



**2600 Croasdaile Farm Parkway
Durham, North Carolina 27705
(919) 384-2000
www.croasdailevillage.org**

DISCLOSURE STATEMENT

Croasdaile Village must deliver a Disclosure Statement to a prospective resident prior to or at the time a prospective resident executes a Residency Agreement to provide continuing care, or prior to or at the time a prospective resident transfers any money or other property to Croasdaile Village, whichever occurs first.

Croasdaile Village, like all other continuing care retirement communities in the State of North Carolina, is subject to the Continuing Care Retirement Communities Act. 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.

FEBRUARY 27, 2025

Unless earlier revised, Croasdaile Village intends for this Disclosure Statement to remain effective until February 28, 2026



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Attachments:

- **Attachment 1 – Audited Financial Statements of The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 2 – Forecasted Financial Statements of The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 3 – Interim Unaudited Financial Statements of The United Methodist Retirement Homes, Incorporated (includes the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines)**
- **Attachment 4 - Explanations of Material Differences**
- **Attachment 5 – Traditional Residency Agreement**
- **Attachment 6 – Communities Managed by Life Care Services LLC**
- **Attachment 7 – List of Extra Charges**

INTRODUCTION

Croasdaile Village brings to residents of the central North Carolina area, who are age 62 and over, a way of retirement living known as "continuing care." This concept offers retirees a life style designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Continuing care communities, such as Croasdaile Village, encompass these important components: a private residence, a wide array of personal services, assisted living services, and the security of long-term care in the on-site health center.

Croasdaile Village is owned and operated by The United Methodist Retirement Homes, Incorporated ("UMRH"), a North Carolina not-for-profit corporation, which is committed to providing a quality adult community that is fiscally sound and genuinely responsive to resident needs. UMRH also owns Wesley Pines, a continuing care retirement community located in Lumberton, North Carolina and Cypress Glen Retirement Community, a continuing care retirement community located in Greenville, North Carolina. The financial information attached to this Disclosure Statement includes financial information for UMRH and the consolidated operations of Croasdaile Village, Cypress Glen and Wesley Pines. (See further explanation under the "Financial Information" section of this Disclosure Statement.)

One of the purposes of this Disclosure Statement is to explain to prospective residents, their families, and their advisors who and what is involved in the operation of Croasdaile Village. This Disclosure Statement was prepared on the basis of information available at the time of its publication and assumptions, which were believed to be realistic as of that date. Such information and assumptions are, of course, subject to change and, in particular, are significantly affected by changes in inflation and interest rates.

Since non-technical language has been used in this Disclosure Statement, the text of this booklet and the language of the Residency Agreement signed by a resident may not be the same. Although this Disclosure Statement details the provisions of the Residency Agreement, the Residency Agreement serves as the sole binding contract between the resident and UMRH.

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, or national origin.

THE UNITED METHODIST RETIREMENT HOMES, INCORPORATED

The United Methodist Retirement Homes, Incorporated ("UMRH") is a not-for-profit corporation originally chartered by the State of North Carolina on January 24, 1946. A Restated Charter was filed with the Department of the Secretary of State for the State of North Carolina on October 26, 1992. The principal business address of UMRH is 2600 Croasdaile Farm Parkway, Suite A-500; Durham, North Carolina 27705.

UMRH is operated as a community service organization and is tax exempt under the provisions of Section 501(c)(3) of Internal Revenue Code.

UMRH is the sole shareholder of UMRH Affordable Housing, Inc. UMRH-Affordable Housing, Inc. is located at 2600 Croasdaile Farm Parkway, Suite A-500, Durham, NC 27705. It was organized in 2002 in the State of North Carolina in conjunction with the Wesley Ridge project (see more information below). UMRH Affordable Housing, Inc. is not responsible for the contractual or financial obligations of UMRH.

UMRH is the sole member of UMRH Affordable Housing Development, LLC, located at 2600 Croasdaile Farm Parkway, Suite A-500, Durham, NC 27705. UMRH Affordable Housing Development, LLC was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing Wesley Ridge, a 24-unit affordable rental housing complex located adjacent to Wesley Pines. UMRH Affordable Housing Development, LLC is not responsible for the contractual or financial obligations of UMRH.

UMRH is also affiliated with The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"). The Foundation is a not-for-profit corporation, which was organized for the benefit of the retirement communities operated by UMRH. Its purpose is to raise endowment funds, to support benevolent care for those residents who are unable to pay for care, and to support special programs. The Foundation is located at 2600 Croasdaile Farm Parkway, Suite A-500, Durham, NC 27705. The elected Trustees of UMRH serve as the members for the Foundation. UMRH and the Foundation are jointly obligated under the terms of the various bond agreements entered into for the financing of Croasdaile Village, Cypress Glen and Wesley Pines.

UMRH is related by faith to the North Carolina Annual Conference, Southeastern Jurisdiction, of The United Methodist Church. UMRH is governed by a corporate Board of Trustees. The North Carolina Annual Conference of The United Methodist Church elects forty percent (40%) of the Board of Trustees of UMRH. The North Carolina Annual Conference of The United Methodist Church is not responsible for the financial and contractual obligations of UMRH.

UMRH and Croasdaile Village are also affiliated by membership with LeadingAge North Carolina; Methodist Ministries Network; North Carolina Health Care Facilities Association; North Carolina Assisted Living Association; and LeadingAge (National).

Other than disclosed above, UMRH is not affiliated with any other religious, charitable or nonprofit organization.

BOARD OF TRUSTEES

The names and addresses of the members of the Board of Trustees of UMRH are listed below:

Mr. Lee Harris
Chair and Trustee
205 Shady Circle Dr.
Rocky Mount, NC 27893

Ms. Nancy Van Antwerp
Secretary and Trustee
649 Lipford Dr.
Cary, NC 27519

Mr. Mack Parker
Treasurer and Trustee
2204 Laurel Valley Way
Raliegh, NC 27604

Mr. Jonathan P. Erickson (ex-officio Trustee)
Corporate Executive Director
2600 Croasdaile Farm Parkway, Suite A-500
Durham, NC 27705

Ms. Susan Ezekiel
Vice Chair and Trustee
6303 Three Loy Rd.
McLeansville, NC 27301

Trustees:

Mr. Carl Hardy, 4104 Cypress Dr., Apt. B, Wilson, NC 27896
Mr. Charles Mercer, 4140 Parklane Avenue, Suite 200, Raleigh, NC 27612
Rev. Paul Lee, 105 Chancellors Ridge Ct., Cary, NC 27513
Rev. Gray Southern, P.O. Box 1970, Garner, NC 27529
Dr. Kenneth Steinweg, 100 Hickory St., E-404, Greenville, NC 27858
Ms. Sheryl Taylor, 410 W 18th Street, Lumberton, NC 28358
Mr. James Martin, 1000 Wesley Pines Rd. #202, Lumberton. NC 28358
Dr. Ruth Little, 4016 Verna Ave. Ayden, NC 28513

Ex-Officio Members of the Board of Trustees:

Mr. Robert Clinkscales, 300 Francis Asbury Lane, Greenville, NC 27858
Mr. Steve Harper, 81 Davisson Dr. Durham, NC 27705
Mr. Wilson Ray, 1000 Wesley Pines Rd. #111, Lumberton, NC 28358
Mr. Jim Mullen, 916 Chesapeake Pl. Greenville, NC 27858

There is not any professional service firm, association, trust, partnership or corporation, in which the Executive Director, management staff or any member of the Board of Trustees has a 10 percent or greater interest in and which it is presently intended shall currently or in the future provide goods, leases or services to the Community or to residents of the Community, of an aggregate value of \$500 or more within any year. Further, there is not any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases or services of an aggregate value of \$500 or more within any year to the Community or to the residents of the Community that has a 10% or greater interest in any officer, trustee or management staff (including the Executive Director).

No Trustee or management staff of UMRH (i) 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 (ii) 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 facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state. UMRH is not aware of any actions (as defined) against any person (as defined) requiring disclosure.

CORPORATE EXECUTIVE DIRECTOR

Jonathan P. Erickson has served as the corporate executive director of The United Methodist Retirement Homes, Inc. since July 2007. Mr. Erickson holds a bachelor of arts in psychology from North Park College in Chicago, Illinois, a master of science in community health from Northern Illinois University in DeKalb, Illinois, and a certification in long-term care management from the University of Connecticut. He is currently licensed as a nursing home administrator in the State of Connecticut. Mr. Erickson has been an employee of Life Care Services LLC for over 25 years and has over 35 years of experience in the senior housing industry.

EXECUTIVE DIRECTOR

Heather March, Executive Director, has been with The United Methodist Retirement Homes, Inc. for over 23 years and served as the Assisted Living Administrator and Nursing Home Administrator at Croasdaile Village for nine years prior to becoming the Associate Executive Director in 2008. Ms. March holds a Bachelor of Science degree in Business Management from West Virginia University Institute of Technology. In addition to her degree, Heather graduated from the North Carolina LeadingAge Leadership Academy in 2018.

RESIDENT COUNCIL

Administration assisted residents in establishing the Resident Council and its bylaws. The residents annually elect a council of representatives, which, in turn, forms committees in various areas of concern to advise administration. Monthly meetings are held to facilitate communication among residents, administration, and the Board of Trustees.

LIFE CARE SERVICES LLC

The Provider has retained Life Care Services LLC (“Life Care Services”) to manage the Community. As the nation’s third largest operator of senior living communities, Life Care Services serves more than 40,000 residents in 140+ communities (see Exhibit A). With over 50 years of service, Life Care Services has developed expertise in nearly every facet of senior living management. #1 in customer satisfaction with independent senior living communities four years in a row. For more information, visit Life Care Services’ website: <https://www.lcsnet.com/management-services/management-services-overview>.

Principal officers of Life Care Services include Chris Bird, Daniel Lahey, GeLynna Shaw, Bridgette Uhlemann, Jason Victor, and Jill Sorenson.

Chris Bird Capitalizing on his reputation as a change agent, Chris Bird brings his expertise to the communities LCS serves. By leading operations, building community occupancy, fostering capital partner relationships, and developing new business, Chris implements strategies to deliver on the expectations of owners and shareholders. As president, chief operating officer, Chris oversees Life Care Services, CPS, legal, IT, and onboarding operations. His ability to analyze issues, devise continuous process improvements, and incorporate business process initiatives drives performance improvement for the overall operation.

At LCS, Chris mentors future leaders by providing guidance, expertise, and resources to develop professional skills in the senior living industry. In addition, he is a member of the Board of Directors of LCS Holding Company, LLC. Chris is a member of the Argentum Advisory Council and the Argentum Chief Operating Officer Roundtable. He holds a bachelor's degree in history from the University of Memphis, Tennessee.

Daniel Lahey In his role as executive vice president/chief financial & investment officer, Dan Lahey oversees the LCS real estate strategy including acquisitions, capital markets, asset management and development capital. By partnering with others in the LCS organization and the industry, he identifies and evaluates opportunities that benefit LCS and its investment partners, which allows LCS to serve more seniors. Dan serves as a member of the LCS Audit Committee and is chair of the LCS Investment Committee.

Having joined LCS Real Estate in its early years, Dan's institutional and industry knowledge allows him to be a key collaborator in many partner relationships. Under his leadership, the LCS Real Estate team has executed on transactions valued at more than \$2.6 billion in the past five years. In addition, LCS Real Estate has been successful in investing more than \$100 million of LCS equity capital. Dan earned his Bachelor of Arts in accounting and finance from Wartburg College and worked in public accounting prior to joining LCS in 2008.

GeLynna Shaw As a professional in the senior living industry, GeLynna Shaw brings her expertise in finance, mergers and acquisitions, and operational effectiveness to her role as Executive Vice President of Operations at Life Care Services. GeLynna oversees all aspects of community operations including sales, health and wellness, dining, resident engagement, and plant operations.

Her 27-year career in senior living includes experience with Continuing Care Retirement Communities and rental communities has been focused on systems, processes, and people that are effective to ensure the best outcomes for the residents. GeLynna joined LCS in 2018 and has been instrumental in improving the performance of existing communities, successfully opening new communities, and onboarding new acquisitions. Her passion for those she serves and her record of improving performance through operational efficiencies has been essential to the success of the LCS Family of Companies.

GeLynna is a board member of Hexagon and serves on the LCS Public Policy Committee. She has served on pricing, compliance, and risk committees, and brings that knowledge to the LCS Family of Companies. GeLynna holds a bachelor's degree in business with a major in accounting from Tennessee Technological University. She is a certified public accountant.

Bridgette Uhlemann In her role as corporate counsel and director of legal and compliance, Bridgette Uhlemann ensures the legal rights of LCS are protected by providing legal advice and recommendations to all levels of the organization. She oversees legal affairs, including corporate governance, contract law, public policy, and corporate and regulatory compliance for LCS.

Bridgette directs the overall delivery of legal and compliance services to the organization, including in-house attorneys, compliance analysts and outside legal counsel. She collaborates with leadership and ensures key legal issues and opportunities are understood by stakeholders to mitigate risk and protect company assets.

At LCS, Bridgette is a member of the LCS Foundation Board of Directors, and she chaired the Walk to End Alzheimer's Committee in 2019. Outside the organization, she serves as the board chair for the Alzheimer's Association, Iowa Chapter and the secretary for the Mid-Iowa Association of Local Governments. Bridgette graduated from Drake University with a B.A. in English and Law, Politics and Society. She earned her J.D. from Drake University Law School.

Jason Victor Jason Victor is senior vice president, treasurer and corporate finance for LCS. In this role, he provides oversight and direction for the organization's financial matters, ensuring its consistent and efficient fiscal performance. Jason has responsibility for the organization's corporate accounting, corporate payroll, community payroll, treasury and tax departments. He oversees all aspects of general accounting, cash management, billing and receivables, accounts payable, payroll, consolidations and financial reporting. In addition, he serves as a member of the LCS Audit Committee and provides leadership for LCS Risk Management, including the LCS Advantage insurance program and Hexagon, a captive insurance company.

Jill Sorenson: Leaning on her expertise to foster and maintain meaningful relationships, Jill Sorenson leads the regional team serving a portfolio of 36 Life Plan communities. Following her passion for serving seniors, Jill's responsibilities have grown during her career at LCS. From roles in accounting, information technology, and corporate resource development to receiving her nursing home administrator license, Jill is committed to serving others. Prior to her current position, Jill has a proven track record in successfully delivering on occupancy goals and achieving 4- and 5-star ratings from the Centers for Medicare and Medicaid Services.

To ensure Life Care Services is serving the customer first and foremost, Jill initiated client satisfaction surveys with client boards and owners to build stronger and more strategic relationships. Outside LCS, Jill has served on the San Diego Region for Aging Services of California and the Aging Services of California Board. She is a frequent presenter at national and state industry conferences on topics affecting the senior living industry and was selected for the Hall of Honor for McKnight's Women of Distinction program in 2023. Jill holds a bachelor's in business administration from Simpson College and an MBA from the University of Phoenix.

