	1,425,765	204,551	-	1,634,316	2,712,333	4,558,406	-	211,757	(4,708,406)	4,408,406
Perpetual in Nature	-	-	-	-	2,820,198	2,845,198	-	25,000	(2,845,198)	2,845,198
Total Net Assets (Deficit)	42,133,563	(2,617,543)	-	39,520,020	11,096,240	64,512,697	305,009	2,607,103	(53,528,372)	64,512,697
Total Liabilities and Net Assets (Deficit)	\$ 138,730,668	\$ 53,976,613	\$ (3,900,000)	\$ 188,807,281	\$ 11,697,990	\$ 65,553,501	\$ 1,150,538	\$ 2,958,541	\$ (54,920,603)	\$ 215,247,248

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

	Well-Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well-Spring Foundation	Well-Spring Services, Inc.	Well-Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
REVENUE, GAINS, AND OTHER SUPPORT										
Resident Fees Earned and Client Fees, Including Amortization of Deferred Revenue from Nonrefundable Entrance Fees	\$ 37,832,774	\$ 15,173,791	\$ -	\$ 53,006,565	\$ -	\$ -	\$ -	\$ 3,478,278	\$ -	\$ 56,484,843
Investment Income	4,484,867	5,277	-	4,490,144	464,086	40,716	-	-	(40,716)	4,954,230
Net Assets Released from Restrictions for Use in Operations	683,465	208,056	-	891,521	489,418	-	-	1,620	-	1,392,559
Contributions of Nonfinancial Assets	-	-	-	-	-	-	-	31,200	-	31,200
Other Revenue	467,338	1,414,823	-	1,882,161	586,042	2,083	2,488,522	665,978	(2,488,021)	3,138,765
Total Revenue, Gains, and Other Support	43,468,444	16,801,947	-	60,270,391	1,549,546	42,799	2,488,522	4,177,076	(2,526,737)	66,001,597
EXPENSES										
Resident Care	10,817,083	3,680,814	-	14,497,897	-	-	-	3,051,598	-	17,549,495
Dietary	6,052,428	2,476,208	-	8,528,636	-	-	-	-	-	8,528,636
Housekeeping	1,777,968	610,208	-	2,388,196	-	-	-	-	-	2,388,196
Plant Operations	5,096,670	1,963,441	-	7,060,111	-	-	-	-	-	7,060,111
General and Administrative	9,093,770	4,161,233	-	13,255,003	414,155	770	2,491,027	480,352	(2,526,737)	14,114,570
Depreciation	7,329,520	3,089,378	-	10,418,898	-	-	-	86,664	-	10,505,562
Interest and Amortization	1,240,517	1,143,183	-	2,383,700	-	-	-	-	-	2,383,700
Total Expenses	41,407,976	17,124,465	-	58,532,441	414,155	770	2,491,027	3,618,614	(2,526,737)	62,530,270
OPERATING INCOME (LOSS)	2,060,468	(322,518)	-	1,737,950	1,135,391	42,029	(2,505)	558,462	-	3,471,327
OTHER INCOME (LOSS)										
Change in Value of Interest Rate Swap Agreements	493,762	555,194	-	1,048,956	-	-	-	-	-	1,048,956
Accrued Interest	-	(118,421)	-	(118,421)	-	-	-	-	-	(118,421)
Provision for Gains of Membership Interests	-	-	-	-	-	5,790,334	-	-	-	5,790,334
Total Other Income (Loss)	493,762	436,773	-	930,535	-	5,790,334	-	-	-	6,720,869
EXCESS (DEFICIT) OF REVENUE, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	2,554,230	114,255	-	2,668,485	1,135,391	5,832,363	(2,505)	558,462	-	10,192,196
Increase in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	3,930,484	-	-	(3,930,484)	-
Capital Contribution to Kintura	-	-	-	-	(429,369)	(570,631)	-	-	-	(1,000,000)
Transfer of Net Assets from Foundation to Well•Spring	883,847	-	-	883,847	(883,847)	-	-	-	-	-
Increase (Decrease) in Net Assets Without Donor Restrictions	3,438,077	114,255	-	3,552,332	(177,825)	9,192,196	(2,505)	558,462	(3,930,484)	9,192,196
Donor Restricted Contributions	-	-	-	-	-	-	-	-	-	-
Earnings on Permanently Restricted Net Assets	757,093	164,551	-	921,644	50	-	-	1,800	-	923,494
Increase in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	446,281	(22,784)	-	-	22,784	446,281
Net Assets Released from Restrictions	(683,465)	(208,056)	-	(891,521)	(499,418)	-	-	(1,620)	-	(1,392,559)
Increase (Decrease) in Net Assets With Donor Restrictions	73,628	(43,505)	-	30,123	(53,087)	(22,784)	-	180	22,784	(22,784)
INCREASE (DECREASE) IN NET ASSETS	3,511,705	70,750	-	3,582,455	(230,912)	9,169,412	(2,505)	558,642	(3,907,680)	9,169,412
Net Assets (Deficit) - Beginning of Year	42,137,563	(2,617,543)	-	39,520,020	11,096,240	64,512,697	305,009	2,807,103	(53,528,372)	64,512,697
NET ASSETS (DEFICIT) - END OF YEAR	\$ 45,649,268	\$ (2,546,793)	\$ -	\$ 43,102,475	\$ 10,865,328	\$ 73,682,109	\$ 302,504	\$ 3,165,745	\$ (57,436,052)	\$ 73,682,109

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

	Well-Spring Retirement Community, Inc.	The Village at Brookwood	Eliminating Entries	Obligated Group	Well-Spring Foundation	Well-Spring Services, Inc.	Well-Spring Management and Development, Inc.	Adult Center for Enrichment, Inc.	Eliminating Entries	Consolidated
REVENUE, GAINS, AND OTHER SUPPORT										
Resident Fees Earned and Client Fees, Including Amortization of Deferred Revenue from Nonrefundable Entrance Fees	\$ 35,935,053	\$ 12,041,707	\$ -	\$ 47,976,780	\$ -	\$ -	\$ -	\$ 3,183,125	\$ -	\$ 51,159,885
Investment Income	6,702,350	36,948	-	6,739,298	582,443	53,274	-	-	(53,274)	7,321,741
Change in Value of Charitable Gift Annuities	-	-	-	-	(16,275)	-	-	-	-	(16,275)
Net Assets Released from Restrictions for Use in Operations	550,189	60,930	-	611,119	378,171	-	-	62,712	-	1,052,002
Contributions of Nonfinancial Assets	-	-	-	-	-	-	-	31,200	-	31,200
Other Revenue	1,115,146	1,498,275	-	2,611,421	487,224	9,387	3,330,228	218,535	(1,380,000)	5,278,795
Total Revenue, Gains, and Other Support	44,302,738	13,633,860	-	57,938,598	1,431,563	62,661	3,330,228	3,495,572	(1,433,274)	64,825,348
EXPENSES										
Resident Care	11,126,142	3,618,958	-	14,745,100	-	-	-	2,701,419	-	17,446,519
Dietary	5,959,644	2,196,778	-	8,156,422	-	-	-	-	-	8,156,422
Housekeeping	1,744,994	533,850	-	2,278,844	-	-	-	-	-	2,278,844
Plant Operations	5,123,082	2,158,747	-	7,281,829	-	-	-	-	-	7,281,829
General and Administrative	7,190,427	3,782,805	-	10,973,232	554,148	100,840	4,279,935	812,200	(1,433,274)	15,287,061
Depreciation	7,417,621	2,837,225	-	10,254,846	-	1,084	-	79,132	-	10,335,062
Interest and Amortization	1,277,483	1,190,615	-	2,468,098	-	-	-	-	-	2,468,098
Total Expenses	39,839,393	16,318,978	-	56,158,371	554,148	101,924	4,279,935	3,592,751	(1,433,274)	63,263,855
OPERATING INCOME (LOSS)	4,463,345	(2,683,118)	-	1,780,227	877,415	(39,263)	(949,707)	(97,179)	-	1,571,493
OTHER INCOME (LOSS)										
Change in Value of Interest Rate Swap Agreements	(680,794)	(155,133)	-	(835,927)	-	-	-	-	-	(835,927)
Loss on Disposal of Property and Equipment	-	-	-	-	-	(13,198)	-	-	-	(13,198)
Accreted Interest	-	(239,340)	-	(239,340)	-	-	-	-	-	(239,340)
Provision for Gains of Membership Interests	-	-	-	-	-	2,220,566	-	-	-	2,220,566
Total Other Income (Loss)	(680,794)	(394,473)	-	(1,075,267)	-	2,207,368	-	-	-	1,132,101
EXCESS (DEFICIT) OF REVENUE, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	3,782,551	(3,077,591)	-	704,960	877,415	2,188,105	(949,707)	(97,179)	-	2,703,594
Net Assets Released from Restrictions for Purchase of Property and Equipment	-	10,355	-	10,355	-	-	-	-	-	10,355
Decrease in Beneficial Interest in Net Assets of Affiliates	-	-	-	-	-	1,789,755	-	-	(1,789,755)	-
Transfer of Net Assets from Foundation to Well-Spring	751,290	-	-	751,290	(751,290)	-	-	-	-	-
Transfer of Net Assets from Well-Spring to M&D	(780,000)	-	-	(780,000)	-	-	780,000	-	-	-
Transfer of Net Assets from Well-Spring to Services	(100,000)	-	-	(100,000)	-	100,000	-	-	-	-
Transfer of Net Assets from M&D to Services	-	-	-	-	-	(1,343,911)	1,343,911	-	-	-
Transfer of Net Assets from TVAB to M&D	-	(360,000)	-	(360,000)	-	-	360,000	-	-	-
Transfer of Net Assets from ACE to M&D	(392,000)	-	-	(392,000)	-	-	20,000	(20,000)	-	-
Transfer of Net Assets from Well-Spring to ACE	3,261,841	(3,427,236)	-	(165,395)	126,125	2,713,949	1,554,204	274,921	(1,789,755)	2,713,949
Increase (Decrease) in Net Assets Without Donor Restrictions	609,196	6,096	-	615,292	45,952	-	-	105,752	-	766,996
Donor Restricted Contributions	-	-	-	-	523,201	-	-	-	-	523,201
Earnings on Permanently Restricted Net Assets	-	-	-	-	-	242,840	-	-	(242,840)	-
Increase in Beneficial Interest in Net Assets of Affiliates	(550,189)	(71,285)	-	(621,474)	(378,171)	-	-	(62,712)	-	(1,082,357)
Net Assets Released from Restrictions	59,007	(65,189)	-	(6,182)	190,982	242,840	-	43,040	(242,840)	227,840
Increase (Decrease) in Net Assets With Donor Restrictions	-	-	-	-	-	-	-	-	-	-
Permanently Restricted Net Assets - Contributions	-	-	-	-	-	-	-	15,000	-	15,000
Increase in Permanently Restricted Net Assets	-	-	-	-	-	-	-	15,000	-	15,000
INCREASE (DECREASE) IN NET ASSETS	3,320,848	(3,492,425)	-	(171,577)	317,107	2,956,789	1,554,204	332,861	(2,032,595)	2,956,789
Net Assets (Deficit) - Beginning of Year	38,816,715	874,882	-	39,691,597	10,779,133	61,555,908	(1,249,195)	2,274,242	(51,495,777)	61,555,908
NET ASSETS (DEFICIT), END OF YEAR	\$ 42,137,563	\$ (2,617,543)	\$ -	\$ 39,520,020	\$ 11,096,240	\$ 64,512,697	\$ 305,009	\$ 2,607,103	\$ (53,528,372)	\$ 64,512,697



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

COMPILATION OF A COMBINED FINANCIAL PROJECTION

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



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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, 2025, 2026, 2027, 2028 and 2029, and the related projected combined statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant projection assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the combined projected financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these combined projected financial statements or the assumptions. Furthermore, even if the Obligated Group is able to achieve the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 6 (the "Hypothetical Assumptions"), occurs as projected, the projected results may not be achieved as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

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

CliftonLarsonAllen LLP

Charlotte, North Carolina
May 23, 2025

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

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

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

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

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

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

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

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

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

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

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

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, 2029 (the “Projection Period”).

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

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

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

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

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

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

Basis of Presentation (Continued)

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

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

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

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

Background

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

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

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

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

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

Source: Management

Table 2
The Village
Projected Independent Living Units Configuration and Pricing

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

Source: Management

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

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	\$ 9,915	\$ 8,428	(1)
Skilled Nursing / Memory Care	1 Bedroom / 1 Bath	273	80	\$ 16,030	\$ 13,625	(1)

Source: Management

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

Table 4
The Village
Projected Health Care Center Configuration and Pricing

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

Source: Management

Occupancy

Residential Living

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

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

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

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

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

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

Table 6
The Village
Projected Utilization of the Independent Living Units

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

Source: Management

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

Health Care Center

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

Assisted Living

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

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

Source: Management

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

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

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

Source: Management

Table 10
The Village
Projected Utilization of the Skilled Nursing Units

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

Source: Management

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

Revenues

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

Well Spring

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

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

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

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

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

The Village

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

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

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

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

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

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

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

Source: Management

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

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

Summary of Significant Projection Assumptions and Accounting Policies

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

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

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

	<u>Independent Living</u>		<u>Assisted Living</u>			<u>Nursing</u>		
			Modified			Modified		
			LifeCare	LifeCare	Per Diem	LifeCare	LifeCare	Per Diem
Well·Spring								
2026	4.75%		4.75%	5.75%	5.75%	4.75%	5.75%	5.75%
2027	4.50%		4.25%	4.75%	4.75%	4.25%	4.75%	4.75%
2028	4.50%		4.25%	4.75%	4.75%	4.25%	4.75%	4.75%
2029	4.50%		4.25%	4.75%	4.75%	4.25%	4.75%	4.75%
	<u>Independent Living</u>		<u>Assisted Living</u>			<u>Nursing</u>		
			LifeCare			Fee For Service		
			LifeCare	Fee For Service		LifeCare	Fee For Service	
The Village								
2026	5.00%			5.75%	5.75%		5.75%	5.75%
2027	4.75%			5.50%	5.50%		5.50%	5.50%
2028	4.50%			5.25%	5.25%		5.25%	5.25%
2029	4.50%			5.00%	5.00%		5.00%	5.00%

Source: Management

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

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

Table 13
Well·Spring
Projected Community Resident Mix

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

Source: Management

Note:

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

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

Table 14
The Village
Projected Community Resident Mix

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

Source: Management

Investment Income

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

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

Operating Expenses

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

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

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

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

Property and Equipment and Depreciation Expense

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

Amortization Expense

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

Interest Expense and Long-Term Debt

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

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

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

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

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

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

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

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

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

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

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

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

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

Source: Management

Interest Rate Swap Agreements

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

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

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

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

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

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

Current Assets and Current Liabilities

Cash

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

Investments

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

Resident Accounts Receivable, Net

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

Pledges Receivable

Pledges receivable are projected based upon historical levels.

Other Receivables

Other receivables are projected based upon historical levels.

Other Current Assets

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

Accrued Interest Payable

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

Accounts Payable and Other Accrued Expenses

Accounts payable and other accrued expenses are projected based on historical levels.

Accrued Salaries and Wages

Accrued salaries and wages are projected based on historical levels.

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

Deferred Resident Fee Revenue

Deferred resident fee revenue are projected based upon historical levels.

Other Current Liabilities

Other current liabilities are projected based upon historical levels.

Assets Limited as to Use

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

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

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

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

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

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

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

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

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)

	2025	2026	2027	2028	2029
Total Operating Expenses	\$ 60,969	\$ 62,191	\$ 63,504	\$ 64,799	\$ 66,206
Include:					
Bond Principal Payments	\$ 2,415	\$ 2,506	\$ 2,581	\$ 2,640	\$ 2,704
Exclude:					
Depreciation and Amortization of Deferred Financing Costs	(10,510)	(10,046)	(9,398)	(8,716)	(8,047)
Total Operating Costs	\$ 52,874	\$ 54,651	\$ 56,687	\$ 58,723	\$ 60,863
Operating Reserve Percentage ⁽¹⁾	25%	25%	25%	25%	25%
Operating Reserve at 12/31	\$ 13,218	\$ 13,664	\$ 14,173	\$ 14,680	\$ 15,216
Notes:					
(1) Occupancy Percentage at Year-End					
	2025	2026	2027	2028	2029
Available Units					
Independent Living	440	440	440	440	440
Assisted Living	84	84	84	84	84
Total Available Units	524	524	524	524	524
Occupied Units					
Independent Living	427	427	427	427	427
Assisted Living	68	68	68	68	68
Total Occupied Units	495	495	495	495	495
Occupancy at Year-End	94.5%	94.5%	94.5%	94.5%	94.5%

Source: Management

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

Other Items

Net Assets

Net Assets Without Donor Restriction – reflects those resources that are not restricted by donors or grantors as to use of purpose and include amounts generated from operations, undesignated 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.

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

Assets Limited as to Use

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

Summary of Significant Accounting Policies (Continued)

Property and Equipment

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

The following estimated useful lives are used to calculate depreciation:

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

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

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

Table 17					
Projected Property and Equipment, Net (in \$000s)					
For the Years Ending December 31,					
	(000's Omitted)				
	2025	2026	2027	2028	2029
Land	\$ 10,824	\$ 10,824	\$ 10,824	\$ 10,824	\$ 10,824
Land Improvements	7,478	7,651	7,774	9,282	9,730
Buildings	147,308	152,536	156,880	160,844	164,983
Building Improvements	34,093	38,094	41,931	45,303	48,180
Furniture & Equipment	21,751	22,461	23,773	24,754	25,968
	\$ 221,454	\$ 231,566	\$ 241,182	\$ 251,008	\$ 259,685
Less Accumulated Depreciation	(92,332)	(102,378)	(111,776)	(120,493)	(128,540)
Property & Equipment, Net	\$ 129,122	\$ 129,188	\$ 129,406	\$ 130,515	\$ 131,145

Source: Management

Pledges Receivable

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

Summary of Significant Accounting Policies (Continued)

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

Residents Accounts Receivable and Allowance for Credit Loss

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

Deferred Financing Costs

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

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

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

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

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

Summary of Significant Accounting Policies (Continued)

Obligation to Provide Future Services

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

Projected Statements of Operations and Changes in Net Assets

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

Resident Fees Earned

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

Performance obligations are determined based on the nature of the services provided by the Obligated Group. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Obligated Group believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services or residents receiving residential services in the facilities. The Obligated Group considers daily services provided to residents of the skilled nursing facilities, and monthly rental for residential services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Obligated Group does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Obligated Group has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a)

Summary of Significant Accounting Policies (Continued)

and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

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

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

Financing Component

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

Benevolent Assistance

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

Contributions

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

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

Summary of Significant Accounting Policies (Continued)

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

Advertising

Advertising costs are expensed as incurred.

Excess of Revenue, Gains and Other Support Over Expenses

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

Income Tax Status

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



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WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
OPERATIONS

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

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

	TVAB	WSLPC	Eliminations	Total
				2025
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (Decrease) in Net Assets	(1,903)	289		\$ (1,614)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	3,390	7,120		10,510
Amortization of Entrance Fees	(2,574)	(6,894)		(9,468)
Entrance fees Received	4,694	8,696	402	13,792
Amortization of Deferred Issuance Costs	32	73		105
Accreted Interest	110	-		110
Changes in Working Capital Components:				
(Increase) Decrease in:				
Accounts Receivable, Net	100	486		586
Other Current Assets	(1)	(6)		(7)
Increase (Decrease) in Accounts Payable, Accrued Expenses, and				
Other Current Liabilities	114	(47)		67
Net Cash Provided by Operating Activities	3,962	9,717	402	14,081
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property and Equipment	(2,800)	(6,970)		(9,770)
Change in Assets Limited As to Use	136	(54)		82
Net Change in Investments	(790)	(3,326)		(4,116)
Net Cash Used by Investing Activities	(3,454)	(10,350)	-	(13,804)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal Payments on Long-Term Borrowings	(508)	(1,907)	-	(2,415)
Entrance Fees Refunded	-	-	(402)	(402)
Net Cash Used by Financing Activities	(508)	(1,907)	(402)	(2,817)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(2,540)	-	(2,540)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	80	3,040		3,120
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END 0	80	500	-	\$ 580
Supplementary Disclosure: Interest Paid During the Year	1,200	1,644		\$ 2,844

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
OPERATIONS

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

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

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

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
OPERATIONS

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

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

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

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
OPERATIONS

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

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

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

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
FINANCIAL POSITION

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
OPERATIONS

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

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

See Summary of Significant Accounting Policies and Assumptions.

WELL-SPRING SERVICES
AN AFFILIATE OF KINTURA

FORECASTED COMBINING STATEMENTS OF
CASH FLOWS

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

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

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

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

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

Operating Revenue

Service Fees - Residential	\$ 9,241,183
Service Fees - Assisted Living	2,188,548
Service Fees - Nursing	3,946,466
Dining Service	138,529
Reimbursed Medical	227,604
Foundation grants - financial assistance	228,436
Other	93,921
Total Operating Revenue	<u>\$ 16,064,687</u>

Operating Expenses

Administration	2,791,228
Resident Services	330,372
Theater	136,406
Wellness	63,080
Environmental Services	815,579
Dietary Services	2,856,689
Maintenance	2,202,267
Nursing	4,097,717
Marketing	226,685
Public Safety	390,063
Foundation Grants - expense reimbursement	(9,247)
MSO Allocation	1,062,223
Other Expenses	8,385
Total Operating Expenses	<u>14,971,447</u>

Operating Income	<u>1,093,240</u>
-------------------------	-------------------------

Non-Operating Revenue (Expense)

Amortized Entry Fees	3,008,720
Dividend and Interest Income	403,174
Depreciation and Amortization	(3,613,650)
Investment income - unrealized gain (loss)	(79,844)
Bond and Note Interest Expense	(753,302)
Other	48,149
Total Non-Operating Revenue (Expense)	<u>(986,753)</u>

Excess (Deficit) of Revenue Over Expenses and Non-Operating Income	<u>106,487</u>
---	-----------------------

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

Cash Flows from Operating Activities

Operating Income (loss)	1,093,240
Adjustments to reconcile operating income (loss) to net cash	
Advance fees received, net of refunds	3,106,648
Bond and Note Interest Expense	(753,302)
Change in working capital components:	
(Increase) Decrease in Trade and other receivables	514,219
(Increase) decrease in other assets	(587,435)
(Increase) decrease in due to other divisions	893,258
Increase (decrease) in accounts payable and accrued expenses	<u>(807,296)</u>

Net cash provided by (used in) operating activities

3,459,332

Cash Flows from Investing Activities

Payments for property and equipment	(2,767,895)
Dividend and Interest Income	403,174
Net Change in Investments	<u>(1,085,707)</u>

Total Cash Flows from Investing Activities

(3,450,428)

Cash Flows from Financing Activities

Net, principal receipts (payments) on long-term borrowings	(702,724)
Other, net	<u>45,399</u>

Total Cash Flows from Financing Activities

(657,325)

Net increase (decrease) in cash and cash equivalents

(648,421)

Beginning

2,809,086

Ending Cash

2,160,665



LIFECARE
RESIDENCE AND CARE AGREEMENT

4100 Well Spring Drive, Greensboro, NC 27410
Phone (336)545-5400/Fax (336)545-5411
5/23/2025

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**WELL•SPRING, A LIFE PLAN COMMUNITY
LIFECARE RESIDENCE AND CARE AGREEMENT**

I. INTRODUCTION

This Residence and Care Agreement is entered into between **WELL•SPRING, A LIFE PLAN COMMUNITY**, a North Carolina non-profit corporation with its principal office in Greensboro, North Carolina (referred to as “Well•Spring”) **and** _____ (referred to as “you”). If two persons enter into this Agreement as Co-Residents (as defined below), the word “you” shall apply to both unless the context requires otherwise.

Well•Spring owns a retirement community in Greensboro, North Carolina known as “Well•Spring, A Life Plan Community” (“Well•Spring”). You desire to become a Resident (or Residents) of Well•Spring and to use and enjoy the facilities, programs, and services provided by Well•Spring, and Well•Spring desires for you to become a Resident or (Residents) of Well•Spring in accordance with the terms and conditions of this Residence and Care Agreement (hereinafter referred to as this “Agreement”). This Agreement is divided into several parts in order to make it easier to read and to allow you to find the particular terms and conditions pertaining to each aspect of your residency.

NOW THEREFORE, Well•Spring and you agree to the following:

**II. RESIDENCY AND WELL•SPRING’S
RESPONSIBILITIES TO YOU AS A RESIDENT**

Well•Spring shall provide to you the following services and facilities upon your occupancy at Well•Spring. Unless otherwise specified, there shall be no additional charge made for any of these services and facilities other than payment of the Entrance Fee and Monthly Service Fees, each of which is hereinafter described.

1. Living Unit.

Well•Spring grants to you the right to occupy and use the independent living unit (“Living Unit”), described in Exhibit A and selected by you, subject to the terms and provisions of this Agreement.