Management of Croasdaile Village is performed by Life Care Services under contract with UMRH. Life Care Services' responsibilities include: recruiting and employing the corporate executive director; supervising the licensing, equipping, and staffing of Croasdaile Village; preparing annual budgets; establishing and operating a system of financial controls for Croasdaile Village, including comparative analyses with other facilities; and overseeing the food service and quality accommodations provided by Croasdaile Village.

No managing member of Life Care Services (i) 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 (ii) 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 facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state.

Life Care Services is not financially responsible for the contractual obligations or other obligations of UMRH. The Board of Trustees of UMRH retains the ultimate responsibility for hiring managers and monitoring the operating costs, wages, salaries, expenses, fees, and overall fiscal viability of Croasdaile Village.

CROASDAILE VILLAGE

Croasdaile Village is located on Croasdaile Farm Parkway in Durham, North Carolina on 110 acres of land. It is a continuing care retirement community designed to accommodate persons 62 years of age or older in a dignified manner. Currently, Croasdaile Village has 298 apartments, 129 cottages, 24 Park Homes, 46 licensed assisted living units, and 104 licensed skilled nursing beds in The Pavilion. As of September 30, 2024, there were 729 residents residing at Croasdaile Village.

Presently, the types of residences available include: studio/alcove apartments, one and two-bedroom apartments, Park Home Apartments, duplex cottages, and free-standing homes. All of the residences are equipped with safety features such as grab rails in the shower/bathtub and a personal emergency transmitter system.

Assisted living services are offered in the licensed assisted living portion of Croasdaile Village for an assisted living fee. Services include assistance with the activities of daily living, such as ambulation, bathing, dressing, eating, personal hygiene, toileting, and the supervision or administration of medications.

The Croasdaile Village health center, known as The Pavilion, offers intermediate care and skilled nursing care and is licensed by the North Carolina Division of Health Services Regulation. The Pavilion is also Medicare and Medicaid certified.

Each continuing care resident at Croasdaile Village is entitled to receive a total of six (6) days of assisted living or nursing care at The Pavilion at no additional charge, except for the charges for physician services and ancillary health services and supplies. Such six (6) days renews on an annual basis and does not accumulate. After the six (6) days of care each year, the services in assisted living and in The Pavilion are available for the assisted living fee or the per diem charge.

In addition to the primary intent of Croasdaile Village, which is to assure the residents of continuing care throughout their retirement years, Croasdaile Village is designed to create an environment that will enrich the lives of the people who live and work there. The design of the main commons building provides areas for dining and meetings without detracting from the homelike environment of Croasdaile Village. Some of the amenities that residents can enjoy include: multiple dining venues, a private dining room, a multi-purpose room, an exercise room, a health clinic, a physical and occupational therapy area, card rooms, a library, a mail area, an arts and crafts studio, a gift shop, a living room, and a swimming pool.

SMOKE-FREE CAMPUS

Croasdaile Village is a "smoke-free" campus. Smoking (including E-Cigarettes) is not allowed by residents, guests, and business invitees on the Croasdaile Village campus (inside or outside), except in a designated outside area. No smoking areas include, but are not limited to, the

residences, Assisted Living, The Pavilion, hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas. Smoking is only permitted at the designated area. Violation of the Smoke-Free Campus Policy can result in cancellation of the Residency Agreement for just cause.

Facility Development/Expansion

The UMRH Board and management team continually update the strategic master plan with a focus on monitoring opportunities to improve Croasdaile Village. Included in the master plan are common area improvements including renovation to kitchen, staff amenities space, and wellness space and the addition of new independent living units to meet the demands of a growing wait list. The master plan includes an addition of 37 units in Coke Court and a net addition of 19 new units on the North Parcel. The North Carolina Department of Insurance has approved the Step #2 filing, which permits Croasdaile Village to enter into binding reservation agreements for the units on Coke Court and the North Parcel. The UMRH Board of Trustees may make the decision to proceed with the additions depending upon the number of reservation agreements, determination of financing, regulatory approvals, and other factors.

THE PROPOSAL

1. Criteria for Resident Acceptance and Continued Acceptance. Residency Agreements are subject to acceptance by UMRH. At the time of the execution of a Residency Agreement, the resident must be 62 years of age or older, capable of living in a residence (with or without reasonable accommodation or reasonable modification), and have sufficient financial resources to pay the Entrance Fee, Monthly Fee, and any extra charges incurred as defined in the Residency Agreement.

UMRH uses the FINAID system to financially evaluate a prospective resident's net worth and monthly income. FINAID projects income for prospective residents based on their financial assets and income sources, and compares this revenue to projected expenses such as monthly fees, personal expenses, and income taxes.

An inquiry will be made of all prospective residents regarding the prospective resident's ability to live in a residence, with or without reasonable accommodation or reasonable modification. To determine whether a prospective resident meets the health guidelines, the following information will be gathered: (1) insurance and health information will be obtained on a Confidential Data Application and Resident Health Information Form – to be completed by the prospective resident; (2) a Memory Health Assessment will be administered by the Community; and (3) a Health Information Form will be completed by the prospective resident's physician.

After executing a Residency Agreement but prior to occupancy, UMRH can cancel the Residency Agreement if the resident does not pay his or her Entrance Fee; for non-acceptance based on the residency criteria listed above; or if the resident is unable to occupy the residence because of illness, injury or incapacity.

If the resident encounters financial difficulties after residency at Croasdaile Village and is unable to pay the total Monthly Fee or the fees for care in Assisted Living or The Pavilion, these charges may be deferred as long as the resident has met all "spend-down" provisions of eligibility for the Medicaid program (if applicable) and any public assistance funds. Financial assistance is not available to a resident if he/she impaired his/her ability to meet financial obligations by

transferring assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. A resident will be permitted to remain at Croasdaile Village for reduced fees based on his/her ability to pay for as long as the resident establishes facts to justify the deferment. Financial assistance is only available if it does not impair UMRH's ability to operate Croasdaile Village on a sound financial basis for the benefit of all residents.

UMRH has the right to cancel the resident's residency (i) if the resident does not comply with the terms of the Residency Agreement or the published operating procedures, covenants, rules, regulations or policies; or (ii) if the resident misrepresented himself/herself during the residency process; or (iii) for nonpayment of fees or charges; or (iv) if it is determined the resident's health status or behavior constitutes a substantial threat to the health or safety of the resident or others, including refusal to consent to relocation, or behavior that would result in physical damage to the property of others or Croasdaile Village; or (v) if the resident's physical or mental condition cannot be cared for in Assisted Living or The Pavilion within the limits of their licenses.

2. Residency Agreement. At the time the resident makes application for residency at Croasdaile Village, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to UMRH. The balance of the Entrance Fee is due upon the earlier of the date the resident occupies Croasdaile Village or within 90 days after the resident executes the Residency Agreement. The resident will also pay a non-refundable Application Fee. The Application Fee will be used by UMRH to process resident's application for residency.

Croasdaile Village offers various types of Residency Agreements for the residential living portion of Croasdaile Village: a 90 Percent Return of Capital Plan; a 50 Percent Return of Capital Plan; and a Standard Plan. The difference between these types of Plans is the amount of the Entrance Fee paid and the amount of the refund a resident (or resident's estate) is entitled to after a resident assumes occupancy at Croasdaile Village as described in Paragraph 3.5 below.

3. Reimbursement of the Entrance Fee.

3.1 Nonacceptance. If the resident is not accepted for residency at Croasdaile Village, the full amount of the Entrance Fee paid by the resident will be promptly refunded, without interest. If the resident's spouse or second person does not meet the requirements for residency, said person may be admitted directly into Assisted Living or The Pavilion as long as accommodations are available and such person qualifies for the care available in those facilities. He/she will pay the full assisted living fee, and Pavilion per diem charge for such care.

3.2 Right of Rescission. In accordance with North Carolina laws and regulations governing continuing care retirement communities, a resident has the right to rescind the Residency Agreement within thirty (30) days following the later of (i) his/her execution of the Residency Agreement; or (ii) the receipt of a Disclosure Statement. The resident is not required to move into Croasdaile Village before the expiration of the 30-day rescission period. If the resident rescinds the Residency Agreement, the full amount of the Entrance Fee paid by the resident will be refunded, without interest, within sixty (60) days of receipt of the written notice of rescission.

3.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, Incapacity or a Substantial Change in Physical, Mental or Financial Condition. If the resident dies before

occupying the residence at Croasdaile Village or if, on account of illness, injury or incapacity, a resident is unable to occupy the residence at Croasdaile Village, then the Residency Agreement will automatically cancel. The resident may also cancel the Residency Agreement prior to occupancy due to a substantial change in resident's physical, mental or financial condition. In all of these events of cancellation prior to occupancy, the resident or resident's estate will receive a refund of the Entrance Fee paid, without interest, less any costs specifically incurred by Croasdaile Village at the resident's request. Said refund will be made within sixty (60) days of receipt of the notice of cancellation.

3.4 Cancellation Prior to Occupancy for Other Reasons. If the resident cancels the Residency Agreement prior to occupancy, but after the right of rescission period, for reasons other than those state in Paragraph 3.3 above, the resident will receive a refund of the Entrance Fee paid, without interest, less a non-refundable portion of the Entrance Fee equal to \$2,000 and less any costs specifically incurred by Croasdaile Village at resident's request. Said refund will be made within sixty (60) days of receipt of the notice of cancellation.

3.5 Cancellation After Occupancy. In the event the Residency Agreement is canceled after occupancy or in the event of resident's death after occupancy, refund of the Entrance Fee will be as follows:

3.5.1 90 Percent Return of Capital Residency Agreement: Under the 90 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to five (5) months. Subject to Croasdaile Village's right of offset, the refund of the Entrance Fee will not be less than ninety percent (90%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.5.2 50 Percent Return of Capital Residency Agreement: Under the 50 Percent Return of Capital Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to twenty-five (25) months. Subject to Croasdaile Village's right of offset, the refund of the Entrance Fee will not be less than fifty percent (50%). Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.5.3 Standard Residency Agreement: Under the Standard Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.5.4 Residential Living with Personal Services Residency Agreement: Under the Residential Living with Personal Services Residency Agreement, resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by resident, without interest, less two percent (2%) for each month of residency or portion thereof for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the Entrance Fee or within two years from the date of cancellation, whichever occurs first.

3.6 Cancellation Upon Death. In the event of death of the resident at any time after occupancy, the Residency Agreement shall cancel and the refund of the Entrance Fee paid by the resident will be as outlined in Paragraph 3.5 above.

3.7 Cancellation by UMRH. Upon thirty (30) days written notice to the resident and/or his or her legal representative, UMRH may cancel the Residency Agreement at any time on the following grounds, which shall be determined by UMRH in its sole discretion:

- Resident does not comply with the terms of the Residency Agreement or Croasdaile Village's procedures, covenants, rules or policies; or
- Resident misrepresents himself or fails to disclose information during the residency process; or
- Resident fails to make payment to UMRH of any fees or charges due UMRH within sixty (60) days of the date when due; or
- Resident's health status or behavior constitutes a substantial threat to the health or safety of resident, other residents, or others, including Resident's refusal to consent to relocation, or would result in physical damage to the property of Croasdaile Village or others; or
- Resident's physical or mental condition cannot be cared for in the Croasdaile Village Health Center within the limits of Croasdaile Village's license.

Cancellation by UMRH occurs only as a last resort, after it becomes clear to UMRH that cancellation is necessary, and after the resident and/or the resident's legal representative/responsible party has an opportunity to be heard. Any refund of the Entrance Fee would be computed on the same basis as stated in Paragraph 3.5 above.

4. Payment of a Monthly Fee. The resident is required to pay a Monthly Fee to Croasdaile Village upon receipt of a statement and by no later than the fifteenth (15th) day of each month. If there are two residents, a second person Monthly Fee will also be paid. The Monthly Fees are paid to provide the services and amenities described in the Residency Agreement and to meet the expenses associated with the operation of Croasdaile Village. UMRH may increase the Monthly Fee upon thirty (30) days written notice to the residents if UMRH deems it necessary in order to meet the financial needs of Croasdaile Village and to provide the services to the residents.

5. Health Care Services. Each resident is eligible to receive a total of six (6) days each year of either assisted living care or nursing care in The Pavilion while a resident of his/her residence. If there are two residents under a Residency agreement, each resident will receive six (6) days, but the days cannot be combined and used by only one resident. Such six (6) days renews on an annual basis and does not accumulate. While utilizing the six (6) days, the resident will be

required to continue to pay the Monthly Fee for his/her residence, as well as any charges for physician services and ancillary health services and supplies. Once a resident is permanently relocated to Assisted Living or to The Pavilion, he/she no longer qualifies for the six (6) free days of assisted living or nursing care and will be required to pay the assisted living fee or the per diem charge for such care. [NOTE: The six (6) days of care is a combined total for assisted living care and nursing care at Croasdaile Village.]

6. Relocation/Moves. UMRH reserves the right to relocate a resident to a different residence or a higher level of care after consultation with the resident, resident's family and attending physician if it is determined that such a move should be made for the benefit of the resident or for the proper operation of Croasdaile Village or to meet the requirements of law.

7. Provisions for New Second Resident. No person other than the resident may occupy the residence without UMRH's prior written approval. If a second person, who is not a party to the Residency Agreement, wishes to become a resident of Croasdaile Village, that person's acceptance will be in accordance with the current residency policy. An Entrance Fee as determined by Croasdaile Village will be paid upon residency. In addition, each month the then-current Monthly Fee for second persons will be paid. If the second person does not meet the requirements for residency, he or she will not be permitted to occupy the residence for more than thirty (30) days, except with UMRH's written approval.

8. Provisions for Resident Marrying Resident. Should the resident marry a person who is also a resident of Croasdaile Village and should they decide to occupy one residence, they must declare which residence will be occupied and which residence will be released. The refund due for the released residence will be as described in Paragraph 3.5 above. Each month, the then-current Monthly Fee for second persons shall be paid.

9. Insurance. The Residency Agreement requires that the resident maintain Medicare Part A, Medicare Part B and one supplemental health insurance policy or equivalent insurance coverage acceptable to UMRH. It is also recommended that residents carry personal property insurance and liability insurance.

10. Financial Assistance. Financial assistance may be available to existing continuing care residents who live at Croasdaile Village under a continuing care residency agreement. The resident cannot impair his/her ability to meet his/her financial obligations by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance as outlined in the Residency Agreement. A resident must have met all "spend-down" provisions established in UMRH's Benevolence Policy. The Pavilion at Croasdaile Village is Medicaid certified. The resident must agree to apply for public assistance funds (if available) and/or Medicaid, depending on the level of care required by the resident. Financial assistance funds are available as long as providing financial assistance does not impair UMRH's ability to operate Croasdaile Village on a sound financial basis for the benefit of all residents.

UMRH does not offer financial assistance to those residents who are admitted directly to Assisted Living or The Pavilion (skilled nursing) as private pay residents. Private pay residents are individuals who did not execute a continuing care residency agreement for residential living.

11. Tax Deductions. In accordance with the Internal Revenue Code of 1954, Section 213 and Revenue Rulings (67-185, 68-625, 76-481, 75-302, 75-303, and 93-72) and a Private

Letter Ruling (8213102), residents of Croasdaile Village may be entitled to an itemized deduction for medical expenses for that portion of the Monthly Fees and Entrance Fees, which represents medical care in the year paid. The tax regulations do not specifically provide a formal method for computing what this portion is; however, IRS Letter Ruling 8213102 indicates a method of calculating a medical expense percentage by using the ratio of medical expenses to all expenses of the Community. Currently, this methodology is in use, but may be subject to change. Each year, the Community distributes a letter to residents describing the recommended medical expense percentages for tax purposes.

All deductions are, of course, subject to limitations imposed by the Internal Revenue Code. Residents are encouraged to consult with a qualified tax advisor before taking any tax deductions.

THE SERVICES

1. The following services are provided for the Monthly Fee to the residents of the residential living apartments, cottages and homes of Croasdaile Village:

- Flexible Meal Plan
- Studio apartment residents receive three meals per day;
- Limited tray service to be provided when approved by authorized staff;
- Consultation and preparation of routine special diets;
- Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal;
- Basic cable television package;
- Building janitor and maintenance;
- Grounds keeping;
- Weekly housekeeping services;
- Availability of laundry facilities so that resident can wash and dry personal laundry;
- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;
- Parking for residents and guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
- Kitchen facilities, except studio/Alcove apartments only containing a sink, a refrigerator, and a microwave;
- Local transportation as scheduled by us and as posted;
- Limited additional storage space;
- Personal emergency transmitter system;
- Smoke detectors;
- Security – 24 hours a day; and
- Six (6) days of assisted living or nursing care in the Village Health Center.

2. The following services are available for an extra charge to the residents of the residential living apartments, cottages and homes of Croasdaile Village:

- The dining room is available for three (3) meals per day with the second and third meals at additional charge;
- Extended tray service as approved by authorized staff;

- Preparation of special diets (beyond those which are routine and based upon our ability to prepare/offer such diet), as prescribed by resident's attending physician;
- Additional housekeeping services;
- Guest accommodations, if available;
- Guest meals;
- Private catered functions;
- Personal transportation and transportation for special events and group trips;
- Services of the Clinic – a copy of the charges for Clinic services can be obtained from the Clinic;
- Home care services through the Croasdaile Village Home Care Program;
- Assisted living services, memory care, or nursing care services through the Village Health Center; and
- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, physician services, and other miscellaneous medical services and supplies).

3. Assisted living services are available in the Assisted Living building, memory care services are provided in the Memory Care building, and skilled nursing services are available in The Pavilion, which is staffed by licensed nursing personnel 24 hours a day. If the resident occupies Assisted Living, Memory Care, or The Pavilion, the resident will be required to enter into a separate admission agreement for the applicable level of care. These separate admission agreements will outline in detail the services available in those levels of care. The resident's continuing care Residency Agreement will continue to stay in effect unless it is canceled by the Resident or by UMRH as outlined in the Residency Agreement. Services provided in Assisted Living and The Pavilion are governed by the North Carolina Division of Health Service Regulation.

4. The Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an extra charge to the resident.

FEES

1. The fee requirements for residential living in an apartment, cottage or home at Croasdaile Village are as follows:

A. Application Fee. Non-refundable application fee of \$200 for an individual or \$300 for a couple is required to be paid at the time of application.

B. Entrance Fee. Payment of an Entrance Fee assures a resident a place in the Community for life as long as the resident complies with the Residency Agreement. 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 an Entrance Fee deposit to the Community. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 90 days after the Residency Agreement is executed. For residents who enter Residency Agreements for a unit to be constructed, the balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 30 days from the date the resident is notified that the residence is ready for occupancy. The amount of the Entrance Fee is determined by single or double occupancy and the size and type of the residence reserved. A schedule of Entrance

Fees can be found later in this Disclosure Statement. Additional information regarding payment terms and Entrance Fee refunds can be found in Sections 2 and 3 of The Proposal section of this Disclosure Statement.

C. Monthly Fee. A Monthly Fee for services is required to be paid each month per person. Monthly Fees are determined by single or double occupancy and the size and type of residence reserved. A schedule of current Monthly Fees can be found later in this Disclosure Statement.

Monthly Fees – Average Dollar Amount of Increase

2021	2022	2023	2024	2025
\$133.41	\$138.17	\$295.71	\$202.05	\$199.44

D. Extra Charges. A list of items available for an extra charge, including the fees for such items, is included in this Disclosure Statement as Attachment 7. The list can also be obtained from the Village's Business Office and the Village's Marketing Office.

2. Assisted Living Fees. The Entrance Fee requirements for direct admission to Assisted Living at Croasdaile Village have been established at \$26,221. There is a non-refundable application fee of \$200 per individual. The per diem charge for assisted living care is \$387 for a one- or two-bedroom apartment, and \$347 for a studio apartment.

Assisted Living Fees – Average Dollar Amount of Increase

2021	2022	2023	2024	2025
\$10.75	\$11.75	\$19.50	\$17.35	\$14

3. Memory Care Fees. The fee requirements for direct admission to a memory care room at the Community have been established at \$387.00 per day, with a refundable Entrance Fee of \$15,000 per person (after 50 months of occupancy, the Entrance Fee is non-refundable). There is a non-refundable application fee of \$250. Following is a table showing the average dollar amount of increase in the memory care fees.

Memory Care Fees – Average Dollar Amount of Increase

2021	2022	2023	2024	2025
\$8.57	\$12	\$15	\$15	\$15

4. Nursing Care Fees. The per diem charges for nursing care in The Pavilion at Croasdaile Village are:

Skilled Nursing Care	
Semi-Private Room	\$434
Private Room	\$486

Nursing Care Fees – Average Dollar Amount of Increase

2021	2022	2023	2024	2025

\$13.50	\$15.00	\$23.50	\$25.35	\$18.00
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5. Adjustment of Fees. UMRH may adjust the Monthly Fee as determined by the Board of Trustees in order to maintain the desired quality of service and to operate Croasdaile Village on a fiscally sound basis. UMRH shall provide the resident with thirty (30) days' written notice in advance of any change in the Monthly Fees.

The Standard Entrance Fee amortizes by two percent (2%) each month for fifty (50) months.

For a fifty percent (50%) refundable fee, multiply the Standard Entrance Fee times 1.4. The Fifty Percent (50%) Refundable Plan amortizes by two percent (2%) each month for the first twenty-five (25) months and does not reduce thereafter.

For a ninety percent (90%) refundable fee, multiply the Standard Entrance Fee times 1.8. The Ninety Percent (90%) Refundable Plan amortizes by two percent (2%) each month for the first five (5) months and does not reduce thereafter.

FINANCIAL INFORMATION

1. Financial Statements. UMRH operates on a fiscal year ending September 30. The financial position of UMRH is represented by the independent auditors' report prepared by Dixon Hughes Goodman LLP. The audited financial statements for UMRH present the consolidated operations for Croasdaile Village, Cypress Glen, and Wesley Pines. The independent auditors' report for the fiscal year ending September 30, 2024 for UMRH is reproduced in its entirety and is attached to this Disclosure Statement as Attachment 1.

2. Forecasted Financial Statements. Forecasted financial statements for the next five years are included as part of this Disclosure Statement as Attachment 2. These forecasted financial statements present the consolidated operations for Croasdaile Village, Cypress Glen, and Wesley Pines, and the individual operations for Croasdaile Village.

3. Interim Unaudited Financial Statements. Interim unaudited financial statements are included as part of this Disclosure Statement as Attachment 3. These statements present the consolidated operations of Croasdaile Village, Cypress Glen, and Wesley Pines, and the individual operations for Croasdaile Village.

4. Explanations of Material Differences. Explanations of the material differences for the Balance Sheet, Statement of Operations, and Statement of Cash Flows for the fiscal year 2024 and the actual results for the fiscal year 2024 are included as part of this Disclosure Statement as Attachment 4.

5. Reserves. In accordance with Section 58-64-33 of the North Carolina General Statutes, UMRH is required to maintain an operating reserve for Croasdaile Village equal to 25 percent of the total operating costs projected for the 12-month period following the period covered by the most recent annual statement filed with the Department of Insurance. Based on the operating reserve calculation submitted to the Department of Insurance, UMRH meets the operating reserve requirement for Croasdaile Village.

6. Financing. See Notes 7 and 8 of the UMRH audited financial statements for information on long-term debt and financing.

RESERVES AND INVESTMENTS

1. Reserve Requirement. In accordance with Section 58-64-33, North Carolina General Statutes, UMRH is required to maintain \$12,098,205 in an operating reserve for Croasdaile Village. UMRH meets the operating reserve requirement for Croasdaile Village, and management believes that UMRH will continue to possess sufficient reserves to satisfy the operating reserve requirement based on the financial forecasts.

2. Financial Assistance Funds. UMRH attempts to provide benevolent care funds to those individuals who have exhausted their resources. The funds are in the amounts necessary to make up the difference between the financial resources of the individual and the Monthly Fees for the occupancy of a unit. Some of the benevolence is covered through apportionments from the North Carolina Annual Conference of The United Methodist Church, Southeastern Jurisdiction; benevolent care endowments; The United Methodist Retirement Homes Foundation; special offerings conducted by local churches; and individual gifts. Persons receiving benevolent care

funds must be residents who have entered the Community under a continuing care residency agreement for residential living and must have met all "spend-down" provisions established in the UMRH Benevolence Policy. UMRH does not offer benevolent care funds to those residents who are admitted directly to Assisted Living or The Pavilion (skilled nursing) as private pay residents. Private pay residents are individuals who did not execute continuing care residency agreement for residential living. The resident must agree to apply for public assistance funds and/or Medicaid, depending on the level of care required by the resident. Benevolent care funds are available as long as providing such funds does not impair UMRH's ability to operate the Community on a sound financial basis for the benefit of all residents.

The Marketing, Occupancy, and Benevolence Committee of the Board of Trustees reviews each benevolence application, provides a recommendation to the Board of Trustees, monitors the availability of benevolent funds, and projects potential future demands on benevolent funds.

3. Investments. Investment decisions are made by the Finance Committee of the Board of Trustees of UMRH. Committee members include: Lee Harris, Charles Mercer, Ruth Little, Mack Parker, Gray Southern, and Susan Ezekiel. Funds are invested in accordance with UMRH's Investment Policy in the following investment portfolios:

(a) *United Methodist Retirement Homes Trust Fund #1. Investment Goal –* Maintain principal values with adequate liquidity for debt/cash ratio.

(b) *United Methodist Retirement Home Reserve Fund. Investment Goal –* This Fund includes assets that may be managed for long-term capital growth with a moderate level of income.

A copy of the Investment Policy is available to residents upon request.

OTHER MATERIAL INFORMATION

As of the date of this Disclosure Statement, there is no material litigation pending against Croasdaile Village.

AGREEMENTS WITH RESIDENTS

A copy of the current Standard Residency Agreement is attached to this Disclosure Statement as Attachment 5.

This agreement is in compliance with the pertinent specifications of Section 58-64-25 of the North Carolina General Statutes. UMRH reserves the right to offer to new prospective residents alternative forms of Residency Agreements from time to time.

ATTACHMENT 1


Audited Financial Statements
of
The United Methodist
Retirement Homes, Incorporated
(Includes Consolidated Operations of
Croasdaile Village, Cypress Glen
and Wesley Pines)



The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary

**Independent Auditor's Report, Consolidated Financial
Statements and Consolidating Supplementary
Information**

September 30, 2024 and 2023



The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
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September 30, 2024 and 2023

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Independent Auditor's Report

Board of Trustees
The United Methodist Retirement Homes, Incorporated,
its Affiliate, and Subsidiary
Durham, North Carolina

Opinion

We have audited the accompanying consolidated financial statements of The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of operations and 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 the Company as of September 30, 2024 and 2023, and the results of their operations, changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Company 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements, as a whole. The consolidating balance sheet information and the consolidating statement of operation and changes in net assets information listed in the table of contents is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations 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 consolidating balance sheet information and the consolidating statement of operations and changes in net assets information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Forvis Mazars, LLP

**Raleigh, North Carolina
January 28, 2025**

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Balance Sheets
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,952,922	\$ 5,177,988
Contributions receivable, current portion	-	25,846
Investments	120,954,343	88,037,087
Assets limited as to use, current portion	6,367,042	6,636,490
Accounts receivable, net	4,185,514	3,890,546
Other receivables	1,901,669	2,516,922
Inventories	195,250	231,303
Prepaid expenses and other current assets	1,560,515	1,293,484
Total Current Assets	<u>140,117,255</u>	<u>107,809,666</u>
Non-Current Assets		
Assets limited as to use, net of current portion	90,236,233	27,097,658
Investments - restricted	11,306,371	8,771,194
Property and equipment, net	229,861,132	222,348,613
Trusts receivable	140,672	125,130
Deferred marketing costs, net	180,545	87,012
Interest rate swap agreements	6,951,885	11,565,561
Total Non-Current Assets	<u>338,676,838</u>	<u>269,995,168</u>
Total Assets	<u>\$ 478,794,093</u>	<u>\$ 377,804,834</u>

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Balance Sheets
September 30, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Annuity payable, current portion	\$ 64,724	\$ 63,319
Bonds payable, current portion	5,565,000	5,410,000
Accounts payable	7,621,769	4,473,013
Accrued salaries and related expenses	2,653,289	2,257,501
Accrued interest payable	3,638,821	1,764,449
Total Current Liabilities	<u>19,543,603</u>	<u>13,968,282</u>
Long-Term Liabilities		
Annuity payable, net of current portion	393,497	395,706
Bonds payable, net of current portion	215,950,738	154,830,169
Liability for refundable advance fees	14,473,247	14,651,478
Deferred revenue from non-refundable advance fees	96,694,741	80,652,605
Deferred revenue - other	-	6,500
Due to related parties	4,305	-
Funds held for others	92,581	86,572
Total Long-Term Liabilities	<u>327,609,109</u>	<u>250,623,030</u>
Total Liabilities	<u>347,152,712</u>	<u>264,591,312</u>
Net Assets		
Without donor restrictions	114,782,746	99,508,415
With donor restrictions	16,858,635	13,705,107
Total Net Assets	<u>131,641,381</u>	<u>113,213,522</u>
Total Liabilities and Net Assets	<u>\$ 478,794,093</u>	<u>\$ 377,804,834</u>

**The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2024 and 2023**

(Continued)

	<u>2024</u>	<u>2023</u>
Change in Net Assets With Donor Restrictions		
Contributions	\$ 968,030	\$ 721,569
Interest and dividend income	317,026	328,028
Net investment gains, realized	53,157	193,142
Net investment gains, unrealized	2,412,242	693,319
Change in split interest agreements	228,384	106,993
Maturity of split interest agreement	3,316	40,640
Change in value of pledges	(28,846)	26,154
Bad debt expense (recovery of bad debt)	3,000	(2,720)
Net assets released from restrictions	<u>(802,781)</u>	<u>(750,694)</u>
Change in Net Assets With Donor Restrictions	<u>3,153,528</u>	<u>1,356,431</u>
Change in Net Assets	18,427,859	11,567,368
Net Assets, Beginning of Year	<u>113,213,522</u>	<u>101,646,154</u>
Net Assets, End of Year	<u>\$ 131,641,381</u>	<u>\$ 113,213,522</u>