2. Common Facilities.

You may use, in common with other Residents, the common facilities of Well•Spring including, but not limited to, the dining room, lounges, lobbies, libraries, social and recreation rooms, and designated outdoor activity areas. At times, advance reservation may be required for certain common facilities. There will be additional charges for your use of special services, such as the beauty/barber shop and the convenience store/gift shop.

3. Emergency and Temporary Illnesses.

- (a) **Emergencies.** The Health Center Staff and/or Safety Staff employed by Well•Spring shall be available to you for emergencies.
- (b) **Temporary Illnesses.** For temporary illness, care will be available in the Health Center under the direction of Well•Spring's Medical Director. Well•Spring operates a licensed home care agency which is available to you for temporary illnesses. You shall pay for any home health care you may require to the extent it is not covered by your insurance or by government programs. Well•Spring's Health Center is available on a temporary basis in accordance with Section V, paragraph 3.

4. Exclusions.

The health and medical care for which you are responsible for payment includes, but is not limited to:

- charges of any physician, podiatrist, nurse practitioner, therapist, or other health care provider;
- rehabilitative and therapeutic services;
- laboratory, X-ray, and other diagnostic services;
- home health care and hospice;
- prescription drugs and supplies or equipment;
- vision, hearing, and dental care, including all supplies, equipment, and appliances;
- orthopedic appliances;
- mental health services
- hospital charges;
- ambulatory surgical services;
- ambulance services;
- all other services for which you otherwise expressly agreed to pay under the terms of this Agreement.

5. Food and Meals.

- (a) **Dining Room Service.** Three (3) meals will be served in the dining room on Monday through Saturday; and brunch will be served on Sunday. Your Monthly Service Fee will include a meal plan, which you may choose in accordance with Well•Spring dining service procedures. You may purchase additional meals or additional dining services separately. Any unused meals or unused account balance for any meal cycle period shall be forfeited and shall not be applied as a credit against meal charges for any other period. Well•Spring will periodically publish a schedule of meal rates ("meal rates") to establish the cost of additional meals or additional dining services. When you give Well•Spring advance notice that you are going to be away from Well•Spring for more than seven (7) consecutive nights, you will be credited for the missed meals, according to a schedule periodically published by Well•Spring (the "Food Credit").
- (b) **Meals in Living Units.** When authorized by Well•Spring, meal delivery shall be provided to you in your Living Unit. Well•Spring may make additional charges for meals delivered to Living Units.

(c) Dietary Service. When authorized by Well•Spring's medical and dietary personnel, meals accommodating special diets may be provided. Well•Spring may make additional charges for special diets.

(d) Dining Room Service for Guests. Dining room service shall be available for your guests. You may purchase guest meals at any time or use your meal plan for guest meals during your meal cycle period. This arrangement may be altered for special events and holidays, and it is subject to reasonable prior notice and availability.

6. Furnishings.

Well•Spring shall furnish your Living Unit with wall-to-wall carpeting, vinyl, sink, stove, garbage disposal, window blinds, washing machine and dryer, refrigerator with freezer, dishwasher, emergency call system, daily courtesy check-in system, bathroom with grab bars in the tub and/or shower, individual thermostatic control for heating and air-conditioning, cable television outlets, telephone outlets, and smoke alarm. All other furnishings shall be provided by you.

7. Grounds.

Well•Spring shall furnish basic grounds-keeping care, including lawn service. You, at your own expense, may plant and maintain areas designated by Well•Spring, subject to the prior approval of Well•Spring.

8. Guests.

You shall be free to invite guests to your Living Unit for daily and overnight visits. Guest rooms may be available from time to time at a reasonable rate for overnight stays by your guests. Well•Spring 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 you or a Co-Resident (as described below), if any, may reside in the Living Unit without the prior approval of Well•Spring.

9. Health Center and Resident Clinic.

Well•Spring shall provide the following health care services and facilities:

(a) Health Center. In its Health Center ("Health Center"), Well•Spring shall provide (i) licensed nursing care and (ii) licensed adult care. When a determination is made by your physician and approved by Well•Spring's Medical Director (as defined below) that you need licensed nursing care or licensed adult care, Well•Spring shall provide such care in the Health Center or arrange for your transfer to another facility.

- (b) Non-Residents. If Non-Resident patients are admitted to the Health Center from the outside community, they shall be admitted under the condition that they may be discharged in order to make a bed available for a Resident, if needed.
- (c) Transfer to Another Facility. In the rare event that space for a Resident is for some reason not available in the Health Center, Well•Spring shall arrange and pay for your temporary care in another facility that can provide you the same care that would otherwise have been provided by Well•Spring until space in the Health Center becomes available. You will continue to pay Well•Spring the Monthly Fee. Well•Spring will pay the difference between your payments and the cost of the other facility.
- (d) Resident Clinic. Well•Spring shall provide a Resident Clinic (“Clinic”) on the premises where Residents may be seen and treated as outpatients. Arrangements shall be made for one (1) or more physicians, selected by Well•Spring (“Clinic Physicians”), to keep scheduled office hours at the Clinic. There is no charge for the service of the Well•Spring nurse in the Frank Reid Brown Clinic or the satellite clinic. There is a nominal charge for procedures that are routinely done, such as blood sugar testing. The cost of care related supplies used shall be charged to you. You shall pay for office visits with Clinic Physicians or other Clinic health professionals including nurse practitioners and other non-physician providers. There is no obligation to use the Clinic or the Clinic Physicians. You remain free to engage, at your expense, the services of any physician or other health care provider of your choice.

10. Hospital Coverage and Transfer Agreements.

Well•Spring is not obligated to pay any charges for hospitalization or costs related thereto. In the event it becomes necessary for you to be transferred to a hospital, Well•Spring shall provide any information available to meet the provisions of any hospital transfer agreement, and you agree that Well•Spring has the right to provide such information, which may include part or all of your medical records, in accordance with applicable privacy and confidentiality laws.

Well•Spring is not designed or staffed to care for persons afflicted with certain diseases, including, but not limited to, psychosis, substance abuse and addiction, or a contagious disease. If you require care for a disease or condition which Well•Spring in consultation with your physician determines is a potential danger to the health and welfare of yourself, other residents or staff, you agree that Well•Spring has the authority, after the consultations described in the transfer provisions of this Agreement have occurred, to transfer you elsewhere for hospitalization or nursing care as may be deemed necessary by the Medical Director, whether or not the condition is deemed to be temporary in nature. If the transfer is deemed permanent by the Medical Director, your Living Unit may be released and refunds shall be made in accordance with the termination provisions of this Agreement and the provisions describing any Co-Resident’s rights and responsibilities, if applicable. Well•Spring

shall not pay for treatment for medical or other conditions that cannot be treated by Well•Spring.

11. Housekeeping.

Well•Spring shall provide certain housekeeping services in your Living Unit on a weekly basis. Time allotted shall be determined by the type of Living Unit in accordance with a schedule published periodically by Well•Spring. These housekeeping services include vacuuming, floor maintenance, necessary cleaning of bathroom and kitchen, dusting, and other such tasks Well•Spring deems necessary under the circumstances. Additional housekeeping services may be made available at your expense.

12. Illness or Injury Away from Well•Spring.

If you become ill or are injured or develop a condition while you are away from Well•Spring which requires medical attention or treatment away from Well•Spring, all charges for any offsite medical attention or treatment for you shall be your personal responsibility. Upon your return to Well•Spring, Well•Spring shall resume providing all services to which you are entitled under this Agreement. For purposes of this paragraph, you shall be considered to be away from Well•Spring if your illness or injury or condition occurs when you are not on the grounds of Well•Spring.

13. Mail.

Well•Spring shall provide a mailbox for each Living Unit.

14. Maintenance and Repair.

Well•Spring shall perform all necessary repairs, maintenance, and replacement of its property and equipment. Necessary repairs, maintenance and replacement of your personal property shall be your responsibility.

15. Medical Director.

Well•Spring shall retain the services of a qualified physician ("Medical Director") to be responsible for the quality of all medical services and medically related activities provided by Well•Spring.

16. Meetings with Residents.

At least quarterly, Well•Spring shall hold meetings with the residents of Well•Spring for the purpose of free discussion of subjects of interest. Reasonable advance notice of each meeting shall be given. Upon request of the Residents' Association, a member of the Board of Trustees shall attend such meetings. An agenda and any materials that are distributed at the meeting shall be available for review upon request.

17. Parking.

One (1) parking space shall be provided per Living Unit. Parking places shall be assigned by Well•Spring based upon established policy. Parking spaces shall be provided only if you maintain a vehicle.

18. Private Caregivers and Personal Aides.

You shall pay for all expenses (including meals if desired) of private caregivers and personal aides whom you employ, and all of these individuals shall be subject to all rules and regulations in effect at the Well•Spring Community. No private caregivers or personal aides may be employed without prior notice to Well•Spring, and at all times they are subject to Well•Spring Private Caregiver Policy.

19. Programs.

Well•Spring shall provide programs of social, educational, and recreational activities. Religious services shall be provided on a regular basis.

20. Real Estate Taxes.

Well•Spring shall be responsible for the payment of all real estate taxes, if any, assessed upon its property comprising the Well•Spring Community.

21. Rehabilitation Therapies and Specialists.

You or your medical insurance shall pay for all diagnostic, therapeutic, and rehabilitative services. Well•Spring may make arrangements for the services of a physical therapist, occupational therapist, speech therapist, or other health professionals such as podiatrist, dentist, and audiologist on the premises by appointment, but you are free to engage the services of any health professional of your choice at his or her office or elsewhere off the premises.

22. Rights of Subrogation.

Should you be injured by a third party and should such injury require Well•Spring to provide health care services for you under this Agreement, Well•Spring shall be subrogated, to the extent allowed by North Carolina law, to your rights against such other third party to the extent necessary to reimburse Well•Spring for the costs incurred in providing health care services for you under this Agreement.

To the extent allowed by North Carolina law, this right of subrogation authorizes Well•Spring to institute legal action in your name, provided, however, that such action shall not cause or result in a compromise, waiver or release of any causes of action that you may have against such third party for such injuries.

23. Security.

Well•Spring shall use reasonable care in providing security on the premises for you and your property. Well•Spring shall not be responsible for loss or damage to your personal property.

24. Storage.

Storage space for your use shall be allocated to your Living Unit.

25. Transportation.

Well•Spring shall provide regularly scheduled local transportation. Additional special transportation for personal or group trips shall be available at additional cost.

26. Utilities.

Well•Spring shall provide utilities to your Living Unit such as water, sewer, heating, electricity, and air-conditioning. Well•Spring shall not be responsible for any periods of service disruption regarding these utilities. Well•Spring shall provide basic cable television service to your Living Unit. You may purchase the premium cable television channels that may be available at the Well•Spring Community at monthly rates established by the local cable provider. You shall install and maintain telephone service (land line or cellular) in your Living Unit and you shall pay the cost of telephone service, installation, maintenance, and use.

The Well•Spring campus has a wireless internet network available for resident use. Additionally, you may install and maintain cable internet access and high-speed wireless internet access in your Living Unit. You shall pay the cost of additional internet service, installation, maintenance, and use.

III. YOUR RIGHTS AND RESPONSIBILITIES AS A RESIDENT**1. Commencing Occupancy.**

You agree to pay the balance of your Entrance Fee and to commence occupancy of your Living Unit on the Occupancy Date set forth in the attached Exhibit A (the "Occupancy Date"). If Well•Spring is unable to make the Living Unit available to you on the Occupancy Date, a revised Occupancy Date shall be established by written mutual agreement. If you fail to occupy the Living Unit on the Occupancy Date, you shall nevertheless become obligated on that date to pay the balance of your Entrance Fee and to begin and continue paying the Monthly Fee applicable to your Living Unit less the published Food Credit, unless this Agreement is terminated in accordance with Section VI below.

In the event that Well•Spring determines prior to or on the Occupancy Date that you cannot occupy the Living Unit selected by you because of a change in your health status, you agree to commence occupancy on the Occupancy Date in the Health Center in an accommodation suitable to your needs. Well•Spring agrees to consult with you and your physician, or with anyone else you designate as a primary contact, prior to making a determination that you are unable to occupy your Living Unit for health reasons. If you are admitted directly into the Health Center because of a change in your health status prior to your Occupancy Date, the Living Unit you selected shall be released and made available to a new Resident unless you were a Co-Resident, in which case, your Co-Resident shall be entitled

to occupy the Living Unit as provided below. Should Well•Spring later determine that you have become able to occupy your Living Unit and to live independently, then (i) if your Co- Resident occupies your Living Unit, you may return to that Living Unit with your Co-Resident; or (ii) if your Living Unit was released, you shall be entitled to return to that Living Unit if it is available; or (iii) you may select another available Living Unit of the type described in Exhibit

A. If neither your Living Unit nor a Living Unit of the type described in Exhibit A is available, Well•Spring, in its discretion, shall offer you a Living Unit of another type, until a Living Unit of the type described in Exhibit A becomes available. Unless you and Well•Spring agree otherwise, you shall relocate to a Living Unit of the type you originally selected in Exhibit A, upon the availability of such Living Unit. No refund of any portion of the Entrance Fee shall be due as a result of your transfer from the Health Center to a Living Unit or your occupancy of a Living Unit other than the type described in Exhibit A.

If, after the consultations described above, Well•Spring determines that you require care that cannot be provided at Well•Spring due to changes in your health status, Well•Spring shall have the right to terminate this Agreement (or in the case of Co-Residents, to terminate this Agreement with respect to the Resident whose health status has changed), and any refund of your Entrance Fee shall be made in accordance with the provisions of Section VI and Section VII below if applicable.

2. Financial Statements.

If Well•Spring has reason to believe that your affairs are not being managed in accordance with paragraph 13 below, you agree to provide Well•Spring with financial statements, including copies of your federal, state, and gift tax returns or other financially related information.

3. Furnishings.

You shall be responsible for furnishing your Living Unit. All furniture and electrical and other appliances provided by you shall be subject to Well•Spring's approval in order to keep the Living Units safe and sanitary.

4. Health Information

You agree to provide any and all health information as requested by Well•Spring. Said information may include, but shall not be limited to: (a) medical history; (b) report of current physical examination and current physician's orders, including diet, treatment, and current medications; and (c) a physician's statement that you are free from a communicable disease within thirty (30) days prior to admission. If you are suffering from a communicable disease, you will provide a physician's certificate that the disease is not in a transferable stage. Any health information requested by Well•Spring shall be kept confidential and will only be used to determine a resident's fitness to remain in your Living Unit.

5. Housekeeping.

You agree to maintain your Living Unit in a clean, safe, and orderly condition, in conformance with all applicable health regulations, and to perform all usual housekeeping not provided by Well•Spring. You shall notify Well•Spring immediately in the event of any

damage to your Living Unit, any water leakage, or any other necessary repairs or maintenance. Maintenance or repairs required as a result of damage caused by you or your guests, as opposed to normal wear and tear, is not included in the Monthly Occupancy Fee and will be billed to you.

6. Indemnification.

You shall indemnify, defend, and hold Well•Spring and its members, directors, trustees, officers, agents, and employees harmless from and against any and all claims, causes of action, damages, costs, and expenses, including, without limitation, attorneys' fees and expenses and court costs resulting from any injury or death to persons or any damage to property caused by, resulting from, attributable to, or in any way connected with your negligent or intentional acts or omissions. (You may wish to obtain insurance at your own expense to cover this obligation.)

7. Linens.

You shall provide your own bed and bath linens.

8. Medicare and Supplemental Insurance Requirements.

You shall enroll in and maintain Medicare (Part A and Part B) coverage (or equivalent insurance coverage acceptable to Well•Spring if you do not qualify for Medicare coverage), and you shall furnish Well•Spring with evidence of such coverage upon request. You shall also enroll in and maintain participation in any governmental program or entitlement for which you qualify that provides medical or nursing care or financial assistance for medical or nursing care. You shall also provide Well•Spring with evidence of such participation upon request.

You shall secure and maintain a supplemental insurance policy (such as Medicare supplemental insurance) approved by Well•Spring to pay for charges for care not covered by Medicare (or by equivalent coverage required by the preceding paragraph, if applicable) or by other governmental programs or entitlements. You shall not be required to provide such supplemental insurance if you show evidence satisfactory to Well•Spring that you are able to personally pay for such charges. This supplemental insurance coverage is not provided by Well•Spring.

If at any time you become eligible for payments for health services from governmental agencies, you agree to make prompt application for such payments. Well•Spring shall not pay for any nursing or medical care or related supplies that are covered by Medicare, any governmental programs or entitlements, or by supplemental insurance which you are obligated to maintain or participate in under this Agreement. You agree that upon receiving third-party reimbursement, you shall repay Well•Spring for any third-party reimbursable costs which Well•Spring incurred or paid on your behalf while your reimbursement approval was pending.

If any care provided to you by Well•Spring is covered by insurance or some other kind of third-party payor coverage, you shall nevertheless be primarily responsible for all payments

due Well•Spring pursuant to this Agreement regardless of such third-party benefits. Well•Spring shall assist you by providing information in our possession you may need in applying for health services or benefits under any programs for which you might qualify. In addition, Well•Spring shall provide you information you may need in filing claims for payment of services provided by Well•Spring. Upon request, you agree to execute benefit assignments to Well•Spring.

9. Non-Transferable.

Your rights under this Agreement to the Living Unit, facilities, or services provided for herein are personal to you, and these rights cannot be transferred or assigned by you to any other person or entity.

10. Pets.

Pets or animals of any kind shall be allowed on the premises only in strict compliance with Well•Spring's written policies and with the prior written consent of Well•Spring. Well•Spring retains the right to modify its pet policies at any time as it deems necessary to assure the safety and comfort of all Residents.

11. Policies, Rules and Regulations.

You agree to abide by the policies, rules, and regulations of Well•Spring including such changes as may be adopted from time to time. These policies shall be set forth in a Resident Handbook and shall be made available to you by the management of Well•Spring.

12. Power of Attorney.

You agree to execute and maintain in effect a limited Durable Power of Attorney as provided in Chapter 32A, Article 2 of the General Statutes of North Carolina (or similar laws subsequently enacted). This Power of Attorney shall designate as your attorney-in-fact a bank, a lawyer, a relative, or some other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits as fully and completely as you could if acting personally. It shall be in a form which survives your incapacity or disability and it shall otherwise be satisfactory to Well•Spring. You shall deliver a fully executed copy of this Durable Power of Attorney to Well•Spring prior to the Occupancy Date and you must notify Well•Spring in writing of any subsequent changes to your Power of Attorney, including the appointment of a new legal representative. If you revoke your Power of Attorney and do not name a new personal representative, or if your personal representative dies, becomes incapacitated, or cannot be located after a reasonable search, then you agree that Well•Spring will be your Attorney-in-Fact, coupled with an interest, for the sole purpose of giving Well•Spring the authority to nominate a legal guardian for you, to serve when approved by a court as provided by law.

13. Preservation of Your Assets.

You agree to manage your financial resources so as not to threaten or impair your ability or the ability of your estate to satisfy your financial obligations as set forth in this Agreement. At the request of Well•Spring, you agree to make arrangements for the

preservation and management of your financial resources by a third-party (or parties), including, but not limited to, the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Well•Spring, it appears that your continued management of your financial affairs may make you unable to meet your financial obligations to Well•Spring.

Well•Spring shall have no obligation to see to the proper management of your financial affairs, and you shall be solely responsible for the proper management or arranging for the proper management of your financial affairs.

14. Protection of Personal Property.

Well•Spring shall not be responsible for the loss of any personal property belonging to you due to theft, fire, or any other cause, unless such property is specifically entrusted in writing to Well•Spring's care and control, and then only for gross negligence in failing to safeguard and account for such property. (You may wish to obtain insurance at your own expense to protect against such losses.)

15. Real Property.

Your rights and privileges, as granted herein, do not include any right, title, or interest whether legal, equitable, beneficial, or otherwise, in or to any part of the real property, including land, buildings, and improvements owned or operated by Well•Spring.

16. Relationships between Residents and Staff Members.

Employees of Well•Spring are supervised solely by Well•Spring'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. You acknowledge and agree that you or your family will not hire Well•Spring employees or solicit such employees to resign their employment at Well•Spring in order to work for you or your family. You also acknowledge and agree that, unless consented to by Well•Spring, you will not hire any former Well•Spring employee until three (3) months has elapsed from the date of termination of the person's employment at Well•Spring.

17. Representations Made by You in Connection with Application for Residency.

Your application forms, including the statements of your finances and health history, which you filed with Well•Spring as part of the residency application process described in the Reservation Agreement, are incorporated into this Agreement by reference and all statements therein are deemed to be true as of the date made. You represent and warrant that you have disclosed to Well•Spring all material changes in this information occurring since the date of your application. Any material misstatement, or any material omission to state a fact called for, shall entitle Well•Spring to terminate this Agreement under Section VI, paragraph 5. By executing this Agreement, you represent and warrant that your sources of income are adequate to meet your financial responsibilities to Well•Spring and to pay all of your personal and incidental expenses. You represent and warrant that you have not made any gift or transfer for less than fair value of real or personal property in contemplation of the execution of this Agreement. You also agree that no such gift or transfer for less than fair value will be made subsequent to the execution of this Agreement that would impair your ability to satisfy your financial obligations under this Agreement. If you are unable to meet such financial obligations, you agree to make every reasonable effort to obtain assistance through or by means of your family or otherwise except as acknowledged in writing by Well•Spring.

18. Residents' Association.

Residents shall have the right to organize and operate a Residents' Association at the Well•Spring Community, and they shall have the right to meet privately to conduct business as an association. The officers of the Residents' Association shall serve as liaison between the residents and Well•Spring.

19. Resident Physician.

You shall designate and provide Well•Spring with the name of your attending physician. Well•Spring shall not be responsible for the professional medical services provided by your attending physician.

20. Responsibility for Damages.

You shall be responsible for any costs incurred in replacing, maintaining, or repairing any loss or damage to the real or personal property of Well•Spring caused by the negligence or willful misconduct of you, your guests, agents, employees, or pets. (You may wish to obtain insurance at your own expense to cover this obligation.)

21. Right of Entry.

You shall permit authorized employees of Well•Spring to enter your Living Unit at all reasonable times for inspection, housekeeping, and maintenance, and at any time in case of emergencies. Well•Spring recognizes your right to privacy, and it shall limit entry to your Living Unit to emergencies and as described above.

22. Rights of Residents.

Your rights as a Resident under this Agreement are those rights and privileges expressly granted to you by this Agreement or by North Carolina law.

23. Structural Changes.

Any structural or physical change of any kind within or about your Living Unit shall require Well•Spring prior written approval and thereafter may be subject to its supervision. The cost of any changes you request, and the cost of restoring the Living Unit to its original condition upon the termination of this Agreement, if deemed necessary by Well•Spring, shall be your personal obligation. All built-in changes shall immediately become and remain the property of Well•Spring. You agree to permit access by Well•Spring to your Living Unit in order to make any structural or mechanical changes that may be required to comply with local building codes or otherwise needed in connection with any construction or improvement projects at Well•Spring.

24. Subordination of Rights.

Notwithstanding anything to the contrary, your rights, privileges, or benefits arising under this Agreement shall be subordinate and inferior to all mortgages, security interests, deeds of trust, and leasehold interests granted to secure any loans or advances made to Well•Spring, its related entities, or its successors, now outstanding or made in the future, in the real property and improvements constituting the Well•Spring Community, and also subordinate and inferior to all amendments, modifications, replacements, refundings or refinancings thereof. You agree that, at the request of Well•Spring, you shall execute and deliver any and all documents which are deemed by Well•Spring to be necessary or required to effect or evidence such subordination.

25. Taxes on Personal Property.

You shall pay all taxes assessed regarding your personal property.

26. Will and Funeral Arrangements.

If you have not already done so, you agree to make a will providing for disposal of your personal property, the appointment of an executor of your estate, and funeral and burial arrangements, within sixty (60) days after the date of this Agreement. You agree to provide Well•Spring with written verification from your attorney or from another independent source that these arrangements have been made within sixty (60) days of the date of this Agreement. You acknowledge that while Well•Spring shall not be responsible for making arrangements relating to disposal of personal property and funeral and burial arrangements, if Well•Spring must do so, you agree that Well•Spring shall be reimbursed by your estate for all such expenses.

IV. FEES

1. Statement of Fees.

You shall pay the total Entrance Fee and the Monthly Fees set forth in attached Exhibit A, which represent payment for the services to be provided by Well•Spring under this Agreement. If you are a Co-Resident as defined in Section VII, paragraph 1 below, the total Entrance Fee for Co-Residents shown on Exhibit A is the total Entrance Fee applicable to your Living Unit, and you and your Co-Resident are jointly and severally liable for its payment. If you are a Co-Resident, the Co-Resident's Monthly Fee shown on Exhibit A is the total Monthly Fee applicable to your Living Unit, and you and your Co-Resident are jointly and severally liable for its payment.

Any Reservation Fee (as defined in the Reservation Agreement) and other Entrance Fee payments to Well•Spring shall be credited to reduce the Entrance Fee balance due. The total Entrance Fee shall be due and payable on or before the date your Living Unit is physically occupied or the recorded Occupancy Date, whichever comes first. After your Occupancy Date, earnings on the Entrance Fee will become the property of Well•Spring and will not be refunded.

2. Monthly Fees for Occupancy of Living Unit.

You agree to pay Well•Spring the Monthly Fee in advance by the 15th day of each calendar month beginning with the Occupancy Date of your Living Unit. This fee shall be prorated for any applicable period of less than one month. Unless expressly stated in this Agreement, fees shall not be waived, suspended, or reduced. The Monthly Fee may be adjusted periodically by Well•Spring at its sole discretion upon at least sixty (60) days' advance written notice to you. If this Agreement is terminated, Monthly Fees prepaid for periods after the termination date shall be refunded to you, provided that Well•Spring shall not be obligated to refund more than one (1) month's Monthly Fee and provided further that Well•Spring shall be entitled to set off against any refund any amounts that you may owe to it.

Well•Spring shall endeavor to maintain the Monthly Fee at the lowest feasible rate consistent with sound financial practice and maintenance of the quality of services including health care services to be provided by Well•Spring. When Well•Spring does adjust those fees, you shall pay the adjusted fee. You agree that you shall have no right to offset or withhold payment for the Monthly Fee or any other amounts you owe Well•Spring under this Agreement for any reason.

You agree to pay the Monthly Fee applicable to your Living Unit so long as you are residing in your Living Unit or in the Health Center.

In the Health Center, you will be served three (3) meals each day and agree to pay such additional charges as may be due thereby. You will be invoiced monthly for any services and supplies provided for you that Well•Spring is not obligated to provide without additional charge, and such invoices shall be due and payable by the 15th day of each calendar month.

3. Late Payments.

You agree to pay Well•Spring interest on any Monthly Fees or any other amounts you owe Well•Spring which are not paid within fifteen (15) days of becoming due at an annual rate of interest equal to the prime rate established by Truist (or such other bank as Well•Spring shall designate from time to time) plus two percent (2%) until any such amounts are paid in full, provided, however, that the interest rate shall not exceed the maximum interest rate permitted under North Carolina law.

4. Reduction in Income.

If your funds become substantially reduced or depleted and your income reduced to the extent that you are eligible to receive public or other benefits and entitlements including, but not limited to, Social Security Supplemental Income and Medicaid, you agree to obtain and maintain all such benefits and entitlements. Failure to do so may result in the termination of this Agreement by Well•Spring.

5. Subsidy Assistance.

It is Well•Spring's desire that this Agreement shall not be terminated solely because of your financial inability to continue to pay the Monthly Fee or other charges payable under the terms of this Agreement by reason or circumstances beyond your control, provided, however, that this policy shall not be construed to qualify or limit Well•Spring's right to terminate this Agreement in accordance with its terms under Section VI, paragraph 5. If you present facts which in the opinion of Well•Spring justify special financial consideration, Well•Spring shall give careful consideration to subsidizing in whole or in part the Monthly Fee and other charges payable by you under the terms of this Agreement so long as such subsidy can be made without impairing the ability of Well•Spring to attain its objectives while operating on a sound financial basis. Any determination by Well•Spring with regard to the granting of financial assistance shall be within the sole discretion of Well•Spring, and any decision to provide such financial assistance shall continue in effect only so long as Well•Spring, in its sole discretion, determines that it can continue to attain its objectives while operating on a sound financial basis. No Resident shall have any expectation of receiving, or continuing to receive, subsidy assistance by Well•Spring.

As a means of providing financial assistance to Residents, Well•Spring has established an endowment fund known as the Benevolence Fund. Income from the Benevolence Fund may be used to provide financial assistance in accordance with the subsidy policy described above.

In the event that Well•Spring continues to provide the services to you under the terms of this Agreement despite your financial inability to continue to pay the Monthly Fee or other charges payable under the terms of this Agreement, Well•Spring shall be entitled to require you to move to a smaller or less costly accommodation.

V. TRANSFER FROM YOUR LIVING UNIT OR THE HEALTH CENTER

There may come a time when you, or if Co-Residents, one of you, must move from your Living Unit to the Health Center or to another facility which provides services not available at Well•Spring. Well•Spring is aware that this is a critical transition and shall adhere to the following procedures regarding any such transfer.

1. Consultations.

Except in case of emergency, Well•Spring shall not transfer you from your Living Unit or from the Health Center for health-related or other reasons until it has consulted with you and your physician, or with anyone else you designate as a primary contact. In the case of an emergency transfer, the consultations described above shall be scheduled by Well•Spring within five (5) days after transfer.

2. Consents.

When Well•Spring determines it to be appropriate, after the consultations provided for in the preceding paragraph have occurred, to transfer you from your Living Unit to the Health Center or to a suitable public or private facility for hospitalization, health care, or other health-related services, Well•Spring shall have the right and authority to transfer you without having to obtain your further consent.

In the event that Well•Spring determines that your continued occupancy of your Living Unit constitutes a danger to other residents or to yourself, or is detrimental to the peace or health of other residents, Well•Spring shall have the right and authority to transfer you to another Living Unit, to the Health Center, or to a suitable public or private facility without having to obtain your further consent.

3. Temporary Transfer.

When Well•Spring is persuaded that the condition which requires your transfer has the potential to be resolved in a manner which may allow you to return to your Living Unit, the unit will be held for your return in accordance with the provisions of this paragraph. The return to your Living Unit is subject to the approval of Well•Spring. You agree to pay the Monthly Fee applicable to your Living Unit during any temporary absence. During the first thirty (30) days (whether or not consecutive) of Health Center occupancy without a break of at least thirty (30) days, your Living Unit shall be held and reserved for you in the event you no longer need the services of the Health Center, at no extra cost. In the event you continue occupancy in the Health Center beyond thirty (30) days and wish to continue to reserve your Living Unit, Well•Spring may require you to pay a monthly Holding Fee in accordance with Well•Spring's Living Unit Holding Policy in effect at such time. Well•Spring's Living Unit Holding Policy may delay imposing the Holding Fee later than thirty (30) days, but in no circumstance will it begin earlier than the thirty (30) days stated above. The days you occupy the Health Center shall be counted, whether or not consecutive. After you have reoccupied your Living Unit for a period of thirty (30) consecutive days, your prior days of occupancy in the Health Center shall not be counted. You may not hold the Living Unit for more than ninety (90) days beyond the initial thirty (30) days of Health Center occupancy without the approval of Well•Spring. If you choose to surrender the Living Unit, and your physician and

Well•Spring's Medical Director shall subsequently determine that you can resume occupancy in a Living Unit, you will receive a top priority for assignment to a comparable Living Unit as soon as such a unit becomes available.

4. Permanent Transfer.

When Well•Spring determines that the condition which required your transfer is not temporary in nature, your Living Unit shall be released and made available to a new resident except in the case of the permanent transfer of one Co-Resident, in which case the other Co-Resident shall be entitled to remain in the Living Unit in accordance with the provisions of Section VII, paragraph 4 below. Any decision by Well•Spring relating to your transfer or the release of your Living Unit may be appealed to Kintura's Board of Directors, or to a duly designated committee thereof, whose decision shall be final and binding upon all parties.

VI. TERMINATION OF AGREEMENT

This Agreement may be terminated in accordance with this Article VI. The effective date of termination of this Agreement, as established in the provisions below, is referred to hereinafter as the "Termination Date."

1. Termination During 30 Day Opt-Out ("Rescission") Period.

You may terminate this Agreement by giving written notice thereof to Well•Spring within thirty (30) days following the later of (i) the Effective Date of this Agreement (as defined in Section VIII, paragraph 4) or (ii) the receipt of a Disclosure Statement that meets the requirement of the laws of the State of North Carolina. You do not have to move in before the expiration of the 30-day rescission period. If you terminate this Agreement within this thirty (30) days period prior to your occupancy of your Living Unit and payment of the Entrance Fee, Well•Spring will refund your Reservation Fee, less two percent (2%) of the total Entrance Fee which is non-refundable.

2. Termination by You When Death, Illness, Injury, or Incapacity Prevents Occupancy.

If, at any time prior to occupancy, including the thirty (30) day rescission period described above, you are not able to commence occupancy of your Living Unit or an accommodation in the Health Center due to death, illness, injury, or incapacity, you or your personal representative shall give written notice thereof to Well•Spring together with information to validate your claim. If your claim is accepted by Well•Spring, this Agreement shall terminate, and the Termination Date shall be the date of the notice, and you or your legal representative shall receive a refund your Reservation Fee less any fees charged by Well•Spring to you or your legal representative within five (5) business days after it accepts your claim.

3. Voluntary Termination by You.

If you wish to voluntarily terminate this Agreement, you must provide written notice to Well•Spring at least thirty (30) days prior to your desired termination date. If you terminate this Agreement for any reason other than described in paragraphs 1 and 2 of this Article VI before you commence occupancy of your Living Unit and before you pay the Entrance Fee, Well•Spring will refund your Reservation Fee less two percent (2%) of the total Entrance Fee

which is non-refundable. If you terminate this Agreement for any reason other than described in paragraphs 1 and 2 of this Article VI after you commence occupancy of your Living Unit, you will receive a refund of the Entrance Fee to which you are entitled based on the Refund Option you selected. The Termination Date shall be thirty (30) days after the date Well•Spring receives your notice of termination or a date greater than 30 days as specified by you. Well•Spring reserves the right in its discretion to delay payment of any refund pursuant to this Section 3 until the earlier of (i) the date Well•Spring receives payment of an Entrance Fee from a successor resident of your Living Unit or (ii) two (2) years from the Termination Date.

4. Failure to Meet Admission Criteria

If Well•Spring determines that you do not meet its admission criteria prior to your occupancy of the Living Unit, this Agreement shall terminate, and Well•Spring will refund your Reservation Fee less any fees charged by Well•Spring within five (5) business days after its determination.

5. Termination by Well•Spring.

Notwithstanding anything to the contrary contained herein, Well•Spring will have the right to terminate this Agreement for any cause which, in its judgment and sole discretion, shall be good and sufficient. Good and sufficient cause will include, without limitation, the following:

- Failure to perform your obligations under this Agreement, including, but not limited to the obligation to pay the Monthly Fees and other charges, within fifteen (15) days after they are due to be performed or paid.
- Failure to abide by the rules and regulations of Well•Spring Community, including such changes as may be adopted from time to time.
- Material misstatements or failure to state a material fact in your application, financial statement, and health history statement filed with Well•Spring or in your representations in this Agreement.
- Changes in your financial status prior to occupancy at Well•Spring Community that cause you to fail to meet Well•Spring's financial qualifications for admission.
- Dissipation or commitment of your financial resources in a voluntary and discretionary manner that impairs your ability to meet your financial obligations to Well•Spring.
- Permanent transfer to another public or private institution.
- You develop a medical condition or illness, such that you can no longer live independently and require assisted living or skilled nursing care, as determined by one or more physicians (hereafter the "Consulting Physician") selected by Well•Spring who will consult with your physician and you fail or refuse to leave and relinquish your Living Unit and be admitted to the Health Center within five (5) days after notice by Well•Spring.
- You give Well•Spring notice of your election to receive a refund of your Entrance Fee in accordance with Section VI, paragraph 9 below.

Well•Spring shall give you at least thirty (30) days' prior written notice of your Termination Date unless your continued occupancy presents a threat to the safety of others or to yourself, in which case Well•Spring shall have the right to reduce the prior notice period in its discretion and to make the termination immediately effective, if necessary. Well•Spring reserves the right in its discretion to delay payment of any refund due as a result of a termination under this paragraph 5 until Well•Spring receives payment of an Entrance Fee from a successor resident of your Living Unit.

6. Effect of Termination on Co-Residents.

In the case of Co-Residents, Well•Spring will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this Agreement will remain in effect for the remaining Co-Resident. Notwithstanding any provision in this Agreement to the contrary, the rights and responsibilities of the Co-Residents with respect to any refund of Entrance Fees and payment of Monthly Fees will be determined in accordance with Section VII, paragraph 3.

7. Refund of Entrance Fee Conditioned on Payment of Resident's Obligations.

Notwithstanding any provision in this Agreement to the contrary, Well•Spring shall be entitled to withhold the refund of an Entrance Fee pursuant to Sections 3, 4, and 5 above until the Resident entitled to the refund pays Well•Spring all amounts owed to it, including but not limited to Monthly Fees and any reasonable expenses incurred in connection with the termination, including, but not limited to:

- Cost of any repairs or replacement of property assigned to your use.
- Painting or other refurbishment of your Living Unit in excess of that required by normal wear.
- The cumulative amount of any financial assistance or other subsidies provided to you by Well•Spring.

Well•Spring may also set off any amounts owed against any refund due and against any Monthly Fee that was prepaid for periods after the Termination Date.

8. Limitation of Remedies and Damages for Default by Well•Spring.

Until you notify us in writing of an alleged default and afford us a reasonable time in which to cure the alleged default, no default by Well•Spring in the performance of any of the obligations or promises herein agreed to by Well•Spring or imposed by law shall constitute a material breach of this Agreement, and you shall have no right to terminate the Agreement for any such breach or suspend your performance under this Agreement. Regardless of their duration, the defective condition of or failure to repair, maintain, or provide any area, fixture, or facility used in connection with social or recreational activities will not constitute a material breach of this Agreement, and you shall have no right to terminate this Agreement or suspend your performance under this Agreement.

9. Refunds Pursuant to a Refund Option.

In addition to the provisions for a refund of the Entrance Fee stated above, you shall have the rights to and shall be bound by the terms of the Refund Option selected by you on Exhibit A, and the provisions concerning Co-Residents' rights and responsibilities, if applicable. Your right to a refund under the Refund Option you selected will arise if any one of the following circumstances should occur:

- (a) You give Well•Spring notice of your election to receive a refund in which event this Agreement will terminate in accordance with Section VI, paragraphs 1, 2, and 3;
- (b) Well•Spring terminates this Agreement in accordance with Section VI, paragraph 4 or 5; or
- (c) This Agreement is terminated as a result of your death.

The amount of the refund, if any, to which you are entitled will be determined in accordance with the Refund Option selected by you. The Refund Options are as follows:

One year, Four Percent Per Month Declining Refund Option. If you have selected the One (1) Year, Four Percent (4%) Per Month Declining Refund Option, Well•Spring will refund to you or to your estate an amount equal to ninety percent (90%) of the Entrance Fee paid in the event that the Termination Date occurs within sixty (60) days after the Occupancy Date. If the Termination Date occurs more than sixty (60) days after the Occupancy Date, Well•Spring will refund to you or your estate an amount equal to ninety percent (90%) of the Entrance Fee paid less four percent (4%) of the total Entrance Fee for each calendar month between the end of the initial sixty (60) day period, and the Termination Date until the refund amount is equal to fifty percent (50%) of the Entrance Fee. In no event shall you be entitled to any refund if the Termination Date occurs more than twelve (12) months after the Occupancy Date. This option shall be referred to as the One (1) Year, Four Percent (4%) Per Month Declining Refund.

Ninety Percent Refund Option. If you have selected the Ninety Percent (90%) Refund Option, Well•Spring will refund to you or your estate ninety percent (90%) of the Entrance Fee paid. This option will be referred to as the Ninety Percent (90%) Refund.

For purposes of computing Entrance Fee Refunds, a partial calendar month of more than fifteen (15) days shall be treated as a full calendar month and a partial calendar month of fifteen (15) or fewer days shall be ignored. The Effective Date and Termination Date shall be counted as full calendar days.

10. Removal of Property.

You agree to the removal of your property from the Living Unit and the Well•Spring Community within a two (2)-week grace period after the Termination Date. After the applicable grace period, you or your estate shall pay a daily rate based on the Monthly Fee applicable to your Living Unit less the published Food Credit. Additionally, Well•Spring may store such property at your or your estate's expense for up to sixty (60) days after which it may be disposed of by Well•Spring without liability.

VII. CO-RESIDENT'S RIGHTS AND RESPONSIBILITIES

1. Co-Residents.

Residents who occupy the same Living Unit and who execute a Residence and Care Agreement jointly are "Co-Residents". Your right to occupy the Living Unit shall be in common with your Co-Resident. Under the terms of this Agreement, married couples shall have rights and obligations identical to those of any other Co-Residents.

2. Joint Liability and Authority.

Each Co-Resident shall be jointly and severally liable for all payments which shall be due and all obligations which shall be performed by them under the terms of this Agreement. If you are a Co-Resident, you may exercise your rights under this Agreement only by joint consent and action with your Co-Resident, and no such exercise shall be effective unless done jointly by both Co-Residents.

3. Termination of Agreement with One Co-Resident.

In the event this Agreement terminates with respect to one (1) Co-Resident for any reason, the total Entrance Fee paid by Co-Residents shall be deemed to have been paid on behalf of the remaining Resident, whose Agreement shall remain in effect. Any refund of an Entrance Fee paid for Co-Residents shall be refunded for the benefit of the remaining resident or their estate upon termination of the Agreement with the remaining resident.

When this Agreement terminates with respect to one (1) Co-Resident, the remaining resident shall have the option for a period of thirty (30) days thereafter to elect:

- to remain in the same Living Unit and to pay the then current single resident Monthly Fee applicable to that unit; or
- to move to a different type of Living Unit, if and when available, in accordance with the terms set forth in Section VIII, paragraph 1, "Change of Living Unit."

4. Transfer of One Co-Resident to the Well•Spring Health Center.

When one (1) Co-Resident transfers permanently from their Living Unit to the Health Center, the Co-Residents shall continue to pay the Co-Resident Monthly Fee applicable to the Living Unit which they occupied at the time of transfer, subject to adjustment by Well•Spring in accordance with Section IV, paragraph 2, "Monthly Fees."

5. Addition of a Co-Resident or Marriage.

When a single resident occupies a Living Unit in which Well•Spring policy permits double occupancy, the resident can allow another person to share occupancy of the Living Unit, if in the sole judgment of Well•Spring, the new resident qualifies for acceptance. Before commencing occupancy, the new Co-Resident shall be required to sign and become a Co-Resident under the Residence and Care Agreement then in effect for the Living Unit, which shall be amended to require: (i) payment of the Monthly Fee then applicable to Co-Residents of the Living Unit, and (ii) payment of the difference between the single resident and the then current Co-Resident Entrance Fee applicable to the Living Unit prior to the new Co-Resident's occupancy of the Living Unit. The effective date of the new Co-Resident's Residence and Care 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 Care Agreement.

VIII. MISCELLANEOUS

1. Change of Living Unit.

Well•Spring may, in certain circumstances, approve your moving to a different Living Unit. At the time your request is approved, Well•Spring shall determine, in its discretion, the amount of any additional Monthly or Entrance Fee or any refund or credit which is appropriate to the new Living Unit.

2. Confidentiality.

Well•Spring has the responsibility to keep private and confidential all of the personal, medical, and financial information you have supplied to it. However, you agree that Well•Spring can provide such information, in accordance with applicable privacy and confidentiality laws, to those who, in its judgment, have a need or right to have or know this information (e.g., to provide information for transfer to a hospital).

3. Disclosure Statement.

You acknowledge that you have received a current copy of the Well•Spring Disclosure Statement.

4. Effective Date and Governing Laws.

This Agreement takes effect ("Effective Date") when you sign the Agreement. This Agreement, including its validity and the capacity of the parties to this Agreement, its form, interpretation of its language, and any questions concerning its performance and discharge, shall be governed by and construed in accordance with the laws of the State of North Carolina. You and Well•Spring agree to comply with the laws and regulations regarding licensed adult care and licensed nursing care in effect from time to time.

5. Full and Complete Agreement.

This Agreement shall take precedence over any representations previously made by Well•Spring representatives and over any descriptions of services in promotional materials or presentations. This Agreement constitutes the entire contract between you and Well•Spring, and it supersedes all previous understandings and agreements between you and Well•Spring, including but not limited to, any Reservation Agreement for your Living Unit. No waiver or modification of this Agreement shall be valid and effective unless it is made in writing, signed by you and by Well•Spring and attached to this Agreement.

6. Interpretation.

Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement. Should any provision herein, for any reason, be held invalid or unenforceable in any jurisdiction in which it is sought to be enforced, such invalidity and unenforceability shall not affect any other provision of this Agreement and any such invalid and unenforceable provisions shall be construed as if it were omitted. The remainder of this Agreement shall remain in full force and effect.

7. Management Authority.

Well•Spring retains all authority regarding acceptance of Residents, adjustment of fees, financial assistance, and all other aspects of the management of Well•Spring.

8. Notices.

Until you reside at Well•Spring and when required by the terms of this Agreement, notices will be given in writing and shall be given to Well•Spring or to you at the addresses set forth in Exhibit A, or at such address as Well•Spring and you shall specify in writing to each other. After you reside at Well•Spring, your address shall be your Living Unit unless you provide us with written notice of another address. Notices shall be given in writing by hand delivery or by a commercial courier that provides documentation of delivery.

9. Pronouns.

All references in this Agreement to masculine pronouns and adjectives shall also include the feminine and vice versa. References to “you” shall include your legal representative (i.e. attorney-in-fact or personal representative of your estate) as the context requires.

10. Statement of Nondiscrimination.

Race, color, gender, religious beliefs, sexual orientation, or national origin do not have any bearing upon your acceptance or rejection for admission, the execution of this Agreement, or the normal conduct of business by Well•Spring.

11. Successors and Assigns.

The duties owed Well•Spring under this Agreement shall inure to the benefit of its successors and assigns.

12. Waiver.

In the event that Well•Spring does not, in any one (1) or more instances, insist upon your strict performance, observance or compliance with any of the terms or provisions of this Agreement, or if it waives a breach by you of this Agreement, such action(s) by Well•Spring shall not be construed to be a waiver of its right to insist upon your strict compliance with that term or provision in the future or with all other terms and provisions of this Agreement.

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

Signature – Resident

Date

Signature – Co-Resident

Date

Well•Spring, A Life Plan Community
(Authorized Representative)

Date

EXHIBIT A

OCCUPANCY: The Occupancy Date is: _____

FEE SCHEDULE: Entrance Fees and Monthly Fees are based on the type of Living Unit you occupy and the number of persons residing in the unit. The Living Unit you have selected and the applicable fees are stated below:

LIVING UNIT NUMBER: _____

UNIT TYPE: _____

ENTRANCE FEE FOR:

☐ Single Resident

☐ Co-Resident

TOTAL ENTRANCE FEE: \$ _____

CREDIT FOR PARTIAL PAYMENTS OF
THE ENTRANCE FEE RECEIVED: \$ _____

ENTRANCE FEE BALANCE DUE AND PAYABLE: \$ _____

MONTHLY FEE FOR:

☐ Single Resident

☐ Co-Resident

TOTAL MONTHLY FEE: \$ _____

REFUND OPTION SELECTED:

() One (1) Year, Four Percent (4%) Per Month Declining Refund

() Ninety Percent (90%) Refund

ADDRESSES FOR REQUIRED NOTICE:

To Well•Spring:

Well•Spring, A Life Plan Community
Attention: Executive Director
4100 Well Spring Drive
Greensboro, NC 27410

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.

Signature - Resident

Signature - Co-Resident

Date



**MODIFIED LIFECARE
RESIDENCE AND CARE AGREEMENT**

4100 Well Spring Drive, Greensboro, NC 27410
Phone (336) 545-5400/Fax (336) 545-5411
05/22/2025

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WELL•SPRING, A LIFE PLAN COMMUNITY

RESIDENCE AND CARE AGREEMENT (MODIFIED)

I. INTRODUCTION

This Residence and Care Agreement is entered into between **WELL•SPRING, A LIFE PLAN COMMUNITY**, a North Carolina non-profit corporation with its principal office in Greensboro, North Carolina (referred to as “Well•Spring”), and _____ (referred to as “you”). If two persons enter into this Agreement as Co-Residents (as defined below), the word “you” shall apply to both unless the context requires otherwise.

Well•Spring owns a retirement community in Greensboro, North Carolina known as “Well•Spring, A Life Plan Community” (“Well•Spring”). You desire to become a Resident (or Residents) of Well•Spring and to use and enjoy the facilities, programs and services provided by Well•Spring, and Well•Spring desires for you to become a Resident (or Residents) of Well•Spring in accordance with the terms and conditions of this Residence and Care Agreement (hereinafter referred to as this “Agreement”). This Agreement is divided into several parts in order to make it easier to read and to allow you to find the particular terms and conditions pertaining to each aspect of your residency.

NOW, THEREFORE, Well•Spring and you agree to the following:

II. RESIDENCY AND WELL•SPRING’S RESPONSIBILITIES TO YOU AS A RESIDENT

Well•Spring shall provide to you the following services and facilities upon your occupancy at Well•Spring. Unless otherwise specified, there shall be no additional charge made for any of these services and facilities other than payment of the Entrance Fee and Monthly Service Fees, each of which is hereinafter described.