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 18,427,859	\$ 11,567,368
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	15,703,575	14,331,625
Amortization of deferred financing costs	97,819	65,365
Amortization of bond premium	(149,121)	(153,105)
Amortization of deferred marketing costs	26,568	14,558
Amortization of deferred revenue from advance fees	(11,421,393)	(11,303,173)
Non-refundable entrance fees received	29,956,546	16,623,104
Loss on disposal of property and equipment	2,019,800	6,904
Unrealized gains on investments and assets limited as to use	(18,376,404)	(2,619,298)
Realized gains on investments and assets limited as to use	(54,362)	(2,285,602)
Change in fair value of interest rate swap agreement	4,613,676	(1,123,353)
Net change in:		
Accounts receivable	(294,968)	(763,117)
Other receivables	(985,439)	(1,477,097)
Trusts receivable	(15,542)	(5,530)
Contributions receivable	25,846	(23,434)
Due from/to related parties	4,305	(71,377)
Inventories	36,053	(54,088)
Prepaid expenses and other current assets	(267,031)	(81,398)
Deferred marketing costs	(120,100)	-
Accounts payable	190,637	152,684
Accrued salaries and related expenses	395,788	104,748
Provider relief advanced funding	-	(120,181)
Deferred revenue - other	(6,500)	6,500
Accrued interest payable	1,874,372	44,810
Funds held for others	6,009	(61,242)
Net Cash Provided by Operating Activities	<u>41,687,993</u>	<u>22,775,671</u>

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	\$ (22,936,766)	\$ (22,176,900)
Purchase of investments	(20,341,142)	(20,176,423)
Sale of investments	1,274,219	15,364,611
Change in assets held for resale	-	197,103
Proceeds from sale of property and equipment	658,991	-
Net Cash Used in Investing Activities	<u>(41,344,698)</u>	<u>(26,791,609)</u>
Cash Flows From Financing Activities		
Refunds of deposits and refundable fees	(3,417,518)	(2,216,678)
Refundable entrance fees received	2,346,962	1,389,493
Payments on bonds and note payable	(5,410,000)	(5,785,000)
Deferred financing costs	(1,449,299)	-
Proceeds from issuance of bonds	68,186,170	-
Net change in annuity obligations	(804)	(62,422)
Net Cash Provided by (Used in) Financing Activities	<u>60,255,511</u>	<u>(6,674,607)</u>
Change in Cash, Cash Equivalents and Restricted Cash	60,598,806	(10,690,545)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>19,237,901</u>	<u>29,928,446</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 79,836,707</u>	<u>\$ 19,237,901</u>
Supplemental Cash Flows Information		
Cash paid during the year for interest	<u>\$ 5,164,917</u>	<u>\$ 3,610,731</u>
Additions of property and equipment included in accounts payable	<u>\$ 4,494,543</u>	<u>\$ 1,536,424</u>

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Note 1. Summary of Significant Accounting Policies

Organization

The United Methodist Retirement Homes, Incorporated (“UMRH”) is a not-for-profit corporation, which principally provides housing, health care, and other related services to residents through the ownership and operation of Wesley Pines Retirement Community in Lumberton, North Carolina, Cypress Glen Retirement Community (“Cypress Glen”) in Greenville, North Carolina, and Croasdaile Village Retirement Community (“Croasdaile Village”) in Durham, North Carolina. UMRH was incorporated in North Carolina in 1946. UMRH’s corporate office is located in Durham, North Carolina.

The United Methodist Retirement Homes Foundation, Inc. (the “Foundation”), an affiliate of UMRH, is a not-for-profit corporation which was organized in order to raise endowment funds for the residential facilities operated by UMRH, to support benevolent care for residents who are unable to pay for continuing care at the residential facilities operated by UMRH, and to support special programs at the residential facilities operated by UMRH. The Foundation was incorporated under the laws of the State of North Carolina in 1994.

UMRH Affordable Housing Development, LLC (“UMRH-AHD”), a subsidiary of UMRH, is a limited liability company, which was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing affordable rental housing for senior citizens. UMRH is the sole member of UMRH-AHD.

Wesley Ridge of Lumberton, LLC (“Wesley Ridge”) is a non-profit organization that offers affordable housing to senior adults ages 62 and older, and to disabled adults 18 years of age and older. Wesley Ridge was acquired by UMRH on January 31, 2022. As of September 30, 2024 and 2023, Wesley Ridge had total assets of approximately \$1,304,000 and \$1,332,000, respectively, and total unrestricted revenues, gains and other support of approximately \$176,000 and \$156,000, respectively, for the years then ended. Due to the limited financial activity, Wesley Ridge was not included in the consolidated financial statements as of September 30, 2024 and 2023.

The consolidated financial statements include the financial statements of UMRH, the Foundation, and UMRH-AHD. All significant intercompany accounts and transactions have been eliminated. UMRH, the Foundation, and UMRH-AHD are collectively referred to as the “Company”.

Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments both readily convertible to known amounts of cash and so near maturity at acquisition (three-months or less when purchased) that there is an insignificant risk of change in value because of changes in interest rates. Cash equivalents are stated at cost, which approximates fair value. Throughout the year the Company has bank balances which exceed federal depository limits.

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The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total amounts shown in the consolidated statements of cash flows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 4,952,922	\$ 5,177,988
Investments – restricted	108,103	137,236
Assets limited as to use:		
Construction funds	58,764,138	3,121,841
Entrance fee escrow	2,127,087	959,123
Debt service held by trustee	6,421,903	4,559,191
Held for others	92,581	86,572
Restricted cash for line of credit	234,120	234,120
Net assets with donor restrictions	<u>7,135,852</u>	<u>4,961,830</u>
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 79,836,706</u>	<u>\$ 19,237,901</u>

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Interest and dividend income are included in operating income unless the income or loss is restricted by donor or law. Gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating gains (losses).

Assets Limited as to Use

Assets limited as to use consist of funds held for debt service in accordance with the Company's bond issues, funds reserved by insurance regulation, construction funds, and funds held for residents. Net assets with donor restrictions are restricted by donors or grantors for a specific purpose.

Insurance regulation assets whose use is limited represents funds reserved to comply with North Carolina Department of Insurance regulations. The amount of this reserve is calculated annually in accordance with the requirements of N.C. General Statute 58, Article 64. These investments consist of cash, cash equivalents, and other short-term investments.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents approximates its fair value. The fair value of the Company's investments is presented in Note 3 and Note 5 and is based on quoted market prices. The carrying values of accounts receivable, other receivables, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Company's interest rate swaps is presented in Note 8. The Company's long-term debt approximates the fair values of those obligations.

Accounts Receivable, Net

Accounts receivable are reported at estimated net realizable amounts from residents and responsible third-party payers. Amounts owed to the Company are reported net of explicit and implicit price concessions. Specific resident balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of accounts receivable involves significant assumptions and judgments. In this regard, the Company has implemented a standardized approach to estimate and review the collectability of its receivables based on resident receivable aging trends. Historical collection and payer reimbursement experience are an integral part of the estimation process related to determining the ultimate collectability of accounts. In addition, the Company assesses the current state of its billing functions in order to identify any known collection or reimbursement issues to determine the impact, if any, on its reserve estimates, which involve judgment.

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The Company performs periodic assessments to determine if an allowance for expected credit losses is necessary. The Company considers its incurred loss experience and adjusts for known and expected events and other circumstances. The Company does not believe there are any other significant concentrations of receivables that would subject the Company to any significant credit risks in the collection of accounts receivable. In estimating its expected credit losses, The Company may consider changes in the length of time its receivables have been outstanding or requests to alter payment terms due to financial difficulty. Because the Company's accounts receivable are primarily with affluent parties or governmental payors that have sufficient resources to pay their obligations, the Company's credit losses, if any, are immaterial to the consolidated financial statements.

Trusts Receivable

Trusts receivable represent the present value of irrevocable charitable remainder unitrusts ("CRUTs") and a charitable gift annuity ("CGA"). The assets related to these CRUTs and CGA will become the property of the designated beneficiaries upon the donor's death. An amount equal to the receivable was recorded as net assets with donor restrictions. Adjustments to the asset to reflect changes in present value are recognized as activity through net assets with donor restrictions.

Asset Held for Resale

Asset held for resale consisted of one gifted property which was stated at net book value, that approximated fair value. During 2023, the property was sold.

Property and Equipment, Net

Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. Interest is capitalized on facilities during the construction period. Depreciation is provided using the straight-line method over the estimated useful lives of the assets shown below:

Land improvements	15 to 30 years
Buildings and improvements	5 to 40 years
Equipment and fixtures	2 to 25 years

Annuity Payable

The Foundation acts as trustee for irrevocable charitable remainder unitrusts ("CRUTs") and charitable gift annuities ("CGAs"). The assets in these trusts will remain in trust, paying distributions to the donors during their lifetimes, and the remainder assets will become the property of the designated beneficiaries upon the donors' deaths. Such amounts received are recorded as "Investments – restricted" on the consolidated balance sheets. These trusts require specified distributions to be made to the trusts' designated beneficiaries over the trusts' terms. The present value of the expected distributions is recorded as annuity obligations. Adjustments to the annuity obligations to reflect amortization of discounts, revaluations of the present value of the estimated future payments and changes in actuarial assumptions are recorded as a change in the value of split-interest agreements.

Funds Held for Others

This liability represents agency funds held for UMRH residents. The related asset is included in assets limited as to use.

Interest Rate Swaps

The interest rate swap agreements are carried at fair value, estimated using a discounted cash flow method at a rate commensurate with the risk involved. A change in the fair value of the interest rate swap agreements is reported in non-operating gains (losses) in the consolidated statements of operations and changes in net assets.

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Liability for Refundable Advance Fees

Entrance fee plans available to residents include a standard rate plan, a 50% refundable plan, 80% refundable plan, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Deferred Revenue from Non-refundable Advance Fees

Deferred revenue from non-refundable advance fees represent payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. These advance fees may be partially refundable upon termination of the agreement and decline at a rate of 2% per month of occupancy and are paid after termination of the residency agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Advance fees are recorded as deferred revenue and recognized as revenue earned on a straight-line basis over the estimated remaining life of each resident or couple, beginning with the date of occupancy. Any unrecognized deferred revenue, less any related refund, at the date of death or termination of the contract is recorded as income in the period the death or termination of the contract occurs.

Net Assets

Net assets of the Company and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Include those net assets subject to donor-imposed stipulations that may or will be met either by action of the Company and/or the passage of time or those net assets subject to donor-imposed stipulations that they be maintained permanently by the Company. Generally, the donors of these assets permit the Company to use all or part of the income earned on related investments for general or specific purposes.

Net Assets Released from Restrictions - The Company reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor-imposed 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 consolidated statements of operations and changes in net assets as net assets released from restrictions.

Net Resident and Patient Service Revenues

Net resident and patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically, such adjustments for the Company have been immaterial in relation to the consolidated financial statements as a whole.

Revenues under third-party payor agreements are subject to examination and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

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Excess of Revenues, Gains and Other Support Over Expenses

The consolidated statements of operations and changes in net assets includes excess (deficit) of revenues, gains and other support over expenses. Changes in net assets without donor restrictions, which are excluded from excess (deficit) of revenues, gains and other support over expenses, consistent with industry practice, would include net assets released from restriction for purchase of property and equipment and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets).

Benevolent Assistance and Community Benefits

The Company currently maintains a benevolent assistance program and policy for residents holding continuing-care residency agreements in the event the resident(s) should become unable to pay for services. The Company reserves the right to change the program and policy from time to time. The benevolent assistance policy will not apply to residents who have impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. Upon review of each resident's individual financial situation, the Company may permit the resident to remain at the facility for a lesser fee based on the resident's ability to pay, but only after meeting all of the "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. The Company may decline new benevolent assistance applications if it is determined that deferment of such charges may impair the Company's ability to operate on a sound financial basis. Since the Company does not expect to collect the normal charges for services provided for those residents who meet the benevolent assistance provisions, charges for such assistance are not included in net patient service revenue.

The Company also contributes certain dollars, volunteer hours, healthcare, and housing services to benefit the surrounding community. Total community benefits and charity care were approximately \$6,792,000 and \$6,237,000 for the years ended September 30, 2024 and 2023, respectively (unaudited), which was made up of approximately \$5,845,000 and \$5,424,000 in unreimbursed healthcare, housing and services and approximately \$947,000 and \$812,000 in community benefits for the year ended September 30, 2024 and 2023, respectively (unaudited).

Continuing-Care Contracts

The Company enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Company specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the Company has the ability to increase fees as deemed necessary. At the end of each fiscal year, the Company calculates the present value of the net cost of future services to be provided to current residents and compares the amount with the deferred revenue from advance fees at that date. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability (obligation for future costs) is recorded. No liability has been recorded as of September 30, 2024 or 2023, because the present value of the estimated net costs of future services and use of facilities is less than deferred revenues from advances fees. The present value of the net cost of future services and use of facilities was discounted at 4.60% and 4.43% in 2024 and 2023, respectively.

Concentration of Credit Risk

Concentrations of credit risk with respect to patient accounts receivable are limited due to the formalized agreements with third-party payors. The Company has significant accounts receivable (approximately 41% and 46% in 2024 and 2023, respectively) whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs.

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Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2024 and 2023.

Reclassifications

Certain reclassifications have been made to the prior periods consolidated financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to the reclassifications.

Subsequent Events

The Company evaluated the effect subsequent events would have on the consolidated financial statements through January 28, 2025, which is the date the consolidated financial statements were issued.

Note 2. Revenue Recognition

The Company generates revenues, primarily by providing housing and health services to its residents. The following streams of revenue are recognized as follows:

Monthly Fees:

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living, nursing care, and memory care and these performance obligations are earned each month. Under ASC Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominant component and does not contain a lease component under ASC Topic 842. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Advanced Fees:

The non-refundable advanced fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the consolidated balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the consolidated balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident or couple as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 18, 42 and 51.

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Health Care Services:

In the facility, the Company provides assisted and nursing care to residents who are covered by government and commercial payers. The Company is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the third party payors. Most rates are predetermined from Medicare and Medicaid. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

The Company disaggregates its revenue from contracts with customers by payor source, as the Company believes it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the table below:

	September 30, 2024			
	Independent Living	Assisted Living & Memory Care	Skilled Nursing	Total
Private pay	\$ 42,513,090	\$ 14,504,685	\$ 11,959,639	\$ 68,977,414
Government reimbursement	-	50,699	10,879,519	10,930,218
Other third-party payor programs	-	-	2,995,242	2,995,242
Total	<u>\$ 42,513,090</u>	<u>\$ 14,555,384</u>	<u>\$ 25,834,400</u>	<u>\$ 82,902,874</u>

	September 30, 2023			
	Independent Living	Assisted Living & Memory Care	Skilled Nursing	Total
Private pay	\$ 36,339,502	\$ 13,392,873	\$ 12,110,953	\$ 61,843,328
Government reimbursement	-	37,496	10,103,945	10,141,441
Other third-party payor programs	-	-	2,882,219	2,882,219
Total	<u>\$ 36,339,502</u>	<u>\$ 13,430,369</u>	<u>\$ 25,097,117</u>	<u>\$ 74,866,988</u>

Note 3. Investments

Aggregate fair values of investments at September 30 are summarized below:

	2024	2023
Money market funds	\$ 21,809,023	\$ 8,405,056
Equity	54,316,506	40,210,187
Fixed income	<u>56,135,184</u>	<u>48,193,038</u>
Total investments	132,260,713	96,808,281
Short-term investments	<u>120,954,343</u>	<u>88,037,087</u>
Investments - restricted	<u>\$ 11,306,370</u>	<u>\$ 8,771,194</u>

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A summary of net investment income for the years ended September 30 follows:

	<u>2024</u>	<u>2023</u>
Net realized gains	\$ 54,362	\$ 2,285,602
Net unrealized gains	<u>18,376,404</u>	<u>2,619,298</u>
Net investment income	<u>\$ 18,430,766</u>	<u>\$ 4,904,900</u>

Note 4. Assets Limited as to Use

The composition of assets limited as to use at September 30 is set forth in the following table:

	<u>2024</u>	<u>2023</u>
Cash funds and cash equivalents	\$ 74,775,680	\$ 13,922,679
Equity	9,020,299	7,897,682
Fixed income	<u>12,807,296</u>	<u>11,913,787</u>
Total assets limited as to use	<u>\$ 96,603,275</u>	<u>\$ 33,734,148</u>

Board Designated and Other Restricted Assets Limited to Use:

	<u>2024</u>	<u>2023</u>
Construction funds	\$ 58,764,138	\$ 3,121,841
Entrance fee escrow	2,127,087	959,123
Debt service held by trustees	9,879,816	6,807,270
Insurance regulation	19,281,722	17,027,253
Held for others	92,581	86,572
Restricted cash for line of credit	234,120	234,120
Net assets with donor restrictions	<u>6,223,811</u>	<u>5,497,969</u>
Total assets limited as to use	96,603,275	33,734,148
Less current portion required to meet current obligations	<u>(6,367,042)</u>	<u>(6,636,490)</u>
Assets limited as to use, net of current portion	<u>\$ 90,236,233</u>	<u>\$ 27,097,658</u>

Note 5. Fair Value of Assets and Liabilities

Fair value as defined under U.S. GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1** Observable inputs such as quoted prices in active markets.
- Level 2** Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3** Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

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Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include mutual funds, exchange-traded funds, government and agency bond funds, and money market funds which are valued based on prices readily available in active markets in which those securities are traded. Level 2 investments include interest rate swap agreements which are valued on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets.

The Company does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during 2024. There were no changes during 2024 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level the fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of September 30, 2024 and 2023.

	September 30, 2024			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds	\$ 87,429,414	\$ -	\$ -	\$ 87,429,414
Exchange-traded funds	41,379,216	-	-	41,379,216
Government and agency bond funds	3,457,911	-	-	3,457,911
Money market funds	90,677,435	-	-	90,677,435
Interest rate swap agreements	-	6,951,885	-	6,951,885
Total assets at fair value	<u>\$ 222,943,976</u>	<u>\$ 6,951,885</u>	<u>\$ -</u>	<u>\$ 229,895,861</u>

The Company has \$5,920,012 of cash balances included in investments and assets limited as to use as of September 30, 2024, which are not included in the fair value hierarchy.

	September 30, 2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds	\$ 75,135,820	\$ -	\$ -	\$ 75,135,820
Exchange-traded funds	30,795,321	-	-	30,795,321
Government and agency bond funds	2,248,079	-	-	2,248,079
Money market funds	17,804,083	-	-	17,804,083
Interest rate swap agreements	-	11,565,561	-	11,565,561
Total assets at fair value	<u>\$ 125,983,303</u>	<u>\$ 11,565,561</u>	<u>\$ -</u>	<u>\$ 137,548,864</u>

The Company has \$4,559,126 of cash balances included in investments and assets limited as to use as of September 30, 2023, which are not included in the fair value hierarchy.

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Note 6. Property and Equipment

Property and equipment consists of the following at September 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 7,098,450	\$ 6,717,324
Land improvements	27,577,330	25,301,200
Buildings and improvements	323,644,230	292,101,500
Equipment and fixtures	26,144,034	24,807,955
Construction in progress	<u>19,993,262</u>	<u>37,638,972</u>
Total property and equipment	404,457,306	386,566,951
Less accumulated depreciation	<u>(174,596,171)</u>	<u>(164,218,338)</u>
Property and equipment, net	<u>\$ 229,861,135</u>	<u>\$ 222,348,613</u>

Construction in progress includes various projects, the largest of which is a campus expansion project. The Company had depreciation expense of approximately \$15,704,000 and \$14,330,000 for the years ended September 30, 2024 and 2023, respectively. The Company capitalized approximately \$220,000 and \$1,000,000 of interest for the years ended September 30, 2024 and 2023, respectively. At September 30, 2024, the Company had approximately \$54,173,000 in future construction commitments.

Note 7. Bonds Payable

Bonds payable consists of the following at September 30:

	<u>2024</u>	<u>2023</u>
First Mortgage Revenue Bonds, Series 2014A: Variable rate of 2.785% due October 1, 2024 See related swap disclosure in Note 8	\$ 30,000	\$ 350,000
First Mortgage Revenue Bonds, Series 2014B: Variable rate of 2.745% due October 1, 2024 See related swap disclosure in Note 8	180,000	2,320,000
First Mortgage Revenue Bonds, Series 2016A: Term bonds:		
Due October 1, 2030 yielding 2.880%	8,250,000	8,250,000
Due October 1, 2031 yielding 2.950%	3,000,000	3,000,000
Due October 1, 2035 yielding 3.180%	13,390,000	13,390,000
First Mortgage Revenue and Revenue Refunding Bonds, Series 2021A:		
Serial bonds due through October 1, 2036 yielding between 0.840% and 2.390%	15,915,000	15,955,000
Term Bonds:		
Due October 1, 2041 yielding 2.500%	5,045,000	5,045,000
Due October 1, 2046 yielding 2.660%	6,000,000	6,000,000
Due October 1, 2051 yielding 2.760%	22,395,000	22,395,000

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First Mortgage Revenue Refunding Bonds, Series 2021B:		
Due October 1, 2033 yielding 2.359%	2,420,000	5,330,000
Due October 1, 2047 yielding 2.411%	72,710,000	72,710,000
First Mortgage Revenue Bonds, Series 2024A:		
Due October 1, 2028 yielding 3.750%	7,800,000	-
Due October 1, 2028 yielding 4.250%	5,475,000	-
Due October 1, 2039 yielding 4.190%	4,855,000	-
Due October 1, 2044 yielding 4.550%	7,785,000	-
Due October 1, 2049 yielding 4.790%	9,970,000	-
Due October 1, 2054 yielding 4.920%	<u>31,295,000</u>	<u>-</u>
Total bonds payable	<u>216,515,000</u>	<u>154,745,000</u>
Less current portion of bonds payable	(5,565,000)	(5,410,000)
Less deferred financing costs, net	(3,357,147)	(2,005,668)
Add unamortized premium	<u>8,357,885</u>	<u>7,500,837</u>
Bonds payable, net of current portion	<u>\$ 215,950,738</u>	<u>\$ 154,830,169</u>

In September 2014, the Company issued \$12,025,000 of tax-exempt, variable First Mortgage Revenue Refunding Bonds ("2014A Bonds") through the North Carolina Medical Care Commission. Of this total amount, \$1,310,000 funded the partial refunding of the Series 2005B Bonds and \$10,715,000 refunded the entirety of the Series 2004A and a portion of the Series 2005A Bonds, which was funded on October 1, 2014. The interest rate on the 2014A Bonds is variable based on prevailing market rates and is reset monthly based on 79% SOFR plus 1.00%. The Company entered into an interest rate swap agreement on the Series 2014A Bonds, which is described in Note 8. Subsequent to September 30, 2024, these bonds were retired.

In December 2014, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, adjustable rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2014B ("2014B Bonds") in the aggregate principal amount of up to \$16,630,000. Of this total amount, \$6,390,000 and \$10,040,000 funded the partial refunding of the Series 2005C Bonds due October 1, 2019 and October 1, 2024, respectively. The interest rate on the 2014B Bonds is variable based on prevailing market rates and is reset monthly based on 79% SOFR plus 1.60%. The Company entered into an interest rate swap agreement on the Series 2014B Bonds, which is described in Note 8. Subsequent to September 30, 2024, these bonds were retired.

In May 2016, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2016A ("2016A Bonds") in the aggregate principal amount of up to \$34,485,000. The bond funds were used to refund the entirety of the 2005A Bonds due October 1, 2025 and October 1, 2035, and the remaining outstanding amount of \$22,715,000 of the 2005C Bonds due October 1, 2032.

In December 2021, the Company issued \$49,470,000 of Public Finance Authority Retirement Facilities First Mortgage Revenue and Revenue Refunding 2021A Bonds ("2021A Bonds"). The proceeds of the 2021A Bonds refunded a portion of the outstanding 2016A Bonds, refunded the 2017B Bonds, and built a 54-unit independent living apartment building at Croasdaile Village. In addition, the Company issued \$81,375,000 Direct Bank Bonds issued through the North Carolina Medical Care Commission ("2021B Bonds") and bought by Truist Bank with a 15-year commitment. The proceeds of the 2021B Bonds refunded the outstanding 2013A and 2017A Bonds. The 2021B Bonds are initially taxable at an all-in swap rate of 1.748% until July 2023, at which time the interest rate converted to an all-in tax-exempt swap rate of 2.47%. The Company entered into two interest rate swap agreements on the Series 2021B Bonds, which are described in Note 8.

In March 2024, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Bonds, Series 2024A ("2024A Bonds") in the aggregate principal

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Notes to Consolidated Financial Statements
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amount of \$67,180,000. The bond funds consisted of \$53,905,000 Series 2024A Bonds, \$5,475,000 Tax-exempt Mandatory Paydown Securities (TEMP-85sm) Series 2024B-1 Bonds and \$7,800,000 Tax-exempt mandatory Paydown Securities (TEMP-50sm) Series 2024B-2 Bonds.

Principal repayments on bonds payable, excluding discounts and premiums, for the next five years and thereafter, are summarized as follows:

2025	\$ 5,565,000
2026	18,995,000
2027	5,920,000
2028	6,120,000
2029	6,350,000
Thereafter	<u>173,565,000</u>
	<u>\$ 216,515,000</u>

All series of bonds are subject to annual mandatory sinking fund requirements prior to their due dates. There are certain covenants associated with the bonds that are outlined in the Master Trust indentures. The most restrictive of these covenants requires maintenance of a long-term debt service coverage ratio, as defined, of not less than 1.20.

The Company incurred deferred financing costs in the amount of approximately \$1,449,000 in association with the issuance of the above Series Bonds during 2024. Amortization expense of approximately \$98,000 and \$65,000 was recognized during 2024 and 2023, respectively, to the interest expense line item on the consolidated statements of operations and changes in net assets. Accumulated amortization was \$582,000 and \$484,000 for the years ended September 30, 2024 and 2023, respectively.

Note 8. Interest Rate Swap

Variable rate long-term debt exposes the Company to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

In August 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014A Bonds that took effect October 1, 2014. The Company pays a fixed rate of 2.97% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset in fiscal years 2024 and 2023.

In December 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014B Bonds that took effect October 1, 2015. The Company pays a fixed rate of 3.195% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset in fiscal years 2024 and 2023.

In December 2021, the Company entered into a interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that took effect December 1, 2021. The Company pays a fixed rate of 1.748% while the financial institution pays based on 100% of 1-Day SOFR plus 1.350%. The difference between the fixed

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and floating rates was accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The swap was terminated during fiscal year 2023.

In December 2021, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that took effect July 12, 2023. The Company pays a fixed rate of 2.470% while the financial institution pays based on 79% of 1-Day SOFR plus 1.067%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset in fiscal years 2024 and 2023.

The following schedule outlines the terms and fair values of the interest rate swap agreement.

	<u>2014A Bond Bank Swap</u>	<u>2014B Bond Bank Swap</u>	<u>2021B Bond Bank Swap</u>	<u>2021B Bond Bank Swap</u>
Notional amount	\$ 30,000	\$ 180,000	\$ 81,345,000	\$ 75,130,000
Trade date	8/25/2014	12/22/2014	11/4/2021	11/4/2021
Effective date	10/1/2014	10/1/2015	12/1/2021	7/12/2023
Termination date	10/1/2024	10/1/2024	7/12/2023	12/1/2036
Fixed rate	2.970%	3.195%	1.748%	2.470%
Fair value at September 30, 2022	\$ 12,323	\$ 66,063	\$ 2,375,157	\$ 7,988,665
Unrealized gains	<u>(6,946)</u>	<u>(33,340)</u>	<u>(2,375,157)</u>	<u>3,538,796</u>
Fair value at September 30, 2023	5,377	32,723	-	11,527,461
Unrealized gains (losses)	<u>(5,312)</u>	<u>(32,370)</u>	<u>-</u>	<u>(4,575,994)</u>
Fair value at September 30, 2024	<u>\$ 65</u>	<u>\$ 353</u>	<u>\$ -</u>	<u>\$ 6,951,467</u>

By using an interest rate swap to hedge exposure to change in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The market risk associated with an interest rate swap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken.

Note 9. Benevolent Assistance and Other Contractual Adjustments

UMRH maintains records to identify and monitor the level of benevolent assistance it provides. These records include the amount of charges forgone for services and supplies furnished under its benevolent assistance policy. Amounts of benevolent assistance provided based on the cost to provide was approximately \$469,000 and \$481,000 for the years ended September 30, 2024 and 2023, respectively.

Additionally, residents in the health center and assisted living levels of care may be eligible to participate in the North Carolina Medicaid or federal Medicare programs. Contractual adjustments represent the difference between UMRH's standard rates and the rates paid by net third party payors. For the years ended September 30, 2024 and 2023, the net reduction to patient service revenue by net third party payor price concessions (primarily Medicaid and Medicare) of approximately \$4,485,000 and \$3,526,000, respectively.

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Note 10. Retirement Plans

Effective July 1, 2002, UMRH formed a 403(b) defined-contribution retirement plan covering substantially all its employees. UMRH matches 50% of eligible employee contributions up to eight percent on employees' annual compensation. Matching contributions begin on the first payroll of the first calendar quarter after the employee's hire date. The employees are immediately vested in their contributions. UMRH matching contributions are vested after the twelfth consecutive month period beginning with the first day of the plan year and ending with the last day of the plan year in which the employee is credited with at least 1,000 hours of service. At the end of the plan year, UMRH's matching contributions are vested on a sliding scale from zero to 100% based on years of vesting service where employees are 100% vested after 5 years. Retirement plan expense amounted to approximately \$537,000 and \$501,000 for the years ended September 30, 2024 and 2023, respectively.