1. Living Unit.

Well•Spring grants to you the right to occupy and use the independent living unit (“Living Unit”) described in Exhibit A and selected by you, subject to the terms and provisions of this Agreement.

2. Common Facilities.

You may use, in common with other Residents, the common facilities of Well•Spring, including but not limited to the dining room, lounges, lobbies, libraries, social and recreation rooms, and designated outdoor activity areas. At times, advance reservations may be required for certain common facilities. There will be additional charges for your use of special services, such as the beauty/barber shop and the convenience store/gift shop.

3. Emergency and Temporary Illnesses.

- (a) Emergencies. The Health Center Staff and/or Safety Staff employed by Well•Spring shall be available to you for emergencies.
- (b) Temporary Illnesses. For temporary illness, care will be available in the Health Center under the direction of Well•Spring's Medical Director. Well•Spring operates a licensed home care agency which is available to you for temporary illnesses. You shall pay for any home health care you may require to the extent it is not covered by your insurance or by government programs. Well•Spring's Health Center is available on a temporary basis in accordance with Section V, paragraph 3.

4. Exclusions.

The health and medical care for which you are responsible for payment includes but is not limited to:

- charges of any physician, podiatrist, nurse practitioner, therapist, or other health care provider;
- rehabilitative and therapeutic services;
- laboratory, X-ray, and other diagnostic services;
- home health care and hospice;
- prescription drugs and supplies or equipment;
- vision, hearing, and dental care, including all supplies, equipment, and appliances;
- orthopedic appliances;
- mental health services;
- hospital charges;
- ambulatory surgical services;
- ambulance services;
- all other services for which you otherwise expressly agreed to pay under the terms of this Agreement.

5. Food and Meals.

- (a) Dining Room Service. Three (3) meals will be served in the dining room on Monday through Saturday; and brunch will be served on Sunday. Your Monthly Service Fee will include a meal plan, which you may choose in accordance with Well•Spring dining service procedures. You may purchase additional meals or additional dining services separately. Any unused meal credits or unused account balance for any meal cycle period shall be forfeited and shall not be applied as a credit against meal charges for any other period. Well•Spring will periodically publish a schedule of meal rates ("meal rates") to establish the cost of additional meals or additional dining services. When you give Well•Spring advance notice that you are going to be away from Well•Spring for more than seven (7) consecutive nights, you will be credited for the missed meals, according to a schedule periodically published by Well•Spring (the "Food Credit").
- (b) Meals in Living Units. When authorized by Well•Spring, meal delivery shall be provided to you in your Living Unit. Well•Spring may make additional charges for meals delivered to Living Units.

- (c) Dietary Service. When authorized by Well•Spring's medical and dietary personnel, meals accommodating special diets may be provided. Well•Spring may make additional charges for special diets.
- (d) Dining Room Service for Guests. Dining room service shall be available for your guests. You may purchase guest meals at any time or use your meal plan for guest meals during your meal cycle period. This arrangement may be altered for special events and holidays, and it is subject to reasonable prior notice and availability.

6. Furnishings.

Well•Spring shall furnish your Living Unit with wall-to-wall carpeting, vinyl, sink, stove, garbage disposal, window blinds, washing machine and dryer, refrigerator with freezer, dishwasher, emergency call system, daily courtesy check-in system, bathroom with grab bars in the tub and/or shower, individual thermostatic control for heating and air-conditioning, cable television outlets, telephone outlets, and smoke alarm. All other furnishings shall be provided by you.

7. Grounds.

Well•Spring shall furnish basic grounds-keeping care, including lawn service. You, at your own expense, may plant and maintain areas designated by Well•Spring, subject to the prior approval of Well•Spring.

8. Guests.

You shall be free to invite guests to your Living Unit for daily and overnight visits. Guest rooms may be available from time to time at a reasonable rate for overnight stays by your guests. Well•Spring 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 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 you or a Co-Resident (as described below), if any, may reside in the Living Unit without the prior approval of Well•Spring.

9. Health Center and Resident Clinic.

Well•Spring shall provide the following health care services and facilities:

- (a) Health Center. In its Health Center ("Health Center"), Well•Spring shall provide (i) licensed nursing care and (ii) licensed adult care. When a determination is made by your physician and approved by Well•Spring's Medical Director (as defined below) that you need licensed nursing care or licensed adult care, Well•Spring shall provide such care in the Health Center or arrange for your transfer to another facility. If you remain in the Health Center for more than fourteen (14) days, you will begin paying the Discounted Per Diem Rate instead of the Monthly Fee, as provided in Article IV, Section 3 below.
- (b) Non-Residents. If Non-Resident patients are admitted to the Health Center from the outside community, they shall be admitted under the condition that they may be discharged in order to make a bed available for a Resident, if needed.

- (c) Transfer to Another Facility. In the rare event that space for a Resident is for some reason not available in the Health Center, Well•Spring shall arrange and pay for your temporary care in another facility that can provide you the same care that would otherwise have been provided by Well•Spring until space in the Health Center becomes available. You will continue to pay Well•Spring the Monthly Fee or Discounted Per Diem Rate (whichever is applicable) during your stay in another facility. Well•Spring will pay the difference between your payments and the cost of the other facility.
- (d) Resident Clinic. Well•Spring shall provide a Resident Clinic (“Clinic”) on the premises where Residents may be seen and treated as outpatients. Arrangements shall be made for one (1) or more physicians, selected by Well•Spring (“Clinic Physicians”), to keep scheduled office hours at the Clinic. There is no charge for the service of the Well•Spring nurse in the Frank Reid Brown Clinic or the satellite clinic. There is a nominal charge for procedures that are routinely done, such as blood sugar testing. The cost of care related supplies used shall be charged to you. You shall pay for office visits with Clinic Physicians or other Clinic health professionals, including nurse practitioners and other non-physician providers. There is no obligation to use the Clinic or the Clinic Physicians. You remain free to engage at your expense the services of any physician or other health care provider of your choice.

10. Hospital Coverage and Transfer Agreements.

Well•Spring is not obligated to pay any charges for hospitalization or costs related thereto. In the event it becomes necessary for you to be transferred to a hospital, Well•Spring shall provide any information available to meet the provisions of any hospital transfer agreement, and you agree that Well•Spring has the right to provide such information, which may include part or all of your medical records, in accordance with applicable privacy and confidentiality laws.

Well•Spring is not designed or staffed to care for persons afflicted with certain diseases, including, but not limited to, psychosis, substance abuse and addiction, or a contagious disease. If you require care for a disease or condition which Well•Spring in consultation with your physician determines is a potential danger to the health and welfare of yourself, other residents or staff, you agree that Well•Spring has the authority, after the consultations described in the transfer provisions of this Agreement have occurred, to transfer you elsewhere for hospitalization or nursing care as may be deemed necessary by the Medical Director, whether or not the condition is deemed to be temporary in nature. If the transfer is deemed permanent by the Medical Director, your Living Unit may be released and refunds shall be made in accordance with the termination provisions of this Agreement and the provisions describing any Co-Resident’s rights and responsibilities, if applicable. Well•Spring shall not pay for treatment for medical or other conditions that cannot be treated by Well•Spring.

11. Housekeeping.

Well•Spring shall provide certain housekeeping services in your Living Unit on a weekly basis. Time allotted shall be determined by the type of Living Unit in accordance with a schedule published periodically by Well•Spring. These housekeeping services include vacuuming, floor maintenance, necessary cleaning of bathroom and kitchen, dusting, and other such tasks Well•Spring deems necessary under the circumstances. Additional housekeeping services may be made available at your expense.

12. Illness or Injury Away from Well•Spring.

If you become ill or are injured or develop a condition while you are away from Well•Spring which requires medical attention or treatment away from Well•Spring, all charges for any offsite medical attention or treatment for you shall be your personal responsibility. Upon your return to Well•Spring, Well•Spring shall resume providing all services to which you are entitled under this Agreement. For purposes of this paragraph, you shall be considered to be away from Well•Spring if your illness or injury or condition occurs when you are not on the grounds of Well•Spring.

13. Mail.

Well•Spring shall provide a mailbox for each Living Unit.

14. Maintenance and Repair.

Well•Spring shall perform all necessary repairs, maintenance, and replacement of its property and equipment. Necessary repairs, maintenance, and replacement of your personal property shall be your responsibility.

15. Medical Director.

Well•Spring shall retain the services of a qualified physician ("Medical Director") to be responsible for the quality of all medical services and medically related activities provided by Well•Spring.

16. Meetings with Residents.

At least quarterly, Well•Spring shall hold meetings with the residents of Well•Spring for the purpose of free discussion of subjects of interest. Reasonable advance notice of each meeting shall be given. Upon request of the Residents' Association, a member of the Board of Trustees shall attend such meetings. An agenda and any materials that are distributed at the meeting shall be available for review upon request.

17. Parking.

One (1) parking space shall be provided per Living Unit. Parking places shall be assigned by Well•Spring based upon established policy. Parking spaces shall be provided only if you maintain a vehicle.

18. Private Caregivers and Personal Aides.

You shall pay for all expenses (including meals if desired) of private caregivers and personal aides whom you employ, and all of these individuals shall be subject to all rules and

regulations in effect at Well•Spring. No private caregivers or personal aides may be employed without prior notice to Well•Spring, and at all times they are subject to Well•Spring's Private Caregiver Policy.

19. Programs.

Well•Spring shall provide programs of social, educational and recreational activities. Religious services shall be provided on a regular basis.

20. Real Estate Taxes.

Well•Spring shall be responsible for the payment of all real estate taxes, if any, assessed upon its property comprising the Well•Spring Community.

21. Rehabilitation Therapies and Specialists.

You or your medical insurance shall pay for all diagnostic, therapeutic, and rehabilitative services. Well•Spring may make arrangements for the services of a physical therapist, occupational therapist, speech therapist, or other health professionals such as podiatrist, dentist, and audiologist on the premises by appointment, but you are free to engage the services of any health professional of your choice at his or her office or elsewhere off the premises.

22. Rights of Subrogation.

Should you be injured by a third party and should such injury require Well•Spring to provide health care services for you under this Agreement, Well•Spring shall be subrogated, to the extent allowed by North Carolina law, to your rights against such other third party to the extent necessary to reimburse Well•Spring for the costs incurred in providing health care services for you under this Agreement.

To the extent allowed by North Carolina law, this right of subrogation authorizes Well•Spring to institute legal action in your name; provided, however, that such action shall not cause or result in a compromise, waiver or release of any causes of action that you may have against such third party for such injuries.

23. Security.

Well•Spring shall use reasonable care in providing security on the premises for you and your property. Well•Spring shall not be responsible for loss or damage to your personal property.

24. Storage.

Storage space for your use shall be allocated to your Living Unit.

25. Transportation.

Well•Spring shall provide regularly scheduled local transportation. Additional special transportation for personal or group trips shall be available at additional cost.

26. Utilities.

Well•Spring shall provide utilities to your Living Unit such as water, sewer, heating, electricity, and air-conditioning. Well•Spring shall not be responsible for any periods of service disruption regarding these utilities. Well•Spring shall provide basic cable television service to your Living Unit. You may purchase the premium cable television channels that may be available at Well•Spring at monthly rates established by the local cable provider. You shall install and maintain telephone service (land line or cellular) in your Living Unit, and you shall pay the cost of telephone service installation, maintenance and use. The Well•Spring campus has a wireless internet network available for resident use. Additionally, you may install and maintain cable internet access and high-speed wireless internet access in your Living Unit. You shall pay the cost of additional internet service installation, maintenance and use.

III. YOUR RIGHTS AND RESPONSIBILITIES AS A RESIDENT

1. Commencing Occupancy.

You agree to pay the balance of your Entrance Fee and to commence occupancy of your Living Unit on the Occupancy Date set forth in the attached Exhibit A (the "Occupancy Date"). If Well•Spring is unable to make the Living Unit available to you on the Occupancy Date, a revised Occupancy Date shall be established by written mutual agreement. If you fail to occupy the Living Unit on the Occupancy Date, you shall nevertheless become obligated on that date to pay the balance of your Entrance Fee and to begin and continue paying the Monthly Fee applicable to your Living Unit less the published Food Credit, unless this Agreement is terminated in accordance with Section VI below.

In the event that Well•Spring determines prior to or on the Occupancy Date that you cannot occupy the Living Unit selected by you because of a change in your health status, you agree to commence occupancy on the Occupancy Date in the Health Center in an accommodation suitable to your needs. In such event, you agree to pay the Discounted Per Diem Rate instead of the Monthly Fee. Well•Spring agrees to consult with you and your physician, or with anyone else you designate as a primary contact, prior to making a determination that you are unable to occupy your Living Unit for health reasons. If you are admitted directly into the Health Center because of a change in your health status prior to your Occupancy Date, the Living Unit you selected shall be released and made available to a new Resident unless you were a Co-Resident, in which case your Co-Resident shall be entitled to occupy the Living Unit as provided below. Should Well•Spring later determine that you have become able to occupy your Living Unit and to live independently, then (i) if your Co-Resident occupies your Living Unit, you may return to that Living Unit with your Co-Resident; or (ii) if your Living Unit was released, you shall be entitled to return to that Living Unit if it is available; or (iii) you may select another available Living Unit of the type described in Exhibit A. If neither your Living Unit nor a Living Unit of the type described in Exhibit A is available, Well•Spring, in its discretion, shall offer you a Living Unit of another type until a Living Unit of the type described in Exhibit A becomes available. Unless you and Well•Spring agree otherwise, you shall relocate to a Living Unit of the type you originally selected in Exhibit A, upon the availability of such Living Unit. No refund of any portion of

the Entrance Fee shall be due as a result of your transfer from the Health Center to a Living Unit or your occupancy of a Living Unit other than the type described in Exhibit A.

If, after the consultations described above, Well•Spring determines that you require care that cannot be provided at Well•Spring due to changes in your health status, Well•Spring shall have the right to terminate this Agreement (or in the case of Co-Residents, to terminate this Agreement with respect to the Resident whose health status has changed), and any refund of your Entrance Fee shall be made in accordance with the provisions of Section VI and Section VII below, if applicable.

2. Financial Statements.

If Well•Spring has reason to believe that your affairs are not being managed in accordance with paragraph 13 below, you agree to provide Well•Spring with financial statements, including copies of your federal, state and gift tax returns or other financially related information.

3. Furnishings.

You shall be responsible for furnishing your Living Unit. All furniture and electrical and other appliances provided by you shall be subject to Well•Spring's approval in order to keep the Living Units safe and sanitary.

4. Health Information.

You agree to provide any and all health information as requested by Well•Spring. Said information may include, but shall not be limited to: (a) medical history; (b) report of current physical examination and current physician's orders, including diet, treatment, and current medications; and (c) a physician's statement that you are free from a communicable disease within thirty (30) days prior to admission. If you are suffering from a communicable disease, you will provide a physician's certificate that the disease is not in a transferable stage. Any health information requested by Well•Spring shall be kept confidential and will only be used to determine a resident's fitness to remain in your Living Unit.

5. Housekeeping.

You agree to maintain your Living Unit in a clean, safe and orderly condition, in conformance with all applicable health regulations, and to perform all usual housekeeping not provided by Well•Spring. You shall notify Well•Spring immediately in the event of any damage to your Living Unit, any water leakage, or any other necessary repairs or maintenance. Maintenance or repairs required as a result of damage caused by you or your guests, as opposed to normal wear and tear, is not included in the Monthly Occupancy Fee and will be billed to you.

6. Indemnification.

You shall indemnify, defend, and hold Well•Spring and its members, directors, trustees, officers, agents, and employees harmless from and against any and all claims, causes of action, damages, costs, and expenses, including, without limitation, attorneys' fees and expenses and court costs resulting from any injury or death to persons or any damage to

property caused by, resulting from, or attributable to, or in any way connected with your negligent or intentional acts or omissions. (You may wish to obtain insurance at your own expense to cover this obligation.)

7. Linens.

You shall provide your own bed and bath linens.

8. Medicare and Supplemental Insurance Requirements.

You shall enroll in and maintain Medicare (Part A and Part B) coverage (or equivalent insurance coverage acceptable to Well•Spring if you do not qualify for Medicare coverage), and you shall furnish Well•Spring with evidence of such coverage upon request. You shall also enroll in and maintain participation in any governmental program or entitlement for which you qualify that provides medical or nursing care or financial assistance for medical or nursing care. You shall also provide Well•Spring with evidence of such participation upon request.

You shall secure and maintain a supplemental insurance policy (such as Medicare supplemental insurance) approved by Well•Spring to pay for charges for care not covered by Medicare (or by equivalent coverage required by the preceding paragraph, if applicable) or by other governmental programs or entitlements. You shall not be required to provide such supplemental insurance if you show evidence satisfactory to Well•Spring that you are able to personally pay for such charges. This supplemental insurance coverage is not provided by Well•Spring.

If at any time you become eligible for payments for health services from governmental agencies, you agree to make prompt application for such payments. Well•Spring shall not pay for any nursing or medical care or related supplies that are covered by Medicare, any governmental programs or entitlements or by supplemental insurance which you are obligated to maintain or participate in under this Agreement. You agree that upon receiving third-party reimbursement, you shall repay Well•Spring for any third-party reimbursable costs which Well•Spring incurred or paid on your behalf while your reimbursement approval was pending.

If any care provided to you by Well•Spring is covered by insurance or some other kind of third-party payor coverage, you shall nevertheless be primarily responsible for all payments due Well•Spring pursuant to this Agreement regardless of such third-party benefits. Well•Spring shall assist you by providing information in our possession you may need in applying for health services or benefits under any programs for which you might qualify. In addition, Well•Spring shall provide you information in our possession you may need in filing claims for payment of services provided by Well•Spring. Upon request, you agree to execute benefit assignments to Well•Spring.

9. Non-Transferable.

Your rights, under this Agreement, to the Living Unit, facilities or services provided for herein are personal to you, and these rights cannot be transferred or assigned by you to any other person or entity.

10. Pets.

Pets or animals of any kind shall be allowed on the premises only in strict compliance with Well•Spring's written policies and with the prior written consent of Well•Spring. Well•Spring retains the right to modify its pet policies at any time as it deems necessary to assure the safety and comfort of all Residents.

11. Policies, Rules and Regulations.

You agree to abide by the policies, rules and regulations of Well•Spring, including such changes as may be adopted from time to time. These policies shall be set forth in a Resident Handbook and shall be made available to you by the management of Well•Spring.

12. Power of Attorney.

You agree to execute and maintain in effect a limited Durable Power of Attorney as provided in Chapter 32A, Article 2 of the General Statutes of North Carolina (or similar laws subsequently enacted). This Power of Attorney shall designate as your attorney-in-fact a bank, a lawyer, a relative, or some other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits as fully and completely as you could if acting personally. It shall be in a form which survives your incapacity or disability, and it shall otherwise be satisfactory to Well•Spring. You shall deliver a fully executed copy of this Durable Power of Attorney to Well•Spring prior to the Occupancy Date, and you must notify Well•Spring in writing of any subsequent changes to your Power of Attorney, including the appointment of a new legal representative. If you revoke your Power of Attorney and do not name a new personal representative, or if your personal representative dies, becomes incapacitated or cannot be located after a reasonable search, then you agree that Well•Spring will be your Attorney-in-Fact, coupled with an interest, for the sole purpose of giving Well•Spring the authority to nominate a legal guardian for you, to serve when approved by a court as provided by law.

13. Preservation of Your Assets.

You agree to manage your financial resources so as not to threaten or impair your ability or the ability of your estate to satisfy your financial obligations as set forth in this Agreement. At the request of Well•Spring, you agree to make arrangements for the preservation and management of your financial resources by a third-party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Well•Spring, it appears that your continued management of your financial affairs may make you unable to meet your financial obligations to Well•Spring.

Well•Spring shall have no obligation to see to the proper management of your financial affairs, and you shall be solely responsible for the proper management or arranging for the proper management of your financial affairs.

14. Protection of Personal Property.

Well•Spring shall not be responsible for the loss of any personal property belonging to you due to theft, fire or any other cause, unless such property is specifically entrusted in writing to Well•Spring's care and control and then only for gross negligence in failing to safeguard and account for such property. (You may wish to obtain insurance at your own expense to protect against such losses.)

15. Real Property.

Your rights and privileges, as granted herein, do not include any right, title or interest, whether legal, equitable, beneficial or otherwise, in or to any part of the real property, including land, buildings and improvements, owned or operated by Well•Spring.

16. Relationships between Residents and Staff Members.

Employees of Well•Spring are supervised solely by Well•Spring'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. You acknowledge and agree that you or your family will not hire Well•Spring employees or solicit such employees to resign their employment at Well•Spring in order to work for you or your family. You also acknowledge and agree that, unless consented to by Well•Spring, you will not hire any former Well•Spring employee until three (3) months has elapsed from the date of termination of the person's employment at Well•Spring.

17. Representations Made by You in Connection With Application for Residency.

Your application forms, including the statements of your finances and health history, which you filed with Well•Spring as part of the residency application process described in the Reservation Agreement are incorporated into this Agreement by reference, and all statements therein are deemed to be true as of the date made. You represent and warrant that you have disclosed to Well•Spring all material changes in this information occurring since the date of your application. Any material misstatement, or any material omission to state a fact called for, shall entitle Well•Spring to terminate this Agreement under Section VI, paragraph 5. By executing this Agreement, you represent and warrant that your sources of income are adequate to meet your financial responsibilities to Well•Spring and to pay all of your personal and incidental expenses. You represent and warrant that you have not made any gift or transfer for less than fair value of real or personal property in contemplation of the execution of this Agreement. You also agree that no such gift or transfer for less than fair value will be made subsequent to the execution of this Agreement that would impair your ability to satisfy your financial obligations under this Agreement. If you are unable to meet such financial obligations, you agree to make every reasonable effort to obtain assistance through or by means of your family or otherwise except as acknowledged in writing by Well•Spring.

18. Residents' Association.

Residents shall have the right to organize and operate a Residents' Association at Well•Spring, and they shall have the right to meet privately to conduct business as an association. The officers of the Residents' Association shall serve as liaison between the residents and Well•Spring.

19. Resident Physician.

You shall designate and provide Well•Spring with the name of your attending physician. Well•Spring shall not be responsible for the professional medical services provided by your attending physician.

20. Responsibility for Damages.

You shall be responsible for any costs incurred in replacing, maintaining or repairing any loss or damage to the real or personal property of Well•Spring caused by the negligence or willful misconduct of you, your guests, agents, employees or pets. (You may wish to obtain insurance at your own expense to cover this obligation.)

21. Right of Entry.

You shall permit authorized employees of Well•Spring to enter your Living Unit at all reasonable times for inspection, housekeeping and maintenance and at any time in case of emergencies. Well•Spring recognizes your right to privacy, and it shall limit entry to your Living Unit to emergencies and as described above.

22. Rights of Residents.

Your rights as a Resident under this Agreement are those rights and privileges expressly granted to you by this Agreement or by North Carolina law.

23. Structural Changes.

Any structural or physical change of any kind within or about your Living Unit shall require Well•Spring's prior written approval and thereafter may be subject to its supervision. The cost of any changes you request, and the cost of restoring the Living Unit to its original condition upon the termination of this Agreement, if deemed necessary by Well•Spring, shall be your personal obligation. All built-in changes shall immediately become and remain the property of Well•Spring. You agree to permit access by Well•Spring to your Living Unit in order to make any structural or mechanical changes that may be required to comply with local building codes or otherwise needed in connection with any construction or improvement projects at Well•Spring.

24. Subordination of Rights.

Notwithstanding anything to the contrary, your rights, privileges or benefits arising under this Agreement shall be subordinate and inferior to all mortgages, security interests, deeds of trust and leasehold interests granted to secure any loans or advances made to Well•Spring, its related entities, or its successors, now outstanding or made in the future, in the real property and improvements constituting Well•Spring, and also subordinate and inferior to all amendments, modifications, replacements, refundings, or refinancings thereof. You agree

that, at the request of Well•Spring, you shall execute and deliver any and all documents which are deemed by Well•Spring to be necessary or required to effect or evidence such subordination.

25. Taxes on Personal Property.

You shall pay all taxes assessed regarding your personal property.

26. Will and Funeral Arrangements.

If you have not already done so, you agree to make a will providing for disposal of your personal property, the appointment of an executor of your estate, and funeral and burial arrangements, within sixty (60) days after the date of this Agreement. You agree to provide Well•Spring with written verification from your attorney or from another independent source that these arrangements have been made within sixty (60) days of the date of this Agreement. You acknowledge that while Well•Spring shall not be responsible for making arrangements relating to disposal of personal property and funeral and burial arrangements, if Well•Spring must do so, you agree that Well•Spring shall be reimbursed by your estate for all such expenses

IV. FEES

1. Statement of Fees.

You shall pay the total Entrance Fee and either the Monthly Fee or the Discounted Per Diem Rate (as applicable) set forth in attached Exhibit A, which charges represent payment for the services to be provided by Well•Spring under this Agreement. If you are a Co-Resident as defined in Section VII, paragraph 1 below, the total Entrance Fee for Co-Residents shown on Exhibit A is the total Entrance Fee applicable to your Living Unit, and you and your Co-Resident are jointly and severally liable for its payment. If you are a Co-Resident, the Co-Resident's Monthly Fee shown on Exhibit A is the total Monthly Fee applicable to your Living Unit, and you and your Co-Resident are jointly and severally liable for its payment.

Any Reservation Fee (as defined in the Reservation Agreement) and other Entrance Fee payments to Well•Spring shall be credited to reduce the Entrance Fee balance due. The total Entrance Fee shall be due and payable on or before the date your Living Unit is physically occupied or the recorded Occupancy Date, whichever comes first. After your Occupancy Date, earnings on the Entrance Fee will become the property of Well•Spring and will not be refunded.

2. Monthly Fees for Occupancy of Living Unit.

You agree to pay Well•Spring the Monthly Fee in advance by the 15th day of each calendar month beginning with the Occupancy Date of your Living Unit. This fee shall be prorated for any applicable period of less than one month. Unless expressly stated in this Agreement, fees shall not be waived, suspended, or reduced. The Monthly Fee may be adjusted periodically by Well•Spring at its sole discretion upon at least sixty (60) days' advance written notice to you.

If this Agreement is terminated, Monthly Fees prepaid for periods after the termination date shall be refunded to you; provided that Well•Spring shall not be obligated to refund

more than one (1) month's Monthly Fee and provided further that Well•Spring shall be entitled to set off against any refund any amounts that you may owe to it.

Well•Spring shall endeavor to maintain the Monthly Fee at the lowest feasible rate consistent with sound financial practice and maintenance of the quality of services (including health care services) to be provided by Well•Spring. When Well•Spring does adjust those fees, you shall pay the adjusted fee. You agree that you shall have no right to offset or withhold payment for the Monthly Fee or any other amounts you owe Well•Spring under this Agreement for any reason.

You agree to pay the Monthly Fee applicable to your Living Unit so long as you are residing in your Living Unit or your Living Unit is being reserved for you.

You shall be invoiced monthly for any services and supplies provided for you, and such invoices shall be due and payable by the 15th day of each calendar month.

3. Per Diem Rates and Holding Fees for Occupancy in Health Center.

- (a) Well•Spring shall establish, amend from time to time, and publish per diem rates for accommodations and services in the Health Center (the "Health Center Per Diem Rates"), taking into account rates being charged by other comparable nursing centers and the costs of operation of the Health Center.
- (b) In the event you are transferred from your Living Unit to the Health Center in accordance with Article II, Section 9(a), or are transferred from a hospital or other facility to the Health Center, you shall continue to pay the Monthly Service Fee (or a prorated portion thereof) for the first fourteen (14) days (whether or not consecutive) of occupancy in the Health Center. Beginning on day 15 of Health Center occupancy, you shall cease paying the Monthly Service Fee and shall begin paying a discounted Health Center Per Diem Rate (the "Discounted Per Diem Rate") as published by Well•Spring.
- (c) During the first thirty (30) days (whether or not consecutive) of Health Center occupancy, your Living Unit shall be held for you in the event you no longer need the services of the Health Center, at no extra cost beyond that indicated in Article IV, Section 3(b) above. In the event you continue occupancy in the Health Center beyond thirty (30) days (whether or not consecutive) and wish to continue to hold your Living Unit, Well•Spring may require you to pay, in addition to the Discounted Per Diem Rate for the Health Center, a monthly Holding Fee equal to the Monthly Fee for your Living Unit minus the cost of meals. The days you occupy the Health Center shall be counted, whether or not consecutive. After you have reoccupied your Living Unit for a period of thirty (30) consecutive days, your prior days of occupancy in the Health Center shall not be counted. You may not hold the Living Unit for more than ninety (90) days beyond the initial thirty (30) days of Health Center occupancy without the approval of Well•Spring. If you choose to surrender the Living Unit, and your physician and Well•Spring's Medical Director shall subsequently determine that you can resume

occupancy in a Living Unit, you will receive a top priority for assignment to a comparable Living Unit as soon as such a unit becomes available.

- (d) If you have permanently transferred from your Living Unit to a Health Center Living Unit (the "Original Health Center Living Unit") and then you are transferred from your Original Health Center Living Unit to another Health Center Living Unit in the Health Center, you will immediately pay the Discounted Daily Charge for the other Health Center Living Unit. During the first fourteen (14) days (whether or not consecutive) of your occupancy of the other Health Center Living Unit, your Original Health Center Living Unit will be held for you at no extra cost to you in the event you no longer need the services provided by the other Health Center Living Unit. If you continue occupancy of the other Health Care Living Unit for more than fourteen (14) days (whether or not consecutive), and you wish to continue to reserve your Original Health Care Living Unit, Well•Spring may require you to pay, in addition to the Discounted Daily Charge for other Health Care Living Unit, a Holding Fee equal to the Daily Charge for your Original Health Care Living Unit minus the cost of meals. You may not reserve your Original Health Center Living Unit for more than 90 days without the approval of Well•Spring. If you choose to surrender your Original Health Center Living Unit, and your physician and Well•Spring's Medical Director shall subsequently determine that you can resume occupancy in your Health Center Living Unit, you will receive a top priority for assignment to a comparable Health Care Living Unit as soon as such a unit becomes available.

4. Late Payments.

You agree to pay Well•Spring interest on any Monthly Fees, Per Diem Rates or any other amounts you owe Well•Spring which are not paid within fifteen (15) days of becoming due at an annual rate of interest equal to the prime rate established by Truist (or such other bank as Well•Spring shall designate from time to time) plus two percent (2%) until any such amounts are paid in full; provided, however, that the interest rate shall not exceed the maximum interest rate permitted under North Carolina law.

5. Reduction in Income.

If your funds become substantially reduced or depleted, and your income reduced to the extent that you are eligible to receive public or other benefits and entitlements including, but not limited, Social Security Supplemental Income and Medicaid, you agree to obtain and maintain all such benefits and entitlements. Failure to do so may result in the termination of this Agreement by Well•Spring.

6. Subsidy Assistance.

It is Well•Spring's desire that this Agreement shall not be terminated solely because of your financial inability to continue to pay the Monthly Fee or other charges payable under the terms of this Agreement by reason or circumstances beyond your control, provided, however, this policy shall not be construed to qualify or limit Well•Spring's right to terminate this Agreement in accordance with its terms under Section VI, paragraph 5. If you present facts which in the opinion of Well•Spring justify special financial consideration, Well•Spring shall

give careful consideration to subsidizing in whole or in part the Monthly Fee or Discounted Per Diem Rate and other charges payable by you under the terms of this Agreement so long as such subsidy can be made without impairing the ability of Well•Spring to attain its objectives while operating on a sound financial basis. Any determination by Well•Spring with regard to the granting of financial assistance shall be within the sole discretion of Well•Spring, and any decision to provide such financial assistance shall continue in effect only so long as Well•Spring, in its sole discretion, determines that it can continue to attain its objectives while operating on a sound financial basis. No Resident shall have any expectation of receiving, or continuing to receive, subsidy assistance by Well•Spring.

As a means of providing financial assistance to Residents, Well•Spring has established an endowment fund known as the Benevolence Fund. Income from the Benevolence Fund may be used to provide financial assistance in accordance with the subsidy policy described above. In the event that Well•Spring continues to provide the services to you under the terms of this Agreement despite your financial inability to continue to pay the Monthly Fee or other charges payable under the terms of this Agreement, Well•Spring shall be entitled to require you to move to a smaller or less costly accommodation.

V. TRANSFER FROM YOUR LIVING UNIT OR THE HEALTH CENTER

There may come a time when you, or if Co-Residents, one of you, must move from your Living Unit to the Health Center or to another facility which provides services not available at Well•Spring. Well•Spring is aware that this is a critical transition and shall adhere to the following procedures regarding any such transfer:

1. Consultations

Except in case of emergency, Well•Spring shall not transfer you from your Living Unit or from the Health Center for health-related or other reasons until it has consulted with you and your physician, or with anyone else you designate as a primary contact. In the case of an emergency transfer, the consultations described above shall be scheduled by Well•Spring within five (5) days after transfer.

2. Consents.

When Well•Spring determines it to be appropriate, after the consultations provided for in the preceding paragraph have occurred, to transfer you from your Living Unit to the Health Center or to a suitable public or private facility for hospitalization, health care, or other health-related services, Well•Spring shall have the right and authority to transfer you without having to obtain your further consent.

In the event that Well•Spring determines that your continued occupancy of your Living Unit constitutes a danger to other residents or to yourself, or is detrimental to the peace or health of other residents, Well Spring shall have the right and authority to transfer you to another Living Unit, to the Health Center, or to a suitable public or private facility without having to obtain your further consent.

3. . Return to Living Unit and Release of Living Unit.

When you are transferred from your Living Unit to the Health Center, your Living Unit shall be reserved for you for the first thirty (30) days of Health Center occupancy so that you may return to your Living Unit if your condition permits. Your Living Unit shall be released and made available to a new resident after thirty (30) days of Health Center occupancy, unless you have reserved your Living Unit through payment of the Holding Fee as provided in Article IV, Section 3(c) above, and except in the case of the permanent transfer of one Co-Resident, in which case the other Co-Resident shall be entitled to remain in the Living Unit in accordance with the provisions of Section VII, paragraph 4 below. Any decision by Well•Spring relating to your transfer or the release of your Living Unit may be appealed to Kintura's Board of Directors, or to a duly designated committee thereof, whose decision shall be final and binding upon all parties.

VI. TERMINATION OF AGREEMENT

This Agreement may be terminated in accordance with this Article VI. The effective date of termination of this Agreement, as established in the provisions below, is referred to hereinafter as the "Termination Date."

1. Termination During 30-Day Opt-Out ("Rescission") Period.

You may terminate this Agreement by giving written notice thereof to Well•Spring within thirty (30) days following the later of (i) the Effective Date of this Agreement (as defined in Section VIII, paragraph 4) or (ii) the receipt of a Disclosure Statement that meets the requirement of the laws of the State of North Carolina. You do not have to move in before the expiration of the 30-day rescission period. If you terminate this Agreement within this thirty (30) days period prior to your occupancy of your Living Unit and payment of the Entrance Fee, Well•Spring will refund your Reservation Fee, less two percent (2%) of the total Entrance Fee which is non-refundable.

2. Termination by You When Death, Illness, Injury or Incapacity Prevents Occupancy.

If, at any time prior to occupancy, including the thirty (30) day rescission period described above, you are not able to commence occupancy of your Living Unit or an accommodation in the Health Center due to death, illness, injury or incapacity, you or your personal representative shall give written notice thereof to Well•Spring together with information to validate your claim. If your claim is accepted by Well•Spring, this Agreement shall terminate, and the Termination Date shall be the date of the notice, and you or your legal representative shall receive a refund your Reservation Fee less any fees charged by Well•Spring to you or your legal representative within five (5) business days after it accepts your claim.

3. Voluntary Termination by You.

If you wish to voluntarily terminate this Agreement you must provide written notice to Well•Spring at least thirty (30) days prior to your desired termination date. If you terminate this Agreement for any reason other than described in paragraphs 1 and 2 of this Article VI before you commence occupancy of your Living Unit and before you pay the Entrance Fee, Well•Spring will refund your Reservation Fee less two percent (2%), of the total Entrance Fee which is non-refundable. If you terminate this Agreement for any reason other than described

in paragraphs 1 and 2 of this Article VI after you commence occupancy of your Living Unit, you will receive a refund of the Entrance Fee to which you are entitled based on the Refund Option you selected. The Termination Date shall be thirty (30) days after the date Well•Spring receives your notice of termination or a date greater than 30 days as specified by you. Well•Spring reserves the right in its discretion to delay payment of any refund pursuant to this Section 3 until the earlier of (i) the date Well•Spring receives payment of an Entrance Fee from a successor resident of your Living Unit or (ii) two (2) years from the Termination Date.

4. Failure to Meet Admission Criteria

If Well•Spring determines that you do not meet its admission criteria prior to your occupancy of the Living Unit, this Agreement shall terminate, and Well•Spring will refund your Reservation Fee within five (5) business days after its determination less any fees charged by Well•Spring.

5. Termination by Well•Spring.

Notwithstanding anything to the contrary contained herein, Well•Spring will have the right to terminate this Agreement for any cause which, in its judgment and sole discretion, shall be good and sufficient. Good and sufficient cause will include, without limitation, the following:

- Failure to perform your obligations under this Agreement, including, but not limited to the obligation to pay the Monthly Fees and other charges, within fifteen (15) days after they are due to be performed or paid.
- Failure to abide by the rules and regulations of Well•Spring Community, including such changes as may be adopted from time to time.
- Material misstatements or failure to state a material fact in your application, financial statement, and health history statement filed with Well•Spring or in your representations in this Agreement.
- Changes in your financial status prior to occupancy at Well•Spring that cause you to fail to meet Well•Spring's financial qualifications for admission.
- Dissipation or commitment of your financial resources in a voluntary and discretionary manner that impairs your ability to meet your financial obligations to Well•Spring.
- Permanent transfer to another public or private institution.
- You develop a medical condition or illness, such that you can no longer live independently and require assisted living or skilled nursing care, as determined by one or more physicians (hereafter the "Consulting Physician") selected by Well•Spring who will consult with your physician and you fail or refuse to leave and relinquish your Living Unit and be admitted to the Health Center within five (5) days after notice by Well•Spring.

- You give Well•Spring notice of your election to receive a refund of your Entrance Fee in accordance with Section VI, paragraph 9 below.

Well•Spring shall give you at least thirty (30) days' prior written notice of your Termination Date unless your continued occupancy presents a threat to the safety of others or to yourself in which case Well•Spring shall have the right to reduce the prior notice period in its discretion and to make the termination immediately effective, if necessary. Well•Spring reserves the right in its discretion to delay payment of any refund due as a result of a termination under this paragraph 5 until Well•Spring receives payment of an Entrance Fee from a successor resident of your Living Unit.

6. Effect of Termination on Co-Residents.

In the case of Co-Residents, Well•Spring will have the right to terminate this Agreement only with respect to the Co-Resident to which the circumstances giving rise to termination apply, and this Agreement will remain in effect for the remaining Co-Resident. Notwithstanding any provision in this Agreement to the contrary, the rights and responsibilities of the Co-Residents with respect to any refund of Entrance Fees and payment of Monthly Fees will be determined in accordance with Section VII, paragraph 3.

7. Refund of Entrance Fee Conditioned on Payment of Resident's Obligations.

Notwithstanding any provision in this Agreement to the contrary, Well•Spring shall be entitled to withhold the refund of an Entrance Fee pursuant to Sections 3, 4 and 5 above until the Resident entitled to the refund pays Well•Spring all amounts owed to it, including but not limited to Monthly Fees and any reasonable expenses incurred in connection with the termination, including, but not limited to:

- Cost of any repairs or replacement of property assigned to your use.
- Painting or other refurbishment of your Living Unit in excess of that required by normal wear.
- The cumulative amount of any financial assistance or other subsidies provided to you by Well•Spring.

Well•Spring may also set off any amounts owed against any refund due and against any Monthly Fee that was prepaid for periods after the Termination Date.

8. Limitation of Remedies and Damages for Default by Well•Spring.

Until you notify us in writing of an alleged default and afford us a reasonable time in which to cure the alleged default, no default by Well•Spring in the performance of any of the obligations or promises herein agreed to by Well•Spring or imposed by law shall constitute a material breach of this Agreement, and you shall have no right to terminate the Agreement for any such breach or suspend your performance under this Agreement. Regardless of their duration, the defective condition of or failure to repair, maintain, or provide any area, fixture, or facility used in connection with social or recreational activities will not constitute a

material breach of this Agreement and you shall have no right to terminate this Agreement or suspend your performance under this Agreement.

9. Refunds Pursuant to a Refund Option.

In addition to the provisions for a refund of the Entrance Fee stated above, you shall have the rights to and shall be bound by the terms of the Refund Option selected by you on Exhibit A. and the provisions concerning Co-Residents' rights and responsibilities, if applicable. Your right to a refund under the Refund Option you selected will arise if any one of the following circumstances should occur:

- (a) You give Well•Spring notice of your election to receive a refund in which event this Agreement will terminate in accordance with Section VI, paragraphs 1, 2, and 3.
- (b) Well•Spring terminates this Agreement in accordance with Section VI, paragraph 4 or 5; or
- (c) This Agreement is terminated as a result of your death.

The amount of the refund, if any, to which you are entitled will be determined in accordance with the Refund Option selected by you. The Refund Options are as follows:

One year, Four Percent Per Month Declining Refund Option. If you have selected the One (1) Year, Four Percent (4%) Per Month Declining Refund Option, Well•Spring will refund to you or to your estate an amount equal to ninety percent (90%) of the Entrance Fee paid in the event that the Termination Date occurs within sixty (60) days after the Occupancy Date. If the Termination Date occurs more than sixty (60) days after the Occupancy Date, Well•Spring will refund to you or your estate an amount equal to ninety percent (90%) of the Entrance Fee paid less four percent (4%) of the total Entrance Fee for each calendar month between the end of the initial sixty (60) day period and the Termination Date until the refund amount is equal to fifty percent (50%) of the Entrance Fee. In no event shall you be entitled to any refund if the Termination Date occurs more than twelve (12) months after the Occupancy Date. This option shall be referred to as the One (1) Year, Four Percent (4%) Per Month Declining Refund.

For purposes of computing Entrance Fee Refunds, a partial calendar month of more than 15 days shall be treated as a full calendar month and a partial calendar month of 15 or fewer days shall be ignored. The Effective Date and Termination Date shall be counted as full calendar days.

10. Removal of Property.

You agree to the removal of your property from the Living Unit and the Well•Spring Community within a two (2) week grace period after the Termination Date. After the applicable grace period, you or your estate shall pay a daily rate based on the Monthly Fee applicable to your Living Unit less the published Food Credit. Additionally, Well•Spring may store such property at your or your estate's expense for up to sixty (60) days after which it may be

disposed of by Well•Spring without liability.

VII. CO-RESIDENT'S RIGHTS AND RESPONSIBILITIES

1. Co-Residents.

Residents who occupy the same Living Unit and who execute a Residence and Care Agreement jointly are "Co-Residents". Your right to occupy the Living Unit shall be in common with your Co-Resident. Under the terms of this Agreement, married couples shall have rights and obligations identical to those of any other Co-Residents.

2. Joint Liability and Authority.

Each Co-Resident shall be jointly and severally liable for all payments which shall be due, and all obligations which shall be performed by them, under the terms of this Agreement. If you are a Co-Resident, you may exercise your rights under this Agreement only by joint consent and action with your Co-Resident, and no such exercise shall be effective unless done jointly by both Co-Residents.

3. Termination of Agreement with One Co-Resident.

In the event this Agreement terminates with respect to one (1) Co-Resident for any reason, the total Entrance Fee paid by Co-Residents shall be deemed to have been paid on behalf of the remaining Resident, whose Agreement shall remain in effect. Any refund of an Entrance Fee paid for Co-Residents shall be refunded for the benefit of the remaining resident or their estate upon termination of the Agreement with the remaining resident.

When this Agreement terminates with respect to one (1) Co-Resident, the remaining resident shall have the option for a period of thirty (30) days thereafter to elect:

- to remain in the same Living Unit and to pay the then current single resident Monthly Fee applicable to that unit; or
- to move to a different type of Living Unit, if and when available, in accordance with the terms set forth in Section VIII, paragraph 1, "Change of Living Unit."

4. Transfer of One Co-Resident to the Well•Spring Health Center.

When one (1) Co-Resident transfers permanently from their Living Unit to the Health Center, the transferring Co-Resident shall cease paying the Co-Resident Monthly Fee and begin paying the Discounted Per Diem Rate as set forth in Article IV, Section 3(b) above. The Co-Resident remaining in the Living Unit shall continue to pay the Co-Resident Monthly Fee applicable to the Living Unit occupied at the time of transfer, subject to adjustment by Well•Spring in accordance with Section IV, paragraph 1, "Monthly Fees."

5. Addition of a Co-Resident or Marriage.

When a single resident occupies a Living Unit in which Well•Spring policy permits double occupancy, the resident can allow another person to share occupancy of the Living Unit, if in the sole judgment of Well•Spring, the new resident qualifies for acceptance. Before commencing occupancy, the new Co-Resident shall be required to sign and become a

Co-Resident under the Residence and Care Agreement then in effect for the Living Unit, which shall be amended to require: (i) payment of the Monthly Fee then applicable to Co-Residents of the Living Unit, and (ii) payment of the difference between the single resident and the then current Co-Resident Entrance Fee applicable to the Living Unit prior to the new Co-Resident's occupancy of the Living Unit. The effective date of the new Co-Resident's Residence and Care 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 Care Agreement.

VIII. MISCELLANEOUS

1. Change of Living Unit.

Well•Spring may, in certain circumstances, approve your moving to a different Living Unit. At the time your request is approved, Well•Spring shall determine, in its discretion, the amount of any additional Monthly or Entrance Fee or any refund or credit which is appropriate to the new Living Unit.

2. Confidentiality.

Well•Spring has the responsibility to keep private and confidential all of the personal, medical and financial information you have supplied to it. However, you agree that Well•Spring can provide such information, in accordance with applicable privacy and confidentiality laws, to those who, in its judgment, have a need or right to have or know this information (e.g., to provide information for transfer to a hospital).

3. Disclosure Statement.

You acknowledge that you have received a current copy of the Well•Spring Disclosure Statement.

4. Effective Date and Governing Laws.

This Agreement takes effect ("Effective Date") when you sign the Agreement. This Agreement, including its validity and the capacity of the parties to this Agreement, its form, interpretation of its language, and any questions concerning its performance and discharge, shall be governed by and construed in accordance with the laws of the State of North Carolina. You and Well•Spring agree to comply with the laws and regulations regarding licensed adult care and licensed nursing care in effect from time to time.

5. Full and Complete Agreement.

This Agreement shall take precedence over any representations previously made by Well•Spring representatives and over any descriptions of services in promotional materials or presentations. This Agreement constitutes the entire contract between you and Well•Spring, and it supersedes all previous understandings and agreements between you and Well•Spring, including but not limited to any Reservation Agreement for your Living Unit. No waiver or modification of this Agreement shall be valid and effective unless it is made in writing, signed by you and by Well•Spring, and attached to this Agreement.

6. Interpretation.

Headings are for convenience and reference purposes only and shall not affect the

interpretation of any provision of this Agreement. Should any provision herein, for any reason, be held invalid or unenforceable in any jurisdiction in which it is sought to be enforced, such invalidity and unenforceability shall not affect any other provision of this Agreement, and any such invalid and unenforceable provision shall be construed as if it were omitted. The remainder of this Agreement shall remain in full force and effect.

7. Management Authority.

Well•Spring retains all authority regarding acceptance of Residents, adjustment of fees, financial assistance, and all other aspects of the management of Well•Spring.

8. Notices.

Until you reside at Well•Spring and when required by the terms of this Agreement, notices will be given in writing and shall be given to Well•Spring or to you at the addresses set forth in Exhibit A, or at such address as Well•Spring and you shall specify in writing to each other. After you reside at Well•Spring, your address shall be your Living Unit unless you provide us with written notice of another address. Notices shall be given in writing by hand delivery or by a commercial courier that provides documentation of delivery.

9. Pronouns.

All references in this Agreement to masculine pronouns and adjectives shall also include the feminine and vice versa. References to “you” shall include your legal representative (i.e. attorney-in-fact or personal representative of your estate) as the context requires.

10. Statement of Nondiscrimination.

Race, color, gender, religious beliefs, sexual orientation, or national origin do not have any bearing upon your acceptance or rejection for admission, the execution of this Agreement, or the normal conduct of business by Well•Spring.

11. Successors and Assigns.

The duties owed Well•Spring under this Agreement shall inure to the benefit of its successors and assigns.

12. Waiver.

In the event that Well•Spring does not, in any one (1) or more instances, insist upon your strict performance, observance or compliance with any of the terms or provisions of this Agreement, or if it waives a breach by you of this Agreement, such action(s) by Well•Spring shall not be construed to be a waiver of its right to insist upon your strict compliance with that term or provision in the future or with all other terms and provisions of this Agreement. Your signature below certifies that you have read, understand and accept this Agreement.