Note 11. Net Assets with Donor Restrictions

Net assets at September 30 were available for the following purposes:

	<u>2024</u>	<u>2023</u>
Benevolent care	\$ 4,859,947	\$ 3,069,258
Split interest agreements	319,307	272,985
Use and maintenance of the Cypress Glen facility	2,183,063	1,644,042
Facility operations and maintenance	207,905	146,544
Capital campaign	13,183	13,127
Other	<u>3,588,703</u>	<u>3,292,761</u>
	<u>\$ 11,172,108</u>	<u>\$ 8,438,717</u>

Net assets restricted to investment in perpetuity, the income from which is expendable to support at September 30:

	<u>2024</u>	<u>2023</u>
Benevolent endowment fund	\$ 3,513,104	\$ 3,275,123
Split interest agreements	708,972	526,807
Use and maintenance of the Cypress Glen facility	649,525	649,525
Facility operations and maintenance	100,691	100,691
Other	<u>714,235</u>	<u>714,244</u>
	<u>\$ 5,686,527</u>	<u>\$ 5,266,390</u>
Total net assets with donor restrictions	<u>\$ 16,858,635</u>	<u>\$ 13,705,107</u>

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Note 12. Commitments and Contingencies

The Company is involved in litigation in the ordinary course of business related to professional liability claims. Management believes these claims, if asserted, would be settled within the limits of coverage, which is on a claims-made basis, with insurance limits of \$1,000,000 per claim and \$3,000,000 in the aggregate.

Should the policies not be renewed or replaced with equivalent insurance, claims based on occurrences during their terms but reported subsequently would be uninsured. Management anticipates that such coverage will be renewed or replaced with equivalent insurance as these policies expire.

Note 13. Contingent Liabilities

The Company is self-insured for its employee health insurance and records an estimate for claims incurred but unpaid at year end. The estimated liability for these claims approximated \$273,000 and \$195,000 as of September 30, 2024 and 2023, respectively. The liability is included in current liabilities on the consolidated balance sheets. The total self-insurance expenses were approximately \$3,660,000 and \$2,620,000, for 2024 and 2023, respectively. The self-insured plan has a stop loss coverage of \$125,000 per individual per plan year ended September 30, 2024 and 2023, and has an \$1,000,000 annual aggregate.

Note 14. Management Fees

The Company pays management fees to Life Care Services LLC (“LCS”) pursuant to a Client Services Agreement dated January 1, 2023. Under this Agreement, LCS is to: (i) provide a qualified Corporate Executive Director, who is an employee of LCS; (ii) perform general, financial, personnel, facility and other management services necessary for operation of UMRH’s corporate office and the operation and marketing of the communities. The term of the Client Services Agreement is five years terminable by UMRH, with six months’ notice, at the conclusion of the third anniversary without cause or penalty. The Company recognized management fee expenses of approximately \$2,940,000 and \$2,628,000 for the years ended September 30, 2024 and 2023, respectively which are included in administrative expenses on the consolidated statement of operations and changes in net assets.

Note 15. Endowment Funds

The Company’s endowments consist of individual funds established for a variety of purposes including support for residents in financial need, plant operations and maintenance and other general obligations. The endowments consist of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Company has interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Company classifies as net assets with donor restrictions (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

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the accumulation is added to the fund. In accordance with SPMIFA, the Company 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 Company 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 Company
- The investment policies of the Company

Endowment Net Asset Composition by Type of Fund as of September 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ 15,830,356	\$ 15,830,365

Changes in Endowment Net Assets for the Year Ended September 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 12,905,315	\$ 12,905,315
Investment gains	-	2,782,425	2,782,425
Contributions to principal and transfers, net	-	967,936	967,936
Change in value of pledges	-	(28,846)	(28,846)
Bad debt expense, net	-	3,000	3,000
Releases from restriction	-	(802,790)	(802,790)
Maturity of split interest agreement	-	3,316	3,316
Endowment net assets, end of year	\$ -	\$ 15,830,356	\$ 15,830,356

Endowment Net Asset Composition by Type of Fund as of September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ 12,905,315	\$ 12,905,315

Changes in Endowment Net Assets for the Year Ended September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 11,614,799	\$ 11,614,799
Investment gains	-	1,214,489	1,214,489
Contributions to principal and transfers, net	-	762,166	762,166
Change in value of pledges	-	26,154	26,154
Bad debt expense, net	-	(2,720)	(2,720)
Releases from restriction	-	(750,694)	(750,694)
Maturity of split interest agreement	-	41,121	41,121
Endowment net assets, end of year	\$ -	\$ 12,905,315	\$ 12,905,315

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2024 and 2023

Return Objectives and Risk Parameters

The Company has adopted investment and spending policies for endowment assets that attempt to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index. Endowment assets include those assets of donor-restricted funds that the Company must hold in perpetuity.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Company relies on a combination strategy of capital preservation and modest capital growth. The Company targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Company has a policy of utilizing the interest and dividends earned on these endowments for their restricted purposes. The Company believes the investment policy established will facilitate the growth of these endowed funds and allow for earnings on these endowed funds to be used consistent with the intent of the donors.

Note 16. Liquidity and Availability

As part of its liquidity management, the Company has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, the Company invests cash in excess of daily operating funds in short-term investments such as mutual funds, exchange-traded funds, government and agency bond funds and, money market funds.

The following schedule reflects the Company's financial assets to meet cash needs for general expenses within one year. The financial assets were derived from the total assets on the consolidated balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months. The Company seeks to maintain sufficient liquid assets to cover 120 days' operating and capital expenses.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following at September 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,952,922	\$ 5,177,988
Contributions receivable, current portion	-	25,846
Accounts receivable	4,185,513	3,890,546
Other receivables	1,901,670	2,516,922
Investments	<u>120,954,343</u>	<u>88,037,087</u>
	<u>\$ 131,994,448</u>	<u>\$ 99,648,389</u>

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
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Note 17. Schedule of Expenses by Natural Classification and Function

The following is a schedule of expenses by both natural classification and function for the year ended September 30, 2024:

	September 30, 2024			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 34,277,078	\$ 6,024,613	\$ 217,864	\$ 40,519,555
Fees for services	8,994,348	2,408,635	-	11,402,983
Supplies	7,121,919	821,547	1,242	7,944,708
Medical and personal care	3,612,457	-	-	3,612,457
Occupancy	2,724,361	19,137	-	2,743,498
Insurance	1,026,530	128,575	-	1,155,105
Interest	5,192,341	53	-	5,192,394
Depreciation and amortization	15,568,991	161,151	-	15,730,142
Other	<u>3,627,705</u>	<u>4,200,406</u>	<u>38,997</u>	<u>7,867,108</u>
Total expense	<u>\$ 82,145,730</u>	<u>\$ 13,764,117</u>	<u>\$ 258,103</u>	<u>\$ 96,167,950</u>

The following is a schedule of expenses by both natural classification and function for the year ended September 30, 2023:

	September 30, 2023			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 30,177,146	\$ 5,732,014	\$ 202,813	\$ 36,111,973
Fees for services	9,640,348	2,016,317	-	11,656,665
Supplies	6,622,010	841,499	1,834	7,465,343
Medical and personal care	3,433,557	-	-	3,433,557
Occupancy	2,526,511	18,591	-	2,545,102
Insurance	817,651	132,190	-	949,841
Interest	3,448,201	20	-	3,448,221
Depreciation and amortization	14,164,507	181,676	-	14,346,183
Other	<u>4,185,346</u>	<u>2,093,158</u>	<u>30,876</u>	<u>6,309,380</u>
Total expense	<u>\$ 75,015,277</u>	<u>\$ 11,015,465</u>	<u>\$ 235,523</u>	<u>\$ 86,266,265</u>

Consolidating Supplementary Information

The United Methodist Retirement Homes, Incorporated, Its Affiliate, and Subsidiary
Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues, Gains and Other Support Without Donor Restrictions		
Net resident and patient service revenue	\$ 82,519,871	\$ 74,866,988
Amortization of advance fees	11,421,393	11,303,173
Net assets released from restrictions	725,843	507,997
Other	93,773	226,830
Interest and dividend income	5,019,205	4,262,978
	<u>99,780,085</u>	<u>91,167,966</u>
Total Revenues, Gains and Other Support		
Expenses		
Nursing services	24,376,694	22,725,837
Dietary and food services	14,665,288	13,989,657
Administration	14,025,324	12,882,601
Plant operations, maintenance and security	8,692,898	7,985,358
Laundry and housekeeping	4,931,171	4,372,621
Resident services - activities	3,074,400	2,779,061
Home care	3,076,845	2,802,557
Interest	5,192,393	3,448,221
Depreciation and amortization	15,730,143	14,346,183
Loss on disposal of property and equipment	2,019,800	6,904
Bad debt expense	-	927,265
	<u>95,784,956</u>	<u>86,266,265</u>
Total Expenses		
Operating Income	<u>3,995,129</u>	<u>4,901,701</u>
Non-Operating Gains (Losses)		
Net investment gains, realized	1,205	2,092,460
Net investment gains, unrealized	15,964,162	1,925,979
Contributions	204,834	74,141
Construction related marketing costs	(390,113)	(64,458)
Change in fair value of interest rate swap agreements	(4,613,676)	1,123,353
Other	35,852	(84,936)
	<u>11,202,264</u>	<u>5,066,539</u>
Net Non-Operating Gains		
Excess of Revenues, Gains, and Other Support Over Expenses	15,197,393	9,968,240
Net assets released from restrictions for purchase of property and equipment	76,938	242,697
	<u>76,938</u>	<u>242,697</u>
Change in Net Assets Without Donor Restrictions	<u>\$ 15,274,331</u>	<u>\$ 10,210,937</u>

The United Methodist Retirement Homes, Inc., Its Affiliate and Subsidiary
Consolidating Balance Sheet Information
September 30, 2024

	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	Eliminating Entries	Total UMRH	UMRH Foundation	Eliminating Entries	Obligated Group	UMRH AHD	Consolidated
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 4,774,423	\$ 400	\$ 2,260	\$ 300	\$ -	\$ 4,777,383	\$ 89,575	\$ -	\$ 4,866,958	\$ 85,964	\$ 4,952,922
Contributions receivable, current portion	-	35,514	2,511,650	270,782	-	2,817,946	-	(2,817,946)	-	-	-
Investments	140,136,065	-	-	-	(19,181,722)	120,954,343	-	-	120,954,343	-	120,954,343
Assets limited as to use - debt service, current portion	-	-	3,116,748	3,015,178	-	6,131,926	-	-	6,131,926	-	6,131,926
Assets limited as to use, current portion	263	23,452	198,035	13,066	-	234,816	-	-	234,816	300	235,116
Accounts receivable, net	-	926,831	530,098	2,728,585	-	4,185,514	-	-	4,185,514	-	4,185,514
Other receivables	9,194	96,820	477,986	1,317,669	-	1,901,669	-	-	1,901,669	-	1,901,669
Due from related parties	1,725,304	-	31,518,601	113,115,026	(146,007,455)	351,476	-	(351,476)	-	-	-
Inventories	51	45,850	50,816	98,533	-	195,250	-	-	195,250	-	195,250
Prepaid expenses and other current assets	89,117	145,823	616,598	708,977	-	1,560,515	-	-	1,560,515	-	1,560,515
Total current assets	146,734,417	1,274,690	39,022,792	121,268,116	(165,189,177)	143,110,838	89,575	(3,169,422)	140,030,991	86,264	140,117,255
Non-current assets:											
Assets limited as to use - statutory operating reserve	-	2,644,595	4,438,922	12,098,205	-	19,181,722	100,000	-	19,281,722	-	19,281,722
Assets limited as to use - debt service, net of current portion	-	-	60,088,344	2,423,684	-	62,512,028	-	-	62,512,028	-	62,512,028
Assets limited as to use, net of current portion	674,525	-	4,310,149	234,120	-	5,218,794	3,223,689	-	8,442,483	-	8,442,483
Investments - restricted	-	-	-	-	-	-	11,306,371	-	11,306,371	-	11,306,371
Property and equipment, net	45,171	12,279,021	53,932,846	163,604,094	-	229,861,132	-	-	229,861,132	-	229,861,132
Trusts receivable	-	-	-	-	-	-	140,672	-	140,672	-	140,672
Contributions receivable, net of current portion	-	897,096	3,900,824	4,414,665	-	9,212,585	-	(9,212,585)	-	-	-
Deferred marketing costs, net	-	-	5,206	175,339	-	180,545	-	-	180,545	-	180,545
Interest rate swap agreement	-	697,927	1,195,696	5,058,262	-	6,951,885	-	-	6,951,885	-	6,951,885
Total non-current assets	719,696	16,518,639	127,871,987	188,008,369	-	333,118,691	14,770,732	(9,212,585)	338,676,838	-	338,676,838
Total assets	\$ 147,454,113	\$ 17,793,329	\$ 166,894,779	\$ 309,276,485	\$ (165,189,177)	\$ 476,229,529	\$ 14,860,307	\$ (12,382,007)	\$ 478,707,829	\$ 86,264	\$ 478,794,093
LIABILITIES AND NET ASSETS											
Current liabilities:											
Annuity payable, current portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,724	\$ -	\$ 64,724	\$ -	\$ 64,724
Bonds payable, current portion	-	538,000	937,000	4,090,000	-	5,565,000	-	-	5,565,000	-	5,565,000
Accounts payable	844,611	394,503	2,374,537	4,006,072	-	7,619,723	2,046	-	7,621,769	-	7,621,769
Accrued salaries and related expenses	459,236	468,843	711,336	1,013,874	-	2,653,289	-	-	2,653,289	-	2,653,289
Accrued interest payable	-	17,066	1,894,477	1,727,278	-	3,638,821	-	-	3,638,821	-	3,638,821
Insurance regulation - statutory operating reserve	-	2,644,595	4,438,922	12,098,205	(19,181,722)	-	-	-	-	-	-
Due to related parties	144,633,627	1,373,828	-	-	(146,007,455)	-	-	-	-	-	-
Contributions payable, current portion	-	-	-	-	-	-	2,817,946	(2,817,946)	-	-	-
Total current liabilities	145,937,474	5,436,835	10,356,272	22,935,429	(165,189,177)	19,476,833	2,884,716	(2,817,946)	19,543,603	-	19,543,603
Long-term liabilities:											
Annuity payable, less current portion	-	-	-	-	-	-	393,497	-	393,497	-	393,497
Bonds payable, less current portion	-	6,927,740	78,616,218	130,406,780	-	215,950,738	-	-	215,950,738	-	215,950,738
Liability for refundable advance fees	-	113,039	4,824,296	9,535,912	-	14,473,247	-	-	14,473,247	-	14,473,247
Deferred revenue from non-refundable advance fees	-	1,580,762	19,981,136	75,132,843	-	96,694,741	-	-	96,694,741	-	96,694,741
Contributions payable, less current portion	-	-	-	-	-	-	9,212,584	(9,212,584)	-	-	-
Due to related party	4,305	-	-	-	-	4,305	351,477	(351,477)	4,305	-	4,305
Funds held for others	-	22,137	63,576	6,868	-	92,581	-	-	92,581	-	92,581
Total long-term liabilities	4,305	8,643,678	103,485,226	215,082,403	-	327,215,612	9,957,558	(9,564,061)	327,609,109	-	327,609,109
Total liabilities	145,941,779	14,080,513	113,841,498	238,017,832	(165,189,177)	346,692,445	12,842,274	(12,382,007)	347,152,712	-	347,152,712
Net assets:											
Without donor restrictions	837,546	2,778,892	44,323,285	66,567,025	-	114,506,748	190,034	-	114,696,782	85,964	114,782,746
With donor restrictions	674,788	933,924	8,729,996	4,691,628	-	15,030,336	1,827,999	-	16,858,335	300	16,858,635
Total net assets	1,512,334	3,712,816	53,053,281	71,258,653	-	129,537,084	2,018,033	-	131,555,117	86,264	131,641,381
Total liabilities and net assets	\$ 147,454,113	\$ 17,793,329	\$ 166,894,779	\$ 309,276,485	\$ (165,189,177)	\$ 476,229,529	\$ 14,860,307	\$ (12,382,007)	\$ 478,707,829	\$ 86,264	\$ 478,794,093