Signature – Resident

Date

Signature – Co-Resident

Date

Well•Spring, A Life Plan Community

Date

EXHIBIT A

OCCUPANCY: The Occupancy Date is: _____

FEE SCHEDULE: Entrance Fees and Monthly Fees are based on the type of Living Unit you occupy and the number of persons residing in the unit. The Living Unit you have selected and the applicable fees are stated below:

LIVING UNIT
NUMBER: _____

UNIT TYPE: _____

ENTRANCE FEE FOR:
☐ Single Resident
☐ Co-Resident

TOTAL ENTRANCE FEE: \$ _____

CREDIT FOR PARTIAL
PAYMENTS OF THE ENTRANCE
FEE RECEIVED: \$ _____

ENTRANCE FEE BALANCE DUE
AND PAYABLE: \$ _____

MONTHLY FEE FOR:
☐ Single Resident
☐ Co-Resident

TOTAL MONTHLY FEE: \$ _____

CURRENT HEALTH CENTER
PER DIEM RATE:
Skilled Nursing \$ _____
Assisted Living \$ _____

DISCOUNT APPLIED TO HEALTH CENTER
PER DIEM RATE: _____ %

REFUND OPTION SELECTED:

() One (1) Year, Four Percent (4%) Per Month Declining Refund

ADDRESSES FOR REQUIRED NOTICE:

To: Well•Spring:

Well•Spring, A Life Plan Community
Attention: Executive Director
4100 Well Spring Drive
Greensboro, NC 27410

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.

Signature - Resident

Signature - Co-Resident

Date



HEALTH CARE AGREEMENT

4100 Well Spring Drive, Greensboro, NC 27410
Phone (336) 545-5400/Fax (336) 545-5411
5/22/2025

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**WELL·SPRING, A LIFE PLAN COMMUNITY
HEALTH CARE AGREEMENT**

I. INTRODUCTION

This Health Care Agreement (the "Agreement") is entered into between _____ (referred to as "you") and Well·Spring, A Life Plan Community, a North Carolina nonprofit corporation with its principal office in Greensboro, North Carolina (referred to as "Well·Spring").

Well·Spring owns a life plan community in Greensboro, North Carolina known as "Well·Spring, A Life Plan Community" ("Well·Spring "). You desire to become a resident in Well·Spring's Health Center and to use and enjoy the facilities, programs, and services provided by Well·Spring, and Well·Spring desires for you to become a resident of Well·Spring subject to the terms and conditions of this Agreement. This Agreement is divided into several parts in order to make it easier to read and to allow you to find the particular terms and conditions pertaining to each aspect of your residency.

NOW, THEREFORE, Well·Spring and you agree to the following:

II. TERM OF AGREEMENT

1. Term

The term of this Agreement shall commence on the Occupancy Date (as defined in Section III, paragraph 1 below) and shall continue in effect for a period of thirteen (13) consecutive calendar months, unless sooner terminated in accordance with the provisions of this Agreement (the "Initial Term"). Either Well·Spring or you may terminate this Agreement at the expiration of the Initial Term by giving written notice to the other at least thirty (30) days prior to the expiration of the Initial Term. In the event such notice is not given, this Agreement shall remain in effect from month-to-month subject to the terms and conditions of this Agreement and may thereafter be terminated by either you or Well·Spring by giving the other party thirty (30) days prior written notice of such termination. For purposes of this Agreement, the Initial Term and all subsequent periods during which this Agreement remains in effect shall constitute the "Term of this Agreement."

III. RESIDENCY AND WELL-SPRING'S RESPONSIBILITIES TO YOU AS A RESIDENT

Upon your occupancy in Well-Spring's Health Center (as defined in Section III, paragraph 2 below), Well-Spring shall provide to you during the Term of this Agreement the Living Unit and care shown on Exhibit A to this Agreement ("Health Center Living Unit") and shall make available to you the facilities of Well-Spring. Unless otherwise specified, there shall be no charge made for any of these services and facilities other than payment of the standard daily charge on Exhibit A (the "Daily Charge").

1. Living Unit in the Health Center

Well-Spring confers on you the right to occupy and use the Health Center Living Unit during the Term of this Agreement of the type selected by you and described in Exhibit A, subject to the terms and provisions of this Agreement.

2. Adult Care, Resident Clinic, Skilled Nursing and Licensed Nursing Care

Well-Spring will provide the following health care services and facilities to residents occupying Health Center Living Units in the Health Center:

- (a) Assisted Living Care. Assisted Living Care shall be provided in accordance with North Carolina licensure statutes and regulations for licensed adult care. Well-Spring will provide you with licensed adult care in the Well-Spring Health Center (the "Health Center"). Responsible staff will be on duty at all times in the Health Center to assist you when necessary with bathing, dressing, grooming, eating, ambulation, and other activities of daily living. Well-Spring reserves the right to change the services provided under this Agreement at any time in order to comply with licensure laws and regulations from time to time in effect.
- (b) Resident Clinic. Well-Spring will provide a Resident Clinic ("Clinic") on the Health Center premises where residents may be seen and treated as outpatients. Arrangements may be made for one (1) or more physicians, affiliated with Well-Spring ("Clinic Physicians"), to keep scheduled office hours at the Clinic. Routine services provided by the Clinic nursing staff will be provided at no additional charge. You shall pay an additional charge for office visits to Clinic Physicians or other Clinic health professionals including nurse practitioners and other physician extenders. There is no obligation to use the Clinic or the Clinic Physicians. You remain free to engage at your expense the services of a physician of your choice.
- (c) Skilled Nursing Care & Licensed Nursing Care. Well-Spring may provide the following health care services and facilities to residents occupying Skilled Nursing Units in the Health Center, if available. Well-Spring makes no representations as to the availability of Skilled Nursing care on its campus. Well-Spring may provide licensed nursing care to you in the Health Center. Well-Spring reserves the right to change the services provided under this Agreement at any time in order to comply with licensure laws and regulations from time to time in effect.

3. Common Facilities

You may use, in common with other residents, the common facilities of Well-Spring's Health Center including but not limited to the dining room, lounges, lobbies, libraries, social and recreation rooms, and designated outdoor activity areas. At times, advance reservation may be required for certain common facilities. There will be additional charges for your use of special services, such as beauty/barber shop and convenience store/gift shop.

4. Emergencies

The Health Center staff and/or safety staff employed by Well-Spring will be available to you in case of emergencies.

5. Exclusions

You agree that you or your insurance shall pay for all costs of your health and medical care except as follows:

- (a) If you occupy a Health Center Living Unit, you shall be provided (i) assisted living (licensed as adult care) care in accordance with Section III, paragraph 2(a); (ii) care provided by Well-Spring in the Resident Clinic in accordance with Section III, paragraph 2(b); (iii) care provided by Well-Spring in emergencies in accordance with Section III, paragraph 4 and (iv) care provided for temporary illness.
- (b) The health and medical care for which you are responsible for payment includes, but is not limited to:
 - charges of any physician, dentist, podiatrist, nurse practitioner, or other physician extenders or therapists;
 - rehabilitative, habilitative, and therapeutic services, including, but not limited to, speech therapy, occupational therapy, physical therapy, and respiratory therapy;
 - laboratory, X-ray, and other diagnostic services;
 - home health care and hospice;
 - prescription drugs and supplies or equipment;
 - oxygen supplies
 - vision, hearing, and dental care, including all supplies, equipment, and appliances;
 - orthopedic appliances;
 - mental health services;
 - hospital charges;
 - ambulatory surgical services;
 - ambulance services;
 - all other services for which you otherwise expressly agreed to pay under the terms of this Agreement.

6. Food and Meals

- (a) Meals. Your Daily Charge includes three (3) meals per day for each day of a month. Meals will be served in the dining room, which is located in the Health Center. When

authorized by Well-Spring, meal delivery service will be provided to your Health Center Living Unit.

- (b) *Food Credit*. When you give Well-Spring advance notice that you are going to be away from Well-Spring for more than seven (7) consecutive nights, or if you are hospitalized, you will be credited for the missed meals, according to a schedule periodically published by Well-Spring (the "Food Credit").
- (c) *Dietary Service*. When authorized by Well-Spring's medical and dietary personnel, meals accommodating special diets may be provided.
- (d) *Dining Room for Guests*. Dining room service will be available for your guests. Guests will be charged for meals at the currently published meal rate and charges for such meals will be included in your monthly service charge statements (referred to as the "Monthly Statement").

7. Furnishings

Well-Spring will furnish your Health Center Living Unit in the Health Center with mini-blinds, emergency nurse call system, bathroom with grab bars, individual thermostatic control for heating and air-conditioning, cable television outlet, telephone outlet, and smoke alarm. All other furnishings shall be provided by you and are subject to Well-Spring's approval in order to keep the Health Center safe and sanitary.

8. Grounds

Well-Spring will furnish basic grounds keeping care. Well-Spring will have conveniently located garden areas for Health Center residents.

9. Guests

You will be free to invite guests to your Health Center Living Unit for daily visits. Guest rooms may be available at a published rate for overnight stays by your guests from time to time. Well-Spring 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. No person other than you may reside in your Health Center Living Unit.

10. Hospital Coverage and Transfer Agreements

Well-Spring is not obligated to pay any charges for hospitalization or costs related thereto. In the event it becomes necessary for you to be transferred to a hospital, Well-Spring shall provide any medical or financial information available to meet the provisions of any hospital transfer agreement, and you agree that Well-Spring has the right to disclose such information, which may include part or all of your records.

Well-Spring is not designed or staffed to care for persons afflicted with certain diseases including, but not limited to, psychosis, substance abuse and addiction, or contagious disease. If you require care for a disease or condition which Well-Spring in consultation with your physician determines is a potential danger to the health and welfare of you, other residents or staff, you agree that Well-Spring has the authority, after consultations described

in the transfer provisions of this Agreement, to transfer you elsewhere for hospitalization or nursing care as may be deemed necessary by the Medical Director, whether or not the condition is deemed to be temporary in nature. If the transfer is deemed permanent by the Medical Director, your Health Center Living Unit may be released and made available to another Resident in accordance with the provisions of Section VI below, in which case Well-Spring shall have the right to terminate this Agreement.

11. Housekeeping

Well-Spring will provide certain housekeeping services in your Health Center Living Unit on a weekly basis and as required by applicable licensing regulations.

12. Illness or Injury Away from Well-Spring Community

If you become ill or are injured or develop a condition while you are away from Well-Spring which requires medical attention or treatment away from Well-Spring, all charges for any offsite medical attention or treatment for you shall be your personal responsibility. Upon your return to Well-Spring, Well-Spring shall resume providing all services to which you are entitled under this Agreement. For purposes of this paragraph, you shall be considered to be away from Well-Spring if your illness or injury or condition occurs when you are not on the grounds of Well-Spring.

13. Mail

A mailbox for each Health Center Living Unit will be provided in a central location in Assisted Living. Mail will be delivered to your room by staff in Skilled Nursing, Memory Care, and Rehab.

14. Maintenance and Repairs

Well-Spring will perform all necessary repairs, maintenance, and replacement of its property and equipment. Necessary repairs, maintenance, and replacement of your personal property shall be your responsibility.

15. Medical Director

Well-Spring will retain the services of a qualified physician ("Medical Director") to be responsible for the quality of all medical services and medically related activities provided by Well-Spring.

16. Meetings with Residents

Well-Spring will hold at least quarterly meetings with the residents of Well-Spring for the purpose of free discussion of subjects of interest. Notice of each meeting will be given. Residents may, however, bring any grievances concerning the Health Center or suggestions for changes in rules and policies to the attention of Health Center staff at any time.

17. Private Caregivers and Personal Aides

You shall pay for all expenses (including meals if desired) of private caregivers and personal aides whom you employ, and all of these individuals shall be subject to all rules and regulations in effect at the Well-Spring. No private caregivers or personal aides may be

employed without prior notice to Well·Spring, and at all times they are subject to Well·Spring's Private Caregiver Policy.

18. Programs

Well·Spring will provide programs of social, educational, and recreational activities. Religious services will be provided on a regular basis.

19. Real Estate Taxes

Well·Spring will be responsible for the payment of all real estate taxes, if any, assessed on its property comprising Well·Spring.

20. Rehabilitation Therapies, etc.

You or your medical insurance will pay for all diagnostic, therapeutic, and rehabilitative services. Well·Spring will make arrangements for specialized rehabilitative and habilitative services, such as physical therapy, occupational therapy, and speech therapy, on the Health Center premises. Well·Spring may also make arrangements for the services of other health care professionals on the Health Center premises by appointment. You are free to engage the services of the health care professional of your choice.

21. Right of Subrogation

Should you be injured by a third party and such injury requires Well·Spring to provide health care services under this Agreement, Well·Spring shall be subrogated, to the extent allowed by North Carolina law, to your rights against such other third party to the extent necessary to reimburse Well·Spring for all of its costs and expenses incurred by reason of such injuries.

To the extent allowed under North Carolina law, this right of subrogation authorizes Well·Spring to institute legal action in your name; provided, however, that such action shall not cause or result in a compromise, waiver or release of any causes of action that you may have against such third party for such injuries.

22. Security

Well·Spring will use reasonable care in providing security on the premises for you and your property. Well·Spring shall not be responsible for loss or damage to personal property. Well·Spring strongly discourages the keeping of valuable jewelry, papers, large sums of money, or other items of value in the Health Center.

23. Storage

Limited storage space for clothing and possessions will be allocated to your Health Center Living Unit.

24. Transportation

Well·Spring will provide regularly scheduled local transportation and will assist in arranging for transportation at other times. Additional special transportation for personal or group trips will be available at additional cost.

25. Utilities

Well-Spring will provide utilities to your Health Center Living Unit such as water, sewer, heating, electricity, and air-conditioning. Well-Spring will not be responsible for periods of disruption of these utilities. You may install and maintain telephone service (land line or cellular) in your Health Center Living Unit, and you shall pay the costs of its installation, maintenance and use. Well-Spring will provide basic cable television service to your Health Center Living Unit. You may install and maintain cable internet access and wireless internet access in your Health Center Living Unit. You shall pay the cost of internet service, installation, maintenance and use.

IV. YOUR RIGHTS AND RESPONSIBILITIES AS A RESIDENT

1. Commencing Occupancy

You agree to commence occupancy of your Health Center Living Unit on the occupancy date set forth in Exhibit A (the "Occupancy Date"). If Well-Spring is unable to make a Health Center Living Unit available to you on the Occupancy Date, a revised Occupancy Date shall be established by written mutual agreement. Both the Occupancy Date and any revised Occupancy Date established pursuant to the terms of this paragraph shall be referred to as the "Occupancy Date." If you fail to occupy your Health Center Living Unit on the Occupancy Date, you shall nevertheless become obligated on that date to begin paying and to continue paying the Daily Charge set out in Exhibit A, less the published Food Credit.

If you are scheduled to enter a Health Center Living Unit but Well-Spring determines prior to or on the Occupancy Date that you are unable to occupy the Health Center Living Unit because of a change in your health status, you have the option of either: (i) terminating this Agreement, in which case neither party shall have any further obligations to the other; or (ii) if you meet Well-Spring's criteria for residency in a Skilled Nursing Unit (defined in Section VI), you may occupy a Skilled Nursing Unit (provided a Skilled Nursing Unit is available and such occupancy is permitted under applicable law and regulation), in which case this Agreement shall be amended to require you to pay the Daily Charge applicable to care in a Skilled Nursing Care Unit. Well-Spring agrees to consult with you and your physician or with anyone else you designate as a primary contact pursuant to Section VI below, prior to making a determination that you are unable to occupy a Health Center Living Unit. If, after the consultations described above, Well-Spring determines that you would require care that cannot be provided at Well-Spring due to changes in your health status, Well-Spring shall have the right to terminate this Agreement.

2. Financial Statements

If Well-Spring has reason to believe that your affairs are not being managed in accordance with Section IV, paragraph 11, you agree to provide Well-Spring with financial statements, including copies of your federal, state, and gift tax returns or other financially related information.

3. Health Information

You agree to provide any and all health information as requested by Well-Spring. Said information may include, but shall not be limited to: (a) medical history, (b) report of current physical examination and current physician's orders, including diet, treatment, and current medications; and (c) a physician's statement that you are free from a communicable disease within 30 days prior to admission. If you are suffering from a communicable disease, you shall provide a physician's certificate that the disease is not in a transferable stage. Any health information requested by Well-Spring shall be kept confidential and will only be used to determine a resident's fitness to remain in a Health Center Living Unit.

4. Housekeeping

You agree to maintain your Health Center Living Unit in a clean, safe, and orderly condition, in conformance with all applicable health regulations, and to perform all usual housekeeping not provided by Well-Spring. You shall notify Well-Spring immediately in the event of any damage to your Health Center Living Unit, any water leakage, or any other necessary repairs or maintenance. Maintenance or repairs required as a result of damage caused by you or your guests, as opposed to normal wear and tear, is not included in the Daily Rate and will be billed to you.

5. Indemnification

You shall indemnify, defend and hold Well-Spring and its members, directors, trustees, officers, agents, and employees harmless from and against any and all claims, causes of action, damages, costs, and expenses, including, without limitation, attorneys' fees and expenses and court costs resulting from any injury or death to persons or any damage to property caused by, resulting from, or attributable to, or in any way connected with your negligent or intentional acts or omissions. (You may wish to obtain insurance at your own expense to cover this obligation.)

6. Medicare and Supplemental Insurance Requirements

You shall enroll in and maintain Medicare (Part A and Part B) coverage (or equivalent insurance coverage acceptable to Well-Spring if you do not qualify for Medicare coverage) and shall furnish Well-Spring with evidence of such coverage upon request. You shall also enroll in and maintain participation in any governmental program or entitlement for which you qualify that provides medical or nursing care or financial assistance for medical or nursing care. You shall also provide Well-Spring with evidence of such participation on request.

You are required to secure and maintain a supplemental insurance policy (such as Medicare supplemental insurance) approved by Well-Spring to pay for charges for care not covered by Medicare (or by equivalent coverage required by the preceding paragraph, if applicable) or by other governmental programs or entitlements. You will not be required to provide such supplemental insurance if you show evidence satisfactory to Well-Spring that you have the financial ability to pay for such charges. This coverage is not provided by Well-Spring.

If at any time you become eligible for payments for health services from governmental agencies, you agree to make prompt application for such payments. Well-Spring will not pay for any nursing or medical care or related supplies that are covered by Medicare, any governmental programs or entitlements, or supplemental insurance which you are obligated to maintain or participate in under this Agreement. You agree that upon receiving third-party reimbursement, you will repay Well-Spring for any third-party reimbursable costs which Well-Spring incurred or paid on your behalf while your reimbursement approval was pending.

If care provided to you by Well-Spring is covered by insurance or some other third-party payor coverage, you shall nevertheless be primarily responsible for making all payments due Well-Spring pursuant to this Agreement regardless of such third-party benefits. Well-Spring will assist you in applying for health services or third-party benefits under any programs for which you might qualify. In addition, Well-Spring will assist you in filing claims for payment for services rendered by Well-Spring. Upon request, you agree to execute assignments of benefits to Well-Spring.

7. Non-Transferable

Your rights under this Agreement to a Health Center Living Unit or services provided for herein are personal to you and cannot be transferred or assigned by you to any other person or entity.

8. Pets

Pets are allowed to reside in Health Care with prior approval by the Director of Health Services. Pets are defined as dogs, cats, (limit one dog or cat per resident), birds (kept in a cage), and fish (maximum aquarium size of 10 gallons). Pets must be registered with Health Care, and you must provide vaccination and licensing records to Health Care. Health Care staff is not responsible for the care of resident pets. If you become unable to care for your pet, a pet sitter may be hired or you will be asked to find a new home for your pet. Pet owners are responsible for any damage that occurs to Well-Spring premises as a result of their pet.

9. Policies, Rules, and Regulations

You agree to abide by the policies, rules, and regulations of Well-Spring including such changes as may be adopted from time to time. These policies shall be set forth in a Resident Handbook and will be made available to you through the management of Well-Spring.

10. Power of Attorney

You agree to execute and maintain in effect a limited Durable Power of Attorney as provided in Chapter 32A, Article 2 of the General Statutes of North Carolina (or similar laws subsequently enacted). This Power of Attorney shall designate as your attorney-in-fact a bank, lawyer, relative, or other responsible person or persons of your choice to act for you in managing your financial affairs and filing for your insurance or other benefits as fully and completely as you would if acting personally. It shall be in a form which survives your incapacity or disability and be otherwise satisfactory to Well-Spring. You shall deliver a fully

executed copy of this Power of Attorney to Well-Spring upon Occupancy and you must notify Well-Spring in writing of any subsequent changes to your Power of Attorney, including the appointment of a new legal representative. If you revoke your Power of Attorney and do not name a new personal representative, or if your personal representative dies, becomes incapacitated or cannot be located after a reasonable search, then you agree that Well-Spring shall be your Attorney-in-Fact, coupled with an interest, for the sole purpose of giving Well-Spring the authority to nominate a legal guardian for you, to serve when approved by a court as provided by law.

11.Preservation of Your Assets

You agree to manage your financial resources so as not to threaten or impair your ability or the ability of your estate to satisfy your financial obligations as set forth in this Agreement. At the request of Well-Spring, you agree to make arrangements for the preservation and management of your financial resources by a third party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Well-Spring, it appears that your continued management of your financial affairs may make you unable to meet your financial obligations to Well-Spring.

Well-Spring shall have no obligation to see to the proper management of your financial affairs, and you shall be solely responsible for proper management or arranging for the proper management of your financial affairs.

12.Protection of Personal Property

Well-Spring is not responsible for the loss of any personal property belonging to you due to theft, fire, or any other cause, unless said property is specifically entrusted in writing to Well-Spring's care and control and then only for gross negligence in failing to safeguard and account for such property. (You may wish to obtain insurance at your own expense to protect against such losses.)

13.Real Property

Your rights and privileges, as granted herein, do not include any right, title, or interest whether legal, equitable, beneficial, or otherwise, in or to any part of the real property, including land, buildings, and improvements, owned or operated by Well-Spring.

14.Relationships between Resident and Staff Members

Employees of Well-Spring are supervised solely by Well-Spring'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. You acknowledge and agree that you or your family will not hire Well-Spring employees or solicit such employees to resign their employment at Well-Spring in order to work for you or your family. You also acknowledge and agree that, unless consented to by Well-Spring, you will not hire any former Well-Spring employee until three (3) months elapse from the date of termination of the person's employment at Well-Spring.

15. Representations Made by You in Connection with Application for Residency

Your application forms, including the statements of your finances and health history, which you filed with Well-Spring as part of the residency application process described in the Reservation Agreement, are incorporated into this Agreement by reference, and all statements therein are deemed to be true as of the date made. You represent and warrant that you have disclosed to Well-Spring all material changes in this information occurring since the date of your application. Any material misstatement, or any material omission to state a fact called for, shall entitle Well-Spring to terminate this Agreement. By executing this Agreement, you represent and warrant that your sources of income are adequate to meet your financial responsibilities to Well-Spring and to pay all of your personal and incidental expenses. You represent and warrant that you have not made any gift or transfer for less than fair value of real or personal property in contemplation of the execution of this Agreement. You also agree that no such gift or transfer for less than fair value will be made subsequent to the execution of this Agreement that would impair your ability to satisfy your financial obligations under this Agreement. If you are unable to meet such financial obligations, you agree to make every reasonable effort to obtain assistance through or by means of your family or otherwise except as acknowledged in writing by Well-Spring.

16. Resident Physician

You shall designate and provide Well-Spring with the name of your attending physician. Well-Spring shall not be responsible for the professional medical services provided by your attending physician.

17. Residents' Association

Residents shall have the right to organize and operate a residents' association at Well-Spring, and shall have the right to meet privately to conduct business as an association. The officers of the residents' association shall serve as a liaison between the residents and Well-Spring.

18. Responsibility for Damages

You shall be responsible for any costs incurred in replacing, maintaining, or repairing any loss or damage to the real or personal property of Well-Spring caused by the negligence or willful misconduct of you, your guests, agents, or employees. (You may wish to obtain insurance at your own expense to cover this obligation.)

19. Right of Entry

You shall permit authorized employees of Well-Spring to enter into your Health Center Living Unit at all reasonable times for purposes of providing care, inspection, housekeeping, and maintenance, and at any time in case of emergencies.

20. Rights of Residents

Your rights as a resident under this Agreement are those rights and privileges expressly granted to you in this Agreement or by North Carolina law.

21. Structural Changes

You shall not make any structural or physical change of any kind within or about a Health Center Living Unit occupied by you.

22. Subrogation of Rights

Notwithstanding anything to the contrary herein, your rights, privileges, or benefits arising under this Agreement shall be subordinate and inferior to all mortgages, security interests, deeds of trust, and leasehold interests granted to secure any loans or advance made to Well-Spring, its related entities, or its successors, now outstanding or made in the future, in the real property and improvements constituting Well-Spring, and subordinate and inferior to all amendments, modifications, replacements, refunding, or refinancing thereof. You agree that, upon the request of Well-Spring, you shall execute and deliver any and all documents which are deemed by Well-Spring to be necessary or required to effect or evidence such subordination.

23. Taxes on Personal Property

You shall pay all taxes assessed on your personal property.

24. Will and Funeral Arrangements

If you have not already done so, you agree to make a will providing for disposal of your personal property, the appointment of an executor of your estate, and funeral and burial arrangements, within sixty (60) days after the date of this Agreement. You agree to provide Well-Spring with written verification from your attorney or from another independent source that these arrangements have been made within sixty (60) days of the date of this Agreement. You acknowledge that while Well-Spring shall not be responsible for making arrangements relating to disposal of personal property and funeral and burial arrangements. If Well-Spring must do so, you agree that Well-Spring shall be reimbursed by your estate for all such expenses.

V. FEES

1. Payment of Daily Charge and Additional Charges

You agree to pay Well-Spring the Daily Charge set forth in Exhibit A, which represents payment for the facilities and services to be provided to you under this Agreement. The Daily Charge shall be prorated for any applicable period of less than one month. Unless expressly stated in this Agreement, charges shall not be waived, suspended, or reduced. The Daily Charge may be adjusted periodically by Well-Spring at its sole discretion upon at least sixty (60) days' notice to you.

Well-Spring will endeavor to maintain the Daily Charge applicable to your Health Center Living Unit at the lowest possible rate consistent with sound financial practice and maintenance of quality health care services to be provided by Well-Spring. When Well-Spring does adjust those fees, you agree to pay the adjusted charge. You agree that you have no right to offset or withhold payment of the Daily Charge or any other amounts you owe Well-Spring under this Agreement for any reason.

You will be invoiced for any medical and health care services, supplies, or equipment provided for you that Well·Spring is not obligated to provide under the terms of this Agreement without additional charge, and such invoices shall be due and payable by the fifteen (15th) day of the month.

2. Late Payment

You agree to pay Well·Spring interest on any Daily Charge or any other amounts you owe Well·Spring which are not paid by the fifteen (15th) day of the month at the annual rate of interest equal to the prime rate established by Truist (or such other bank as Well·Spring designates from time to time) plus two percent (2%) until any such Daily Charges or other amounts are paid in full, provided, however, that the interest rate shall not exceed that permitted under North Carolina law.

3. Benefits and Entitlements

If your funds become substantially reduced or depleted and your income reduced to the extent that you are eligible to receive public or other benefits and entitlements including, but not limited to, Social Security Supplemental Income and Medicaid, you agree to obtain and maintain all such benefits and entitlements. Failure to do so may result in the termination of this Agreement by Well·Spring.

VI. TRANSFER FROM A HEALTH CENTER LIVING UNIT

There may come a time when you must move (i) from a Health Center Living Unit to a living unit in the Skilled Nursing area in the Health Center, if available, (a “Skilled Nursing Unit”) or (ii) to another facility which provides Skilled Nursing, hospital, or other services not available at Well·Spring. Please note that Well·Spring makes no representations as to the availability of Skilled Nursing care on its campus. Well·Spring is aware that this is a critical transition and will observe the following procedures during any such transfer.

1. Consultations

Except in case of emergency, Well·Spring will not transfer you from a Health Center Living Unit in the Health Center for health-related or other reasons unless it has provided you with at least five (5) days’ advance notice and consulted with you and your physician, or with anyone else you designate as a primary contact. In the case of an emergency transfer, the consultations described above will be scheduled by Well·Spring within five (5) days after transfer.

2. Changes in Levels of Care in the Health Center

When Well·Spring determines it to be appropriate, and after the consultations described in Section VI, paragraph 1 above, Well·Spring shall have the authority to transfer you from one type of Health Center Living Unit to another within the Health Center or to another facility. You agree to pay the Daily Charge then in effect for the type of Health Center Living Unit occupied by you, and this Agreement shall be amended to reflect the change in your Health Center Living Unit and the applicable Daily Charge.

3. Consents

When Well-Spring determines it is appropriate, after the consultations called for in Section VI, paragraph 1 above, to transfer you from your Health Center Living Unit to a Skilled Nursing Unit, if available, or from the Health Center to a suitable public or private facility for skilled nursing, hospitalization, health care, or other health-related services, Well-Spring shall have full authority and right to transfer you without having to obtain your further consent.

In the event that Well-Spring determines that your continued occupancy of a Health Center Living Unit constitutes a danger to other residents or to yourself, or is detrimental to the peace or health of other residents, Well-Spring shall have full authority to transfer you to another Health Center Living Unit in the Health Center or to a suitable public or private facility without having to obtain your further consent.

4. Transfer within the Health Care Center and Holding Fee for Health Center Living Unit.

If you are transferred from your Health Center Living Unit (the "Original Health Center Living Unit") to another Health Center Living Unit in the Health Center, you will immediately pay the Daily Charge for that other Health Center Living Unit. During the first fourteen (14) days (whether or not consecutive) of your occupancy of the other Health Center Living Unit, your Original Health Center Living Unit will be held for you at no extra cost to you in the event you no longer need the services provided by the other Health Center Living Unit. If you continue occupancy of the other Health Care Unit for more than fourteen (14) days (whether or not consecutive), and you wish to continue to hold your Original Health Care Living Unit, Well-Spring may require you to pay, in addition to the Daily Charge for other Health Care Living Unit, a Holding Fee equal to the Daily Charge for your Original Health Care Living Unit minus the cost of meals. You may not hold your Original Health Center Living Unit for more than 90 days without the approval of Well-Spring. If you choose to surrender your Original Health Center Living Unit, and your physician and Well-Spring's Medical Director shall subsequently determine that you can resume occupancy in your Original Health Center Living Unit, you will receive a top priority for assignment to a comparable Health Care Living Unit as soon as such a unit becomes available.

5. Temporary Transfer from the Health Center

When Well-Spring is persuaded that the condition which requires your transfer from the Health Center to another public or private facility has the potential to be resolved in a manner which may allow you to return to a Health Center Health Center Living Unit, a Health Center Living Unit will be held for your return. The return to a Health Center Living Unit is subject to the approval of Well-Spring. During any temporary absence, you agree to pay the Daily Charge applicable to the type of Health Center Living Unit occupied by you prior to your transfer.

6. Permanent Transfer from the Health Center

When Well-Spring determines that the condition which required your transfer from the Health Center to another public or private facility is not temporary in nature, your Health

Center Living Unit shall be released and made available to a new resident, in which case Well-Spring shall have the right to terminate this Agreement. Any decision by Well-Spring relating to your permanent transfer from the Health Center to a public or private facility may be appealed to Kintura's Board of Directors, or to a duly designated committee thereof, whose decision shall be final and binding on all parties.

VII. TERMINATION OF AGREEMENT

1. Termination Date

As used in this section, "Termination Date" shall mean the date on which this Agreement is terminated either (i) in accordance with the provisions of Article II above or (ii) by either you or Well-Spring in accordance with the provisions of this Article VII.

2. Duties upon Termination

Your Daily Charge is to be paid through the Termination Date. In no event shall Well-Spring be obligated to refund more than one (1) month's payment of your Daily Charge. No refund of any portion of the Daily Charge shall be due as a result of your transfer to another institution or facility, unless this Agreement is terminated in accordance with its terms.

Upon termination by either you or Well-Spring pursuant to Article II above or the provisions of this section, you agree to pay Well-Spring all amounts owed to it any reasonable expenses incurred in connection with the termination of this Agreement, including, but not limited to:

- Cost of any repairs or replacement of property assigned to your use.
- Painting or other refurbishment of your Health Center Living Unit in excess of that required by normal wear.

Well-Spring may set off any amounts owed it by you against any refund due.

Well-Spring shall refund any payment of your Daily Charge that may be due to you within five (5) working days after: (i) this Agreement has terminated in accordance with Section II above; (ii) Well-Spring receives written notification of your termination of this Agreement pursuant to the provisions of this section; or (iii) Well-Spring notifies you in writing of termination of this Agreement by Well-Spring pursuant to the provisions of this section.

3. Termination During 30 Day Opt-Out ("Rescission") Period.

You may terminate this Agreement by giving written notice thereof to Well-Spring within thirty (30) days following the later of (i) the Effective Date of this Agreement (as defined in Section VIII, paragraph 2) or (ii) the receipt of a Disclosure Statement that meets the requirement of the laws of the State of North Carolina. You do not have to move in before the expiration of the 30-day rescission period. If you terminate this Agreement within this 30-day period prior to your occupancy of your Living Unit, Well-Spring will refund your Deposit, less any fees charged to you by Well-Spring.

4. Termination by You When Death, Illness, Injury or Incapacity Prevents Occupancy.

If, at any time prior to occupancy, including the thirty (30) day rescission period described above, you are not able to commence occupancy of your Health Center Living Unit or an accommodation in the Health Center due to death, illness, injury, or incapacity, you or your personal representative shall give written notice thereof to Well-Spring together with information to validate your claim. If your claim is accepted by Well-Spring, this Agreement shall terminate, and the Termination Date shall be the date of the notice, and you or your legal representative shall receive a refund your Deposit less any fees charged by Well-Spring to you or your legal representative within five (5) business days after it accepts your claim. (Note: this paragraph is not applicable to residents who transfer to the Health Center from a Living Unit.)

5. Voluntary Termination by You.

If you wish to voluntarily terminate this Agreement for reasons other than described stated in paragraphs 3 and 4 above, then you must provide written notice to Well-Spring at least thirty (30) days prior to your desired termination date.

6. Termination by Well-Spring

Well-Spring shall have the right to terminate this Agreement at any time for any cause which, in its judgment and sole discretion, shall be good and sufficient. Good and sufficient cause shall include, without limitation, the following:

- Failure to perform your obligations under this Agreement, including, but not limited to, the obligation to pay the Daily Charge and other charges, within fifteen (15) days after they are due to be performed or paid.
- Failure to abide by the rules and regulations of Well-Spring, including such changes as may be adopted from time to time.
- Material misstatement or failure to state a material fact in your application, financial statement, or health history statement filed with Well-Spring.
- Changes in your financial status prior to occupancy at Well-Spring that impair your ability to meet Well-Spring's financial qualifications for acceptance.
- Dissipation or commitment of your financial resources in a voluntary and discretionary manner that impairs your ability to meet your financial obligations to Well-Spring.
- Permanent transfer to another public or private institution.
- You develop a medical condition or illness, such that you can no longer live independently and require assisted living or skilled nursing facility care, as determined by one or more physicians (hereafter the "Consulting Physician") selected by Well-Spring who will consult with your physician and you fail or refuse to leave and relinquish your Living Unit and be admitted to the Health Center within five (5) days after notice by Well-Spring.

Well-Spring shall give you at least thirty (30) days prior written notice of your Termination Date unless your continued occupancy presents a threat to the safety of others

or to yourself, in which case Well-Spring shall have the right to reduce the prior notice period in its discretion and to make the termination immediately effective, if necessary.

7. Limitation of Remedies and Damages for Default by Well-Spring.

Until you notify us in writing of an alleged default and afford us a reasonable time in which to cure the alleged default, no default by Well-Spring in the performance of any of the obligations or promises herein agreed to by Well-Spring or imposed by law shall constitute a material breach of this Agreement, and you shall have no right to terminate the Agreement for any such breach or suspend your performance under this Agreement. Regardless of their duration, the defective condition of or failure to repair, maintain, or provide any area, fixture, or facility used in connection with social or recreational activities will not constitute a material breach of this Agreement and you shall have no right to terminate this Agreement or suspend your performance under this Agreement.

8. Removal of Property

You agree to the removal of your property from the Health Center Living Unit and the Well-Spring Community within a two (2) week grace period after the Termination Date. After the two (2) week grace period, you or your estate shall pay a daily rate based on the Monthly Fee applicable to your Living Unit less the published Food Credit. Additionally, Well-Spring may store such property at your or your estate's expense for up to sixty (60) days after which it may be disposed of by Well-Spring without liability.

VIII. MISCELLANEOUS

1. Confidentiality

Well-Spring has the responsibility to keep all of the personal, medical, and financial information you have supplied to it confidential. You agree that Well-Spring can disclose such information to those who have a need, in its judgment, or right to know (e.g., to provide information for transfer to a hospital).

2. Effective Date and Governing Laws

This Agreement takes effect on the date you sign the Agreement ("Effective Date"). This Agreement, including its validity and the capacity of the parties to this Agreement, its form, interpretation of its language, and any questions concerning its performance and discharge, shall be governed by and construed in accordance with the laws of the State of North Carolina. You and Well-Spring agree to comply with the laws and regulations regarding licensed adult care and licensed nursing care in effect from time to time.

3. Full and Complete Agreement

This Agreement has precedence over any representations previously made by Well-Spring representatives and over any descriptions of services in promotional materials or presentations. This Agreement constitutes the entire contract between you and Well-Spring, and supersedes all previous understandings and agreements between you and Well-Spring.

No waiver or modification shall be valid unless made in writing, signed by you and by Well-Spring and attached to this Agreement.

4. Interpretation

Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement. Should any provisions herein, for any reason, be held invalid and unenforceable in any jurisdiction in which it is sought to be enforced, such invalidity and unenforceability shall not affect any other provision of this Agreement and such invalid and unenforceable provision shall be construed as if it were omitted. The remainder of the Agreement shall remain in full force and effect.

5. Management Authority

Well-Spring retains all authority regarding admission, adjustment of fees and all aspects of the management of Well-Spring.

6. Notices

Until you reside at Well-Spring and when required by the terms of this Agreement, notices shall be given in writing and shall be given to Well-Spring or to you at the addresses set forth in Exhibit A, or at such address as Well-Spring and you shall specify in writing to each other. Notices shall be given by hand delivery or by a commercial courier that provides documentation of delivery.

7. Pronouns

All references in this Agreement by masculine pronouns and adjectives also include the feminine and vice versa. References to "you" shall include your legal representative (i.e., attorney-in-fact or personal representative of your estate).

8. Statement of Nondiscrimination

Race, color, sex, religious beliefs, sexual orientation, or national origin does not have any bearing upon your acceptance or rejection for admission, the execution of this Agreement, or normal conduct of business by Well-Spring.

9. Successors and Assigns

The duties owed Well-Spring under this Agreement shall inure to the benefit of its successors and assigns.

10. Waiver

In the event that Well-Spring does not, in any one (1) or more instances, insist upon your strict performance, observance, or compliance with any of the terms or provisions of this Agreement, or if it waives a breach by you of this Agreement, such an action shall not be construed to be a waiver of its right to insist upon your strict compliance with that term or provision in the future or with all other terms and provisions of this Agreement.

11. Disclosure Statement

You acknowledge that you received a current copy of the Well·Spring Disclosure Statement.

Your signature below certifies that you have read, understood, and accept this Agreement.

Signature - Resident

Date

Well Spring Authorized Representative

Date

EXHIBIT A

Name of Resident: _____

Occupancy Date: _____

Type of Living Unit/Care: _____

Daily Charge: \$ _____

Addresses for Required Notice:

To Well-Spring: Executive Director
 Well-Spring, a Life Plan Community
 4100 Well Spring Drive
 Greensboro, North Carolina 27410

To You Prior to Occupancy:

To You Following Occupancy:

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

Signature - Resident

Date



WELL-SPRING CALCULATION OF OBLIGATION TO PROVIDE FUTURE SERVICES

As of December 31, 2024

Prepared by Continuing Care Actuaries, LLC
Report Date: March 3, 2025

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EXECUTIVE SUMMARY

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

In order to calculate the community's Obligation, we projected existing residents through various levels of care until move-out or death. The population projection uses actual resident data to develop assumptions about demographic characteristics of existing residents. The rates of population movement utilized in these projections were developed based on a review of Well-Spring's resident demographic experience for the historical period of January 1, 1993 through December 31, 2024 and the Continuing Care Actuaries demographic database for CCRC residents.

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

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

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

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



Results

Continuing Care Actuaries has calculated the Obligation for Future Services for Current Residents at Well-Spring as of December 31, 2024 to be **(\$12,349,000)**. Since this is a liability calculation, a negative result represents an asset or surplus, while a positive result represents a liability or deficit.

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

The surplus pertains only to the Obligation calculation and does not demonstrate the financial feasibility of the entire community since debt principal repayments, general and administrative expenses and some revenues are not included in the Obligation calculation. It should also be noted that the Obligation calculation is based on the assumption that Well-Spring will reach and maintain approximately 98.0% occupancy (266.6 out of 272 available units) in the Residential Living units.

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

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



METHODOLOGY

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

Based on the demographic experience of Well-Spring since January 1, 1993, we have incorporated nursing transfer, withdrawal, and death rates by adjusting the expected rates from the Continuing Care Actuaries database to reflect Well-Spring's anticipated experience.

The second step in our actuarial review was to develop open and closed group population projections based on derived demographic assumptions. Existing residents as of December 31, 2024 were projected through the various levels of care until death or move-out. Apartment turnovers due to deaths, transfers, and move-outs were projected, and the derivative new entrants "admitted" into the community. Similar to the existing residents, each generation, or year, of new entrants was tracked through the various levels of care until death or move-out. In addition, apartment turnovers due to deaths, transfers, and move-outs of all generations of new entrants were calculated using our population projection system. Our open group projection assumes that the Residential Living units at Well-Spring will reach and maintain 98.0% occupancy throughout the foreseeable future. We developed population projections based on the expected scenario, which is based on the most likely outcome.

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

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



FINANCIAL ASSUMPTIONS

FY 2025 ANNUAL REVENUES – Lifecare

Residential Living Unit	
Annual Fee Per Unit	\$70,969
Annual Fee Per Second Resident	28,944
Per Assisted Living Resident	83,269
Per Memory Care Resident	83,269
Per Skilled Nursing Resident	83,269

FY 2025 ANNUAL REVENUES – Modified Lifecare

Residential Living Unit	
Annual Fee Per Unit	\$61,367
Annual Fee Per Second Resident	25,176
Per Assisted Living Resident	101,211
Per Memory Care Resident	163,614
Per Skilled Nursing Resident	163,614

FY 2025 ANNUAL EXPENSES

Residential Living Unit	
Per Unit	\$31,954
Per Resident	15,458
Per Assisted Living Resident	\$80,864
Per Memory Care Resident	110,912
Per Skilled Nursing Resident	141,349
Monthly Service Fee Inflation	3.5%
General Expense Inflation	3.5%
Health Care Expense Inflation	4.0%
Investment Earnings Rate	2.5%
Discount Rate	5.5%
Allocable Depreciation	\$51,603,000
Unamortized Deferred Revenue	\$47,917,000
Unamortized Costs of Acquiring Initial Continuing-Care Contracts	\$0



FUTURE SERVICE OBLIGATION CALCULATION

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

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

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

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

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

RESIDENT LEVEL OF CARE INFORMATION

	YEAR									
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
Community Configuration										
Residential Living Units	272	272	272	272	272	272	272	272	272	272
Assisted Living Units	60	60	60	60	60	60	60	60	60	60
Memory Care Units	20	20	20	20	20	20	20	20	20	20
Skilled Nursing Beds	60	60	60	60	60	60	60	60	60	60
<u>Total Community Occupancy Projection</u>										
Residential Living Residents	354.3	352.6	347.5	344.3	342.4	341.3	340.8	340.7	340.7	340.9
Total RLU Units Occupied	262.8	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6
Assisted Living - Lifecare	29.1	31.2	33.1	34.4	35.3	35.9	36.3	36.6	36.9	37.1
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Direct Admits	18.9	16.8	14.9	13.6	12.7	12.1	11.7	11.4	11.1	10.9
Assisted Living - Total	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0
Memory Care - Lifecare	15.3	15.8	16.1	16.4	16.6	16.8	16.9	16.9	17.0	17.0
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Direct Admits	3.7	3.2	2.9	2.6	2.4	2.2	2.1	2.1	2.0	2.0
Memory Care - Total	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Skilled Nursing - Lifecare	35.5	32.1	31.0	31.1	31.5	32.1	32.6	33.0	33.3	33.6
Skilled Nursing - Temporary	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Skilled Nursing - Direct Admits	11.4	14.8	15.9	15.8	15.4	14.8	14.3	14.0	13.6	13.3
Skilled Nursing - Total	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2
Total Open Group Residents	468.2	466.5	461.4	458.2	456.3	455.2	454.7	454.6	454.6	454.8

RESIDENT LEVEL OF CARE INFORMATION

	YEAR									
	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>
<u>Community Configuration</u>										
Residential Living Units	272	272	272	272	272	272	272	272	272	272
Assisted Living Units	60	60	60	60	60	60	60	60	60	60
Memory Care Units	20	20	20	20	20	20	20	20	20	20
Skilled Nursing Beds	60	60	60	60	60	60	60	60	60	60
<u>Total Community Occupancy Projection</u>										
Residential Living Residents	341.2	341.5	341.8	342.2	342.5	342.7	342.9	343.0	343.1	343.1
Total RLU Units Occupied	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6
Assisted Living - Lifecare	37.4	37.7	38.0	38.3	38.5	38.6	38.6	38.6	38.6	38.6
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Direct Admits	10.6	10.3	10.0	9.7	9.5	9.4	9.4	9.4	9.4	9.4
Assisted Living - Total	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0
Memory Care - Lifecare	17.2	17.3	17.5	17.7	17.9	18.0	18.1	18.2	18.2	18.2
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Direct Admits	1.8	1.7	1.5	1.3	1.1	1.0	0.9	0.8	0.8	0.8
Memory Care - Total	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Skilled Nursing - Lifecare	33.9	34.2	34.5	34.8	35.1	35.3	35.5	35.5	35.6	35.6
Skilled Nursing - Temporary	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Skilled Nursing - Direct Admits	13.0	12.7	12.3	12.0	11.7	11.5	11.4	11.3	11.2	11.2
Skilled Nursing - Total	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2
Total Open Group Residents	455.1	455.4	455.7	456.0	456.3	456.6	456.8	456.9	456.9	456.9

RESIDENT LEVEL OF CARE INFORMATION

	YEAR									
	<u>2045</u>	<u>2046</u>	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
Community Configuration										
Residential Living Units	272	272	272	272	272	272	272	272	272	272
Assisted Living Units	60	60	60	60	60	60	60	60	60	60
Memory Care Units	20	20	20	20	20	20	20	20	20	20
Skilled Nursing Beds	60	60	60	60	60	60	60	60	60	60
<u>Total Community Occupancy Projection</u>										
Residential Living Residents	343.0	343.0	343.0	342.9	342.9	342.8	342.8	342.8	342.7	342.7
Total RLU Units Occupied	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6
Assisted Living - Lifecare	38.6	38.7	38.7	38.8	38.8	38.9	38.9	39.0	39.0	39.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Direct Admits	9.4	9.3	9.3	9.2	9.2	9.1	9.1	9.0	9.0	9.0
Assisted Living - Total	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0
Memory Care - Lifecare	18.2	18.2	18.2	18.2	18.2	18.3	18.3	18.4	18.4	18.4
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Direct Admits	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.6	0.6	0.6
Memory Care - Total	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Skilled Nursing - Lifecare	35.6	35.6	35.7	35.7	35.7	35.8	35.8	35.9	35.9	36.0
Skilled Nursing - Temporary	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Skilled Nursing - Direct Admits	11.2	11.2	11.2	11.1	11.1	11.1	11.0	11.0	10.9	10.9
Skilled Nursing - Total	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2
Total Open Group Residents	456.9	456.8	456.8	456.7	456.7	456.7	456.6	456.6	456.6	456.5

Closed Group Occupancy Projection	YEAR									
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
<u>Plan A Lifecycle-One Year, Four Percent Per Month Declining Contract</u>										
Residential Living Residents	134.0	118.4	103.7	90.0	77.3	65.9	55.5	46.4	38.3	31.3
Residential Living Units Occupied	92.5	85.3	77.5	69.6	61.8	54.1	46.9	40.1	33.9	28.3
Assisted Living - Lifecare	11.6	12.5	12.9	12.8	12.3	11.6	10.6	9.6	8.5	7.4
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	5.3	5.9	6.1	6.3	6.2	6.1	5.8	5.4	4.9	4.4
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	14.6	12.6	11.9	11.6	11.3	10.9	10.3	9.5	8.6	7.7
Skilled Nursing - Temporary	0.9	0.8	0.7	0.7	0.6	0.5	0.4	0.4	0.3	0.3
Residents Subtotal	165.4	149.3	134.6	120.6	107.2	94.4	82.3	70.8	60.3	50.9
<u>(Discontinued) Plan B Lifecare-One Percent Per Month Declining Contract</u>										
Residential Living Residents	1.9	1.7	1.5	1.3	1.2	1.0	0.8	0.7	0.5	0.4
Residential Living Units Occupied	1.9	1.7	1.5	1.3	1.2	1.0	0.8	0.7	0.5	0.4
Assisted Living - Lifecare	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	2.0	1.9	1.8	1.7	1.5	1.4	1.2	1.0	0.9	0.7
<u>Plan D Lifecare-Ninety Percent Refundable Contract</u>										
Residential Living Residents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residential Living Units Occupied	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	0.7	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	0.7	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<u>Plan A Modified Lifecare-One Year, Four Percent Per Month Declining Contract</u>										
Residential Living Residents	198.0	176.6	156.0	136.6	118.5	101.7	86.5	72.8	60.7	50.0
Residential Living Units Occupied	154.3	140.8	126.9	113.1	99.7	86.9	74.9	63.9	53.9	45.0
Assisted Living - Lifecare	17.4	18.1	18.3	18.2	17.7	16.7	15.5	14.0	12.5	11.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	10.0	9.9	9.8	9.7	9.4	9.0	8.6	8.0	7.3	6.6
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	19.9	18.2	17.4	16.8	16.2	15.5	14.6	13.6	12.4	11.1
Skilled Nursing - Temporary	1.2	1.2	1.1	1.0	0.9	0.8	0.7	0.6	0.5	0.4
Residents Subtotal	245.3	222.8	201.6	181.2	161.7	143.0	125.2	108.4	92.9	78.7
Total Closed Group Residents	413.5	374.3	338.1	303.6	270.4	238.7	208.6	180.3	154.1	130.3