The United Methodist Retirement Homes, Inc., Its Affiliate and Subsidiary
Consolidating Statement of Operations and Changes in Net Assets Information
Year Ended September 30, 2024

	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	Total UMRH	UMRH Foundation	Eliminating Entries	Obligated Group	UMRH AHD	Consolidated
Unrestricted revenues, gains and other support:										
Net resident and patient service revenue	\$ -	\$ 10,756,622	\$ 20,291,534	\$ 51,471,715	\$ 82,519,871	\$ -	\$ -	\$ 82,519,871	\$ -	\$ 82,519,871
Amortization of advance fees	-	235,744	2,866,399	8,319,250	11,421,393	-	-	11,421,393	-	11,421,393
Net assets released from restriction	692	20,644	372,410	337,121	730,867	65,420	(70,444)	725,843	-	725,843
Other	26,880	11,311	25,839	29,743	93,773	-	-	93,773	-	93,773
Interest and dividend income	4,709,549	-	36,305	258,163	5,004,017	15,179	-	5,019,196	9	5,019,205
Total unrestricted revenues, gains and other support	4,737,121	11,024,321	23,592,487	60,415,992	99,769,921	80,599	(70,444)	99,780,076	9	99,780,085
Expenses:										
Nursing services	-	5,244,276	5,591,146	13,541,272	24,376,694	-	-	24,376,694	-	24,376,694
Dietary and food services	-	1,822,299	3,652,995	9,189,994	14,665,288	-	-	14,665,288	-	14,665,288
Administration	6,179,667	994,787	2,432,327	4,417,791	14,024,572	70,994	(70,444)	14,025,122	202	14,025,324
Plant operations, maintenance and security	-	874,260	2,741,291	5,077,347	8,692,898	-	-	8,692,898	-	8,692,898
Laundry and housekeeping	-	520,010	1,198,023	3,213,138	4,931,171	-	-	4,931,171	-	4,931,171
Resident services - activities	-	151,493	781,099	2,141,808	3,074,400	-	-	3,074,400	-	3,074,400
Home care	-	-	-	3,076,845	3,076,845	-	-	3,076,845	-	3,076,845
Interest	-	198,242	379,144	4,615,007	5,192,393	-	-	5,192,393	-	5,192,393
Depreciation and amortization	35,128	682,558	3,470,305	11,542,152	15,730,143	-	-	15,730,143	-	15,730,143
Loss (gains) on disposal of property and equipment	-	823	(5,494)	2,024,471	2,019,800	-	-	2,019,800	-	2,019,800
Total expenses	6,214,795	10,488,748	20,240,836	58,839,825	95,784,204	70,994	(70,444)	95,784,754	202	95,784,956
Operating income (loss)	(1,477,674)	535,573	3,351,651	1,576,167	3,985,717	9,605	-	3,995,322	(193)	3,995,129
Non-operating gains (losses):										
Net investment gains, realized	1,205	-	-	-	1,205	-	-	1,205	-	1,205
Net investment gains, unrealized	15,856,049	-	49,730	58,383	15,964,162	-	-	15,964,162	-	15,964,162
Contributions	16,328	869	48,644	132,103	197,944	6,890	-	204,834	-	204,834
Construction related marketing costs	-	-	(198,284)	(191,829)	(390,113)	-	-	(390,113)	-	(390,113)
Change in fair value of interest rate swap agreements	-	(459,430)	(790,640)	(3,363,606)	(4,613,676)	-	-	(4,613,676)	-	(4,613,676)
Other	8,188	31	25,817	1,816	35,852	-	-	35,852	-	35,852
Net non-operating gains (losses)	15,881,770	(458,530)	(864,733)	(3,363,133)	11,195,374	6,890	-	11,202,264	-	11,202,264
Excess of revenues, gains and other support over expenses	14,404,096	77,043	2,486,918	(1,786,966)	15,181,091	16,495	-	15,197,586	(193)	15,197,393
Net assets released from restrictions for purchase of property and equipment	-	-	71,423	5,515	76,938	-	-	76,938	-	76,938
Change in net assets without donor restrictions	14,404,096	77,043	2,558,341	(1,781,451)	15,258,029	16,495	-	15,274,524	(193)	15,274,331
Change in net assets with donor restrictions:										
Contributions	895	3,280	165,079	513,478	682,732	285,298	-	968,030	-	968,030
Interest and dividend income	-	19,900	161,033	93,615	274,548	42,478	-	317,026	-	317,026
Investment income	-	154,934	1,256,407	730,525	2,141,866	323,533	-	2,465,399	-	2,465,399
Change in split interest agreement	-	19,593	53,018	150,281	222,892	5,492	-	228,384	-	228,384
Maturity of split interest agreement	-	-	-	3,316	3,316	-	-	3,316	-	3,316
Change in value of pledges	-	-	-	(28,846)	(28,846)	-	-	(28,846)	-	(28,846)
Recovery of bad debt expense	-	-	-	3,000	3,000	-	-	3,000	-	3,000
Net assets released from donor restriction	(692)	(3,075)	(434,415)	(299,179)	(737,361)	(65,420)	-	(802,781)	-	(802,781)
Change in net assets with donor restrictions	203	194,632	1,201,122	1,166,190	2,562,147	591,381	-	3,153,528	-	3,153,528
Change in net assets	14,404,299	271,675	3,759,463	(615,261)	17,820,176	607,876	-	18,428,052	(193)	18,427,859
Net assets, beginning of year	(12,891,965)	3,441,141	49,293,818	71,873,914	111,716,908	1,410,157	-	113,127,065	86,457	113,213,522
Net assets, end of year	\$ 1,512,334	\$ 3,712,816	\$ 53,053,281	\$ 71,258,653	\$ 129,537,084	\$ 2,018,033	\$ -	\$ 131,555,117	\$ 86,264	\$ 131,641,381

ATTACHMENT 2

**Forecasted Financial Statements
of
The United Methodist
Retirement Homes, Incorporated
Includes**


- **Consolidated Operations of Croasdaile Village, Cypress Glen and Wesley Pines**
- **Individual Operations of Croasdaile Village**



The United Methodist Retirement Homes, Incorporated

**Accountant's Compilation Report, Forecasted
Financial Statements, and Supplementary Information**

September 30, 2025 through 2029



The United Methodist Retirement Homes, Incorporated
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September 30, 2025 through 2029

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Accountant's Compilation Report

Board of Trustees
The United Methodist Retirement Homes, Incorporated
Durham, North Carolina

Management is responsible for the accompanying forecast of The United Methodist Retirement Homes, Incorporated ("UMRH"), which comprises the forecasted balance sheets as of September 30, 2025 through 2029, and the forecasted statements of operations and changes in net assets, and forecasted consolidated cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast 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 forecast 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 this forecast.

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

The accompanying forecasts and this report are intended solely for the information and use of UMRH and to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64. They are not intended to be and should not be used by anyone other than these specified parties.

As disclosed in Note 1 to the audited consolidated financial statements for UMRH and Affiliates, accounting principles generally accepted in the United States of America require that the financial statements for affiliates meeting certain criteria be consolidated with the parent organization's financial statements. For purposes of this forecast, the financial statements of three affiliates, which should be consolidated with UMRH's consolidated financial statements under accounting principles generally accepted in the United States of America, have been excluded from the forecasted financial statements. In addition, under FASB ASU No. 2016-18, Statement of Cash Flows (Topic: 230): Restricted Cash, requires that a statement of cash flows explain the change in cash during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents which reconciling the beginning of period and end of period total amounts shown on the statements of cash flows. For purposes of this forecast, management has not presented restricted cash on the statement of cash flows. The effects of these departures from accounting principles generally accepted in the United States of America on the forecasted financial position, results of operations and cash flows have not been determined.

The accompanying supplementary information on pages 15 - 23 is presented for purposes of additional analysis and is not a required part of the forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Forvis Mazars, LLP

**Raleigh, North Carolina
March 4, 2025**

The United Methodist Retirement Homes, Incorporated
Forecasted Balance Sheets
September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
ASSETS					
Current assets:					
Cash	\$ 12,750	\$ 15,490	\$ 19,113	\$ 21,219	\$ 27,608
Contributions receivable from UMRH Foundation, current portion	2,818	2,818	2,818	2,818	2,818
Investments	124,728	126,832	129,088	132,180	135,304
Assets limited as to use - debt service, current portion	634	616	616	592	542
Assets limited as to use - future construction, current portion	-	13,301	13,301	13,301	13,301
Assets limited as to use - all other, current portion	235	235	235	235	235
Accounts receivable, net	4,292	4,563	4,691	4,845	5,004
Other receivables	2,986	6,874	4,547	4,687	4,898
Due from related parties	351	351	351	351	351
Inventories	186	192	198	204	211
Prepaid expenses and other current assets	1,605	1,650	1,697	1,746	1,795
Total current assets	<u>150,585</u>	<u>172,922</u>	<u>176,655</u>	<u>182,178</u>	<u>192,067</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve	19,994	21,447	22,837	23,479	24,181
Assets limited as to use - debt service, net of current portion	10,450	3,748	3,748	3,748	3,748
Assets limited as to use - all other, net of current portion	5,273	5,329	5,387	5,445	5,506
	<u>35,717</u>	<u>30,524</u>	<u>31,972</u>	<u>32,672</u>	<u>33,435</u>
Property and equipment, net	276,081	279,681	274,646	270,135	266,489
Other assets:					
Interest rate swap agreement	6,952	6,952	6,952	6,952	6,952
Contributions receivable from UMRH Foundation, net of current portion	9,213	9,213	9,213	9,213	9,213
Deferred marketing costs, net	154	127	149	122	96
	<u>16,319</u>	<u>16,292</u>	<u>16,314</u>	<u>16,287</u>	<u>16,261</u>
Total assets	<u>\$ 478,702</u>	<u>\$ 499,419</u>	<u>\$ 499,587</u>	<u>\$ 501,272</u>	<u>\$ 508,252</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Bonds payable, current portion	\$ 5,720	\$ 5,920	\$ 6,120	\$ 6,350	\$ 6,580
Accounts payable	11,450	8,980	8,875	9,135	9,432
Accrued salaries and related expenses	2,731	3,027	3,305	2,130	2,305
Accrued interest payable	3,627	3,580	3,515	3,443	3,363
Total current liabilities	<u>23,528</u>	<u>21,507</u>	<u>21,815</u>	<u>21,058</u>	<u>21,680</u>
Long-term liabilities:					
Bonds payable, less current portion	210,128	203,932	197,330	190,767	183,964
Liability for refundable advanced fees	14,479	15,324	15,194	15,290	15,578
Deferred revenue for non-refundable advanced fees	95,111	115,069	112,404	111,279	112,685
Fund held for others	93	93	93	93	93
Total long-term liabilities	<u>319,811</u>	<u>334,418</u>	<u>325,021</u>	<u>317,429</u>	<u>312,320</u>
Total liabilities	<u>343,339</u>	<u>355,925</u>	<u>346,836</u>	<u>338,487</u>	<u>334,000</u>
Net assets:					
Net assets without donor restrictions	120,334	128,315	137,422	147,306	158,623
Net assets with donor restrictions	15,029	15,179	15,329	15,479	15,629
Total net assets	<u>135,363</u>	<u>143,494</u>	<u>152,751</u>	<u>162,785</u>	<u>174,252</u>
Total liabilities and net assets	<u>\$ 478,702</u>	<u>\$ 499,419</u>	<u>\$ 499,587</u>	<u>\$ 501,272</u>	<u>\$ 508,252</u>

The United Methodist Retirement Homes, Incorporated
Forecasted Statements of Operations and Changes in Net Assets
For the years ending September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Revenue:					
Net resident services, apartments	\$ 41,676	\$ 45,519	\$ 48,802	\$ 50,597	\$ 52,460
Net resident services, health care center	26,823	27,816	28,526	29,259	30,016
Net resident services, assisted living	11,191	11,596	12,016	12,451	12,901
Net resident services, memory care	3,305	3,423	3,545	3,671	3,802
Net resident services, home care	2,160	2,247	2,337	2,430	2,527
Amortization of advanced fees	11,670	12,994	14,282	14,116	14,145
Net assets released from restriction	799	799	799	799	799
Other	60	96	122	124	126
Interest and dividend income	4,842	3,816	3,906	3,996	4,090
	<u>102,526</u>	<u>108,306</u>	<u>114,335</u>	<u>117,443</u>	<u>120,866</u>
Total revenue					
Expenses:					
Health care center	19,609	20,202	20,813	21,442	22,090
Assisted living	4,116	4,240	4,367	4,498	4,633
Memory care	1,712	1,764	1,817	1,872	1,928
Home care	2,127	2,191	2,257	2,324	2,394
Resident services	3,301	3,412	3,521	3,626	3,735
Dietary and food service	15,956	16,808	17,473	18,011	18,568
Housekeeping	4,851	5,197	5,394	5,557	5,725
Laundry	262	271	278	288	298
Plant	9,345	9,884	10,340	10,658	10,978
General and administration	14,794	15,437	15,964	16,352	16,866
Depreciation	15,599	13,364	15,827	15,781	15,421
Interest	5,028	7,405	7,027	7,000	6,763
	<u>96,700</u>	<u>100,175</u>	<u>105,078</u>	<u>107,409</u>	<u>109,399</u>
Total expenses					
Change in net assets	5,826	8,131	9,257	10,034	11,467
Net assets beginning of year	<u>129,537</u>	<u>135,363</u>	<u>143,494</u>	<u>152,751</u>	<u>162,785</u>
Net assets end of year	<u>\$ 135,363</u>	<u>\$ 143,494</u>	<u>\$ 152,751</u>	<u>\$ 162,785</u>	<u>\$ 174,252</u>