Closed Group Occupancy Projection	YEAR									
	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>
<u>Plan A Lifecycle-One Year, Four Percent Per Month Declining Contract</u>										
Residential Living Residents	25.3	20.2	16.0	12.4	9.5	7.2	5.4	4.0	2.9	2.1
Residential Living Units Occupied	23.3	18.9	15.1	11.9	9.2	7.1	5.3	3.9	2.9	2.1
Assisted Living - Lifecare	6.5	5.5	4.7	3.9	3.2	2.5	2.0	1.5	1.1	0.8
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	3.9	3.5	3.0	2.6	2.2	1.8	1.5	1.2	1.0	0.7
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	6.7	5.8	5.0	4.3	3.6	2.9	2.3	1.8	1.4	1.1
Skilled Nursing - Temporary	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Residents Subtotal	42.5	35.1	28.7	23.2	18.5	14.5	11.2	8.5	6.4	4.7
<u>(Discontinued) Plan B Lifecare-One Percent Per Month Declining Contract</u>										
Residential Living Residents	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Residential Living Units Occupied	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Assisted Living - Lifecare	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	0.6	0.5	0.4	0.3	0.2	0.2	0.1	0.1	0.0	0.0
<u>Plan D Lifecare-Ninety Percent Refundable Contract</u>										
Residential Living Residents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residential Living Units Occupied	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Plan A Modified Lifecare-One Year, Four Percent Per Month Declining Contract</u>										
Residential Living Residents	40.7	32.8	26.1	20.4	15.8	12.0	8.9	6.6	4.8	3.4
Residential Living Units Occupied	37.2	30.3	24.4	19.3	15.1	11.5	8.7	6.4	4.7	3.4
Assisted Living - Lifecare	9.5	8.1	6.9	5.8	4.8	4.0	3.2	2.5	1.9	1.4
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	5.9	5.2	4.5	3.9	3.3	2.8	2.3	1.9	1.5	1.2
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	9.8	8.5	7.3	6.3	5.3	4.4	3.6	2.9	2.3	1.7
Skilled Nursing - Temporary	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.0
Residents Subtotal	66.0	54.7	44.9	36.4	29.2	23.1	18.0	13.8	10.4	7.7
Total Closed Group Residents	109.0	90.3	73.9	59.9	47.9	37.8	29.3	22.4	16.8	12.4

Closed Group Occupancy Projection	YEAR									
	<u>2045</u>	<u>2046</u>	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
<u>Plan A Lifecycle-One Year, Four Percent Per Month Declining Contract</u>										
Residential Living Residents	1.5	1.0	0.7	0.4	0.3	0.2	0.1	0.1	0.0	0.0
Residential Living Units Occupied	1.4	1.0	0.7	0.4	0.3	0.2	0.1	0.1	0.0	0.0
Assisted Living - Lifecare	0.6	0.4	0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	0.6	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	0.8	0.5	0.4	0.2	0.1	0.1	0.1	0.0	0.0	0.0
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	3.4	2.4	1.6	1.1	0.7	0.5	0.3	0.2	0.1	0.1
<u>(Discontinued) Plan B Lifecare-One Percent Per Month Declining Contract</u>										
Residential Living Residents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residential Living Units Occupied	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Plan D Lifecare-Ninety Percent Refundable Contract</u>										
Residential Living Residents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residential Living Units Occupied	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Plan A Modified Lifecare-One Year, Four Percent Per Month Declining Contract</u>										
Residential Living Residents	2.4	1.7	1.1	0.7	0.5	0.3	0.2	0.1	0.0	0.0
Residential Living Units Occupied	2.4	1.6	1.1	0.7	0.5	0.3	0.2	0.1	0.0	0.0
Assisted Living - Lifecare	1.0	0.7	0.5	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Assisted Living - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memory Care - Lifecare	0.9	0.7	0.5	0.3	0.2	0.2	0.1	0.1	0.1	0.1
Memory Care - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Skilled Nursing - Lifecare	1.3	0.9	0.6	0.4	0.3	0.2	0.1	0.1	0.0	0.0
Skilled Nursing - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residents Subtotal	5.6	3.9	2.7	1.8	1.2	0.7	0.5	0.3	0.2	0.1
Total Closed Group Residents	9.0	6.3	4.3	2.9	1.9	1.2	0.8	0.5	0.3	0.2

REVENUE AND EXPENSE ASSUMPTIONS

Revenue & General Expense Inflation:
Health Care Expense Inflation:

REVENUES	YEAR									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<u>Plan A Lifecycle-One Year, Four Percent Per Month Declining Contract</u>										
RLU Annual Fee Per Unit	\$70,969	\$73,452	\$76,023	\$78,684	\$81,438	\$84,288	\$87,238	\$90,292	\$93,452	\$96,723
RLU Annual Fee Per Second Resident	28,944	29,957	31,006	32,091	33,214	34,376	35,580	36,825	38,114	39,448
Per Assisted Living Resident	83,269	86,183	89,199	92,321	95,553	98,897	102,358	105,941	109,649	113,486
Per Memory Care Resident	83,269	86,183	89,199	92,321	95,553	98,897	102,358	105,941	109,649	113,486
Per Skilled Nursing Resident	83,269	86,183	89,199	92,321	95,553	98,897	102,358	105,941	109,649	113,486
<u>(Discontinued) Plan B Lifecycle-One Percent Per Month Declining Contract</u>										
RLU Annual Fee Per Unit	\$70,969	\$73,452	\$76,023	\$78,684	\$81,438	\$84,288	\$87,238	\$90,292	\$93,452	\$96,723
RLU Annual Fee Per Second Resident	28,944	29,957	31,006	32,091	33,214	34,376	35,580	36,825	38,114	39,448
Per Assisted Living Resident	83,269	86,183	89,199	92,321	95,553	98,897	102,358	105,941	109,649	113,486
Per Memory Care Resident	83,269	86,183	89,199	92,321	95,553	98,897	102,358	105,941	109,649	113,486
Per Skilled Nursing Resident	83,269	86,183	89,199	92,321	95,553	98,897	102,358	105,941	109,649	113,486
<u>Plan D Lifecycle-Ninety Percent Refundable Contract</u>										
RLU Annual Fee Per Unit	\$70,969	\$73,452	\$76,023	\$78,684	\$81,438	\$84,288	\$87,238	\$90,292	\$93,452	\$96,723
RLU Annual Fee Per Second Resident	28,944	29,957	31,006	32,091	33,214	34,376	35,580	36,825	38,114	39,448
Per Assisted Living Resident	83,269	86,183	89,199	92,321	95,553	98,897	102,358	105,941	109,649	113,486
Per Memory Care Resident	83,269	86,183	89,199	92,321	95,553	98,897	102,358	105,941	109,649	113,486
Per Skilled Nursing Resident	83,269	86,183	89,199	92,321	95,553	98,897	102,358	105,941	109,649	113,486
<u>Plan A Modified Lifecycle-One Year, Four Percent Per Month Declining Contract</u>										
RLU Annual Fee Per Unit	\$61,367	\$63,515	\$65,738	\$68,039	\$70,420	\$72,885	\$75,436	\$78,076	\$80,809	\$83,637
RLU Annual Fee Per Second Resident	25,176	26,057	26,969	27,913	28,890	29,901	30,948	32,031	33,152	34,312
Per Assisted Living Resident	101,211	104,753	108,420	112,214	116,142	120,207	124,414	128,768	133,275	137,940
Per Memory Care Resident	163,614	169,340	175,267	181,401	187,751	194,322	201,123	208,162	215,448	222,989
Per Skilled Nursing Resident	163,614	169,340	175,267	181,401	187,751	194,322	201,123	208,162	215,448	222,989
<u>Investment & Other Income</u>										
Asset Base	\$10,851,080	\$11,122,357	\$11,400,416	\$11,685,426	\$11,977,562	\$12,277,001	\$12,583,926	\$12,898,524	\$13,220,987	\$13,551,512
Earnings Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Income	271,277	278,059	285,010	292,136	299,439	306,925	314,598	322,463	330,525	338,788
Allocated Investment Income	239,575	223,147	208,845	193,543	177,468	160,965	144,332	127,879	112,007	97,046
EXPENSES										
<u>Independent Living Unit</u>										
Per Unit	\$31,954	\$32,603	\$33,745	\$34,926	\$36,148	\$37,413	\$38,723	\$40,078	\$41,481	\$42,933
Per Resident	15,458	16,069	16,810	17,525	18,226	18,925	19,629	20,346	21,080	21,835
Per Assisted Living Resident	\$80,864	\$83,953	\$87,322	\$90,735	\$94,212	\$97,775	\$101,441	\$105,225	\$109,136	\$113,185
Per Memory Care Resident	110,912	115,164	119,743	124,412	129,194	134,113	139,188	144,435	149,866	155,494
Per Skilled Nursing Resident	141,349	146,843	152,713	158,727	164,908	171,283	177,873	184,696	191,768	199,104
<u>Interest Expense</u>										
Total Interest Expense	\$1,724,776	\$1,560,228	\$1,525,476	\$1,469,353	\$1,406,469	\$1,345,109	\$1,282,523	\$1,265,390	\$1,211,775	\$1,143,858
Allocated Interest Expense	1,523,217	1,252,111	1,117,814	973,462	833,569	705,435	588,401	501,816	410,643	327,657

REVENUE AND EXPENSE ASSUMPTIONS

Revenue & General Expense Inflation:
Health Care Expense Inflation:

REVENUES	YEAR									
	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
<u>Plan A Lifecycle-One Year, Four Percent Per Month Declining Contract</u>										
RLU Annual Fee Per Unit	\$141,212	\$146,155	\$151,270	\$156,565	\$162,044	\$167,716	\$173,586	\$179,662	\$185,950	\$192,458
RLU Annual Fee Per Second Resident	57,592	59,608	61,694	63,854	66,089	68,402	70,796	73,274	75,838	78,493
Per Assisted Living Resident	165,687	171,486	177,488	183,700	190,129	196,784	203,671	210,800	218,178	225,814
Per Memory Care Resident	165,687	171,486	177,488	183,700	190,129	196,784	203,671	210,800	218,178	225,814
Per Skilled Nursing Resident	165,687	171,486	177,488	183,700	190,129	196,784	203,671	210,800	218,178	225,814
<u>(Discontinued) Plan B Lifecycle-One Percent Per Month Declining Contract</u>										
RLU Annual Fee Per Unit	\$141,212	\$146,155	\$151,270	\$156,565	\$162,044	\$167,716	\$173,586	\$179,662	\$185,950	\$192,458
RLU Annual Fee Per Second Resident	57,592	59,608	61,694	63,854	66,089	68,402	70,796	73,274	75,838	78,493
Per Assisted Living Resident	165,687	171,486	177,488	183,700	190,129	196,784	203,671	210,800	218,178	225,814
Per Memory Care Resident	165,687	171,486	177,488	183,700	190,129	196,784	203,671	210,800	218,178	225,814
Per Skilled Nursing Resident	165,687	171,486	177,488	183,700	190,129	196,784	203,671	210,800	218,178	225,814
<u>Plan D Lifecycle-Ninety Percent Refundable Contract</u>										
RLU Annual Fee Per Unit	\$141,212	\$146,155	\$151,270	\$156,565	\$162,044	\$167,716	\$173,586	\$179,662	\$185,950	\$192,458
RLU Annual Fee Per Second Resident	57,592	59,608	61,694	63,854	66,089	68,402	70,796	73,274	75,838	78,493
Per Assisted Living Resident	165,687	171,486	177,488	183,700	190,129	196,784	203,671	210,800	218,178	225,814
Per Memory Care Resident	165,687	171,486	177,488	183,700	190,129	196,784	203,671	210,800	218,178	225,814
Per Skilled Nursing Resident	165,687	171,486	177,488	183,700	190,129	196,784	203,671	210,800	218,178	225,814
<u>Plan A Modified Lifecycle-One Year, Four Percent Per Month Declining Contract</u>										
RLU Annual Fee Per Unit	\$122,108	\$126,382	\$130,805	\$135,383	\$140,122	\$145,026	\$150,102	\$155,355	\$160,793	\$166,421
RLU Annual Fee Per Second Resident	50,095	51,848	53,663	55,541	57,485	59,497	61,579	63,735	65,965	68,274
Per Assisted Living Resident	201,388	208,437	215,732	223,283	231,097	239,186	247,557	256,222	265,190	274,471
Per Memory Care Resident	325,557	336,951	348,745	360,951	373,584	386,659	400,192	414,199	428,696	443,700
Per Skilled Nursing Resident	325,557	336,951	348,745	360,951	373,584	386,659	400,192	414,199	428,696	443,700
<u>Investment & Other Income</u>										
Asset Base	\$17,780,758	\$18,225,277	\$18,680,909	\$19,147,932	\$19,626,630	\$20,117,296	\$20,620,228	\$21,135,734	\$21,664,127	\$22,205,730
Earnings Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Income	444,519	455,632	467,023	478,698	490,666	502,932	515,506	528,393	541,603	555,143
Allocated Investment Income	8,712	6,286	4,418	3,023	2,019	1,325	865	573	394	291
EXPENSES										
<u>Independent Living Unit</u>										
Per Unit	\$62,680	\$64,874	\$67,145	\$69,495	\$71,927	\$74,444	\$77,050	\$79,747	\$82,538	\$85,427
Per Resident	32,168	33,337	34,549	35,805	37,107	38,456	39,855	41,304	42,805	44,362
Per Assisted Living Resident	\$169,042	\$175,349	\$181,892	\$188,681	\$195,724	\$203,031	\$210,612	\$218,477	\$226,636	\$235,101
Per Memory Care Resident	233,357	242,161	251,299	260,783	270,627	280,844	291,448	302,454	313,876	325,732
Per Skilled Nursing Resident	301,006	312,563	324,566	337,032	349,978	363,423	377,386	391,888	406,948	422,588
<u>Interest Expense</u>										
Total Interest Expense	\$746,567	\$750,506	\$734,351	\$251,204	\$0	\$0	\$0	\$0	\$0	\$0
Allocated Interest Expense	14,631	10,355	6,947	1,586	0	0	0	0	0	0

PROJECTED CASH INFLOWS

	YEAR									
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
Residential Living Units	\$18,472,702	\$17,254,078	\$15,948,333	\$14,586,870	\$13,202,631	\$11,823,731	\$10,477,573	\$9,186,690	\$7,967,637	\$6,834,127
Assisted Living	2,728,445	2,975,713	3,149,612	3,237,482	3,241,008	3,170,535	3,030,157	2,833,766	2,608,514	2,368,796
Memory Care	2,078,831	2,189,283	2,274,724	2,335,626	2,367,185	2,364,308	2,322,233	2,240,959	2,127,556	1,990,851
Skilled Nursing	4,526,195	4,206,791	4,132,191	4,133,553	4,134,579	4,099,163	4,005,596	3,843,827	3,620,781	3,353,924
Resident Financial Assistance	(1,194,924)	(1,220,313)	(1,232,753)	(1,230,550)	(1,213,192)	(1,180,132)	(1,130,704)	(1,065,613)	(988,862)	(904,234)
Investment Income	239,575	223,147	208,845	193,543	177,468	160,965	144,332	127,879	112,007	97,046
TOTAL CASH INFLOWS	26,850,825	25,628,699	24,480,953	23,256,524	21,909,678	20,438,571	18,849,188	17,167,510	15,447,634	13,740,509

PROJECTED CASH OUTFLOWS

	YEAR									
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
Residential Living Units	\$13,110,646	\$12,192,040	\$11,341,151	\$10,422,234	\$9,466,852	\$8,501,560	\$7,550,596	\$6,633,069	\$5,762,801	\$4,950,930
Assisted Living	2,346,172	2,571,753	2,738,063	2,825,797	2,837,194	2,782,204	2,664,776	2,496,902	2,302,657	2,095,127
Memory Care	1,700,209	1,821,693	1,917,933	1,987,476	2,027,609	2,035,135	2,006,303	1,941,253	1,846,882	1,731,857
Skilled Nursing	5,270,622	4,876,326	4,792,061	4,803,242	4,811,626	4,773,108	4,661,289	4,469,208	4,207,809	3,897,749
Interest Expense	1,523,217	1,252,111	1,117,814	973,462	833,569	705,435	588,401	501,816	410,643	327,657
TOTAL CASH OUTFLOWS	23,950,867	22,713,924	21,907,022	21,012,211	19,976,850	18,797,443	17,471,364	16,042,248	14,530,793	13,003,320

PROJECTED CASH INFLOWS

PROJECTED CASH INFLOWS	YEAR									
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Residential Living Units	\$5,793,655	\$4,850,190	\$4,005,676	\$3,260,029	\$2,612,465	\$2,060,350	\$1,599,488	\$1,223,056	\$921,413	\$683,502
Assisted Living	2,125,391	1,886,008	1,654,451	1,433,755	1,225,512	1,030,000	846,261	676,384	525,909	398,018
Memory Care	1,837,631	1,674,856	1,507,805	1,340,189	1,176,515	1,020,570	873,427	735,645	608,773	493,829
Skilled Nursing	3,060,675	2,757,042	2,455,353	2,162,462	1,880,891	1,613,898	1,362,745	1,126,900	909,455	714,350
Resident Financial Assistance	(815,196)	(725,436)	(638,145)	(555,184)	(477,233)	(404,786)	(337,792)	(276,248)	(220,982)	(172,605)
Investment Income	83,192	70,560	59,195	49,089	40,206	32,493	25,875	20,269	15,602	11,784
TOTAL CASH INFLOWS	12,085,347	10,513,220	9,044,335	7,690,340	6,458,355	5,352,524	4,370,005	3,506,006	2,760,170	2,128,879

PROJECTED CASH OUTFLOWS

	YEAR									
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Residential Living Units	\$4,203,609	\$3,524,260	\$2,914,688	\$2,375,153	\$1,905,503	\$1,504,258	\$1,168,787	\$894,451	\$674,382	\$500,646
Assisted Living	1,883,677	1,674,748	1,471,647	1,277,270	1,092,974	919,133	755,587	604,532	470,721	356,840
Memory Care	1,602,625	1,464,557	1,321,926	1,178,216	1,036,805	900,526	770,870	649,163	537,198	435,810
Skilled Nursing	3,560,398	3,211,961	2,865,352	2,525,942	2,197,048	1,882,466	1,585,750	1,308,577	1,054,446	827,614
Interest Expense	257,452	208,149	160,673	120,160	87,999	62,967	48,283	36,889	27,157	19,614
TOTAL CASH OUTFLOWS	11,507,761	10,083,674	8,734,286	7,476,741	6,320,329	5,269,350	4,329,278	3,493,611	2,763,904	2,140,525

PROJECTED CASH INFLOWS

	YEAR									
	<u>2045</u>	<u>2046</u>	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
Residential Living Units	\$498,056	\$355,358	\$247,340	\$167,293	\$109,583	\$69,329	\$42,342	\$24,988	\$14,267	\$7,868
Assisted Living	293,286	210,070	146,018	98,866	65,856	43,420	28,234	17,794	10,703	6,145
Memory Care	391,054	300,937	225,183	165,405	121,429	91,292	72,010	60,414	53,890	50,631
Skilled Nursing	544,910	403,412	289,411	200,076	132,253	82,877	48,974	27,610	14,872	7,638
Resident Financial Assistance	(131,377)	(97,269)	(69,993)	(49,038)	(33,684)	(22,957)	(15,774)	(11,189)	(8,388)	(6,775)
Investment Income	8,712	6,286	4,418	3,023	2,019	1,325	865	573	394	291
TOTAL CASH INFLOWS	1,604,641	1,178,795	842,377	585,625	397,456	265,286	176,651	120,189	85,739	65,798

PROJECTED CASH OUTFLOWS

	YEAR									
	<u>2045</u>	<u>2046</u>	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
Residential Living Units	\$365,100	\$260,664	\$181,511	\$122,804	\$80,452	\$50,891	\$31,066	\$18,327	\$10,463	\$5,768
Assisted Living	263,415	189,072	131,732	89,426	59,731	39,428	25,645	16,193	9,769	5,625
Memory Care	345,305	266,510	200,611	148,623	110,364	84,090	67,228	57,115	51,519	48,846
Skilled Nursing	631,281	467,296	335,160	231,546	152,898	96,069	57,055	32,271	17,450	9,004
Interest Expense	14,631	10,355	6,947	1,586	0	0	0	0	0	0
TOTAL CASH OUTFLOWS	1,619,733	1,193,896	855,960	593,986	403,445	270,477	180,994	123,907	89,200	69,242

PRESENT VALUE OF NET CASH OUTFLOWS (INFLOWS)

	YEAR									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Net Cash Outflows (Inflows)	(\$2,899,958)	(\$2,914,775)	(\$2,573,930)	(\$2,244,313)	(\$1,932,828)	(\$1,641,128)	(\$1,377,824)	(\$1,125,262)	(\$916,841)	(\$737,189)
Discount Rate										
5.50%										
Present Value of Net Cash Outflows (Inflows)	(2,823,355)	(2,689,839)	(2,251,467)	(1,860,800)	(1,518,998)	(1,222,514)	(972,866)	(753,113)	(581,632)	(443,283)
Present Value of Net Cash Outflows	(16,035,003)									

DEPRECIATION COST

	YEAR									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901
Allocated Depreciation	6,667,610	6,058,934	5,532,295	5,001,890	4,474,583	3,959,507	3,463,771	2,994,069	2,558,493	2,162,663

PRESENT VALUE OF NET CASH OUTFLOWS (INFLOWS)

	YEAR									
	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>
Net Cash Outflows (Inflows)	(\$577,586)	(\$429,545)	(\$310,049)	(\$213,599)	(\$138,027)	(\$83,174)	(\$40,727)	(\$12,394)	\$3,734	\$11,646
Discount Rate										
5.50%										
Present Value of Net Cash Outflows (Inflows)	(329,205)	(232,063)	(158,772)	(103,679)	(63,504)	(36,272)	(16,835)	(4,856)	1,387	4,100

Present Value of Net Cash Outflows

DEPRECIATION COST

	YEAR									
	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>
Depreciation	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901
Allocated Depreciation	1,808,709	1,496,662	1,224,977	991,065	791,928	624,395	485,087	370,722	278,409	205,152

PRESENT VALUE OF NET CASH OUTFLOWS (INFLOWS)

	YEAR									
	<u>2045</u>	<u>2046</u>	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
Net Cash Outflows (Inflows)	\$15,092	\$15,101	\$13,584	\$8,360	\$5,989	\$5,191	\$4,343	\$3,717	\$3,461	\$3,445
Discount Rate										
5.50%										
Present Value of Net Cash Outflows (Inflows)	5,036	4,776	4,072	2,376	1,613	1,325	1,051	853	753	710

Present Value of Net Cash Outflows

DEPRECIATION COST

	YEAR									
	<u>2045</u>	<u>2046</u>	<u>2047</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>	<u>2051</u>	<u>2052</u>	<u>2053</u>	<u>2054</u>
Depreciation	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901	\$7,549,901
Allocated Depreciation	147,965	104,167	71,423	47,670	31,061	19,891	12,665	8,181	5,498	3,953

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

Present Value of Net Cash Outflows (Inflows)	(\$16,035,000)
Less:	
Unamortized deferred revenue at December 31, 2024	47,917,000
Plus:	
Allocable depreciation	51,603,000
Unamortized costs of acquiring initial continuing-care contracts	0
Obligation to provide future services and the use of facilities to current residents	<u>(\$12,349,000)</u>

Conflict of Interest Policy

Dated January 2025



KINTURA

Conflict of Interest Policy

Article I Purpose

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

Article II Definitions

- I. **Interested Person.** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
 - b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

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

Article III Procedures

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

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

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

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

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

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

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

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

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

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

Article IV

Records of Proceedings

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

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed;
And
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V

Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI

Annual Statements

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

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

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

Article VII

Periodic Reviews

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

- a. Whether compensation arrangements and benefits are reasonable based on competent survey information and are the result of arm's length bargaining;
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Article Vin

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

This Conflict of Interest Policy is adopted effective January 1, 2025.



Kintura Board of Directors
Annual Conflict of Interest Acknowledgement Statement

I, _____ (printed name) affirm that I have received a copy of the conflict-of-interest policy, have read and understand the policy, and agree to comply with the policy. I understand that Kintura is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Signature

Date