The United Methodist Retirement Homes, Incorporated
Forecasted Statements of Cash Flows
For the years ending September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Operating activities:					
Change in net assets	\$ 5,826	\$ 8,131	\$ 9,257	\$ 10,034	\$ 11,467
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	15,599	13,364	15,827	15,781	15,421
Amortization of deferred financing costs	40	402	100	65	66
Amortization of bond premium	(149)	(672)	(489)	(278)	(289)
Amortization of deferred marketing costs	27	27	29	27	27
Amortization of advanced fees	(11,670)	(12,994)	(14,282)	(14,116)	(14,145)
Non-refundable entrance fees received	13,202	41,625	20,771	21,534	22,554
Net change in:					
Accounts receivable - residents and patients	(106)	(270)	(128)	(154)	(190)
Accounts receivable - other	(1,084)	(3,889)	2,327	(139)	(181)
Inventories	9	(7)	(5)	(6)	(6)
Prepaid expenses and other current assets	(44)	(47)	(47)	(48)	(50)
Accounts payable	3,830	(2,472)	(104)	262	295
Accrued salaries and related expenses	78	296	279	(1,176)	175
Deferred marketing costs	-	-	(51)	-	-
Accrued interest payable	(12)	(47)	(64)	(72)	(79)
Net cash provided by operating activities	<u>25,546</u>	<u>43,447</u>	<u>33,420</u>	<u>31,714</u>	<u>35,065</u>
Investing activities:					
Purchase of property and equipment	(61,820)	(16,965)	(10,791)	(11,271)	(11,765)
Net change in investments and assets limited as to use	(4,585)	(3,556)	(3,649)	(3,735)	(3,824)
Net change in assets limited as to use	57,506	(6,637)	(57)	(35)	(11)
Net cash used in investing activities	<u>(8,899)</u>	<u>(27,158)</u>	<u>(14,497)</u>	<u>(15,041)</u>	<u>(15,600)</u>
Financing activities:					
Refunds of deposits and refundable fees	(4,016)	(10,528)	(10,642)	(9,829)	(8,168)
Refundable entrance fees received	907	2,699	1,358	1,382	1,442
Payments on bonds and note payable	(5,565)	(5,720)	(5,920)	(6,120)	(6,350)
Deferred financing costs	-	-	(96)	-	-
Net cash used in financing activities	<u>(8,674)</u>	<u>(13,549)</u>	<u>(15,300)</u>	<u>(14,567)</u>	<u>(13,076)</u>
Change in cash	7,973	2,740	3,623	2,106	6,389
Cash, beginning of year	<u>4,777</u>	<u>12,750</u>	<u>15,490</u>	<u>19,113</u>	<u>21,219</u>
Cash, end of year	<u>\$ 12,750</u>	<u>\$ 15,490</u>	<u>\$ 19,113</u>	<u>\$ 21,219</u>	<u>\$ 27,608</u>

The United Methodist Retirement Homes, Incorporated
Summary of Significant Forecasted Assumptions and Accounting Policies
September 30, 2025 through 2029

Note 1. Nature of Business

The United Methodist Retirement Homes, Incorporated (“UMRH”) is a not-for-profit corporation, which principally provides housing, health care, and other related services to residents through the ownership and operation of Wesley Pines Retirement Community (“Wesley Pines”) in Lumberton, North Carolina, Cypress Glen Retirement Community (“Cypress Glen”) in Greenville, North Carolina, and Croasdaile Village Retirement Community (“Croasdaile Village”) in Durham, North Carolina. UMRH was incorporated in North Carolina in 1946. UMRH’s corporate office is located in Durham, North Carolina.

The financial forecast presents, to the best of management’s knowledge and belief, the expected financial position, results of operations, and cash flows for the forecast period of UMRH, excluding three affiliates, UMRH Affordable Housing Development, LLC (“UMRH-AHD”), The United Methodist Retirement Homes Foundation, Inc. (the “Foundation”), and Wesley Ridge of Lumberton, LLC (“Wesley Ridge”). UMRH-AHD is a limited liability company, which was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing affordable rental housing for senior citizens. UMRH is the sole member of UMRH-AHD. The Foundation is a not-for-profit corporation which was organized in order to raise endowment funds for the residential facilities operated by UMRH, to support benevolent care for those residents who are unable to pay for continuing care at the residential facilities operated by UMRH, and to support special programs at the residential facilities operated by UMRH. Wesley Ridge is a non-profit organization that offers affordable housing to senior adults ages 62 and older, and to disabled adults 18 years of age and older. Accordingly, this forecast reflects management’s judgment as of March 4, 2025, the date of completion of this forecast, of the expected conditions and its course of action.

The assumptions disclosed herein are those that management believes are significant to the forecasted statements. UMRH recognizes that there will be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Note 2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements included in the forecast have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) with the exception of excluding its three Affiliates. Significant accounting policies are described in the appropriate assumptions and notes to the forecasted financial statements. The assumptions described are not all-inclusive, however.

Use of Estimates

The preparation of the prospective consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Short-term investments presented as investments in the consolidated balance sheets are not considered cash equivalents since UMRH considers them part of their investing activities. Throughout the year UMRH has bank balances which exceed federal depository limits.

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Restricted Cash

During 2020, UMRH adopted FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendment's in this update require that a statement of cash flows explain the cash during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents which reconciling the beginning of period and end of period total amounts shown on the statements of cash flows. As of September 30, 2024 and 2023, UMRH had approximately \$78,880,000 and \$14,060,000, respectively, invested in cash, cash equivalents, and restricted cash on the statements of cash flows. For purposes of the forecast, management has not presented restricted cash on the statement of cash flows.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Interest and dividend income are included in operating income unless the income or loss is restricted by donor or law. Gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating gains (losses).

Assets Limited as to Use

Assets limited as to use consist of funds held for debt service in accordance with UMRH's bond issues, funds reserved by insurance regulation, entrance fee escrow funds, funds held for future construction, and funds held for residents. Net assets with donor restrictions are restricted by donors or grantors for a specific purpose.

Insurance regulation assets whose use is limited represents funds reserved to comply with North Carolina Department of Insurance regulations. The amount of this reserve is calculated annually in accordance with the requirements of N.C. General Statute 58, Article 64. These investments consist of cash, cash equivalents, and other short-term investments.

Accounts Receivable, Net

Accounts receivable are reported at estimated net realizable amounts from residents and responsible third-party payers. Amounts owed to UMRH are reported net of explicit and implicit price concessions. Specific resident balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of accounts receivable involves significant assumptions and judgments. In this regard, UMRH has implemented a standardized approach to estimate and review the collectability of its receivables based on resident receivable aging trends. Historical collection and payer reimbursement experience are an integral part of the estimation process related to determining the ultimate collectability of accounts. In addition, the Company assesses the current state of its billing functions in order to identify any known collection or reimbursement issues to determine the impact, if any, on its reserve estimates, which involve judgment.

UMRH performs periodic assessments to determine if an allowance for expected credit losses is necessary. UMRH considers its incurred loss experience and adjusts for known and expected events and other circumstances. UMRH does not believe there are any other significant concentrations of receivables that would subject UMRH to any significant credit risks in the collection of accounts receivable. In estimating its expected credit losses, UMRH may consider changes in the length of time its receivables have been outstanding or requests to alter payment terms due to financial difficulty. Because UMRH's accounts receivable are primarily with affluent parties or governmental payors that have sufficient resources to pay their obligations, UMRH's credit losses, if any, are immaterial to the consolidated financial statements.

Inventories

Inventories are stated at average cost (approximately first-in, first-out) not in excess of net realizable value.

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Property and Equipment

Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. The cost of major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon disposition of equipment, the asset and related accumulated depreciation accounts are relieved and the related gain or loss is credited or charged to operating gains or losses. Expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	8 to 30 years
Buildings and improvements	5 to 40 years
Furniture and equipment	2 to 25 years

Funds Held for Others

The liability balance represents agency funds held in trust for UMRH residents. The related asset is included in assets limited as to use. Activity related to these funds is not recorded in UMRH's statements of forecasted operations and changes in net assets.

Interest Rate Swaps

The interest rate swap agreements are carried at fair value, estimated using a discounted cash flow method at a rate commensurate with the risk involved.

Liability for Refundable Advance Fees

Entrance Fee plans available to residents include a standard rate plan, a 50% refundable, 80% refundable, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue for non-refundable advanced fees. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Deferred Revenue for Non-refundable Advance Fees

Deferred revenue from non-refundable advance fees represents payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. These advance fees may be partially refundable upon termination of the agreement and generally decline at a rate of 2% per month of occupancy and are paid after termination of the residency agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Advance fees are recorded as deferred revenue and recognized as revenue earned on a straight-line basis over the estimated remaining life of each resident beginning with the date of occupancy. Any unrecognized deferred revenue, less any related refund, at the date of death or termination of the contract is recorded as income in the period the death or termination of the contract occurs.

Net Assets

Net assets of UMRH and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - include those net assets subject to donor-imposed stipulations that may or will be met either by action of UMRH and/or the passage of time or those net assets subject to donor-imposed

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stipulations that they be maintained permanently by UMRH. Generally, the donors of these assets permit UMRH to use all or part of the income earned on related investments for general or specific purposes.

Net Assets Released from Restrictions - UMRH reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor-imposed 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 statements of operations and changes in net assets as net assets released from restrictions.

Net Resident and Patient Service Revenues

Net resident and patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically, such adjustments for UMRH have been immaterial in relation to the consolidated financial statements as a whole.

Revenues under third-party payor agreements are subject to examination and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

Benevolent Assistance

UMRH currently maintains a benevolent assistance program and policy for residents holding continuing care residency agreements in the event the resident(s) should become unable to pay for services. UMRH reserves the right to change the program and policy from time to time. The benevolent assistance policy will not apply to residents who have impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance after assuming occupancy. Upon review of each resident's individual financial situation, UMRH may permit the resident to remain at the facility for a lesser fee based on the resident's ability to pay, but only after meeting all of the "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. UMRH may decline new benevolent assistance applications if it is determined that deferment of such charges may impair the UMRH's ability to operate on a sound financial basis. Since UMRH does not expect to collect the normal charges for services provided for those residents who meet the benevolent assistance provisions, charges for such assistance are not included in net patient service revenue.

Continuing-Care Contracts

UMRH enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and UMRH specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, UMRH has the ability to increase fees as deemed necessary. No obligation for future costs associated with these contracts has been provided by UMRH because management believes that future cash inflows will be sufficient to cover such costs.

Revenue Recognition

UMRH generates revenues, primarily by providing housing and health services to its residents. The following streams of revenue are recognized as follows:

Monthly fees:

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social,

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recreational, dining along with assisted living, nursing care, and memory care and these performance obligations are earned each month. Under ASC Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominant component and does not contain a lease component under ASC Topic 842. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Advanced fees:

The non-refundable advanced fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the consolidated balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

Health care services:

In the facility, UMRH provides assisted and nursing care to residents who are covered by government and commercial payers. UMRH is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the 3rd party payors. Most rates are predetermined from Medicare and Medicaid. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

Concentration of Credit Risk

Concentrations of credit risk with respect to patient accounts receivable are limited due to the formalized agreements with third-party payors. UMRH has significant accounts receivable whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs.

Income Taxes

UMRH has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Accordingly, no provision for income taxes is included in the accompanying forecasted financial statements.

Note 3. Summary of Significant Forecasted Balance Sheet Assumptions

Cash

Forecasted cash is a result from the application of all other assumptions.

Investments

Forecasted short-term investments are a result of all other forecasted changes. The forecasted amounts do not include any estimate for a change in the fair value of the underlying securities.

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Summary of Significant Forecasted Assumptions and Accounting Policies
September 30, 2025 through 2029

Accounts Receivable, Net

The 2025 forecasted accounts receivable is based on the 2025 budget. Forecasted accounts receivable are based on the percentage change in forecasted operating revenues and are forecasted to increase by an average of approximately 3.9% in 2026 through 2029. Other receivables are forecasted to increase by an average of approximately 26.0% in 2025 through 2029.

Assets Limited as to Use

Forecasted assets limited as to use is based on the forecasted change in restricted cash.

Inventories

The 2025 balances are based on the 2025 budget. Inventories are forecasted to increase by an average of approximately 3.2% in years 2026 through 2029.

Prepaid Expenses and other current assets

The 2024 balances are based on the 2024 budget. Prepaid expenses and other current assets are forecasted to increase by an average of approximately 2.8% in years 2025 through 2029.

Property and Equipment

The 2025 property and equipment additions are based on UMRH's budgeted additions. Additions are estimated to be as follows (dollars in thousands).

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Beginning of year, property and equipment	\$ 404,457	\$ 466,250	\$ 483,186	\$ 490,830	\$ 498,949
Additions	61,820	16,965	10,791	11,271	11,765
Disposals	<u>(27)</u>	<u>(29)</u>	<u>(3,147)</u>	<u>(3,152)</u>	<u>-</u>
End of year, property and equipment	466,250	483,186	490,830	498,949	570,714
Accumulated depreciation	<u>(190,169)</u>	<u>(203,505)</u>	<u>(216,184)</u>	<u>(228,814)</u>	<u>(244,225)</u>
Total property and equipment, net	<u>\$ 276,081</u>	<u>\$ 279,681</u>	<u>\$ 274,646</u>	<u>\$ 270,135</u>	<u>\$ 266,489</u>

Forecasted depreciation is computed on the straight-line method over the estimated lives of depreciable property and equipment. The forecast assumes all disposals during the forecast period will be fully depreciated with no resulting gain or loss.

Contributions Receivable from UMRH Foundation

Contributions receivable from UMRH Foundation are forecasted to remain the same in future years at the completion of various renovation and expansion projects.

Due from Related Party

Due from related parties represents the net amount due to affiliates of UMRH. The 2025 balance is based on the 2025 budget and forecasted to remain consistent from 2026 through 2029.

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Accounts Payable and Accrued Salaries and Related Expenses

The 2025 balances are based on the 2025 budget. Forecasted accounts payable and accrued expenses are based on the percentage change in forecasted operating expenses and capital expenditures less depreciation expense and are forecasted to decrease by an average of approximately 3.0% in years 2026 through 2029.

Deferred Entrance Fee Revenue and Entrance Fees Earned

Forecasted annual resident entry fees are based on estimated average unit prices times an actuarial forecasted number of units released coupled with a 4.7% per year increase in the average entry fee for the years 2025 through 2029. Forecasted refunds are based on actuarial estimates of the number of refunds times the estimated average refund potential. Amortization into revenue of these advance fees is computed using the straight-line method over the estimated remaining life expectancy of the resident.

Long-Term Debt

In September 2014, the Company issued \$12,025,000 of tax-exempt, variable First Mortgage Revenue Refunding Bonds ("2014A Bonds") through the North Carolina Medical Care Commission. Of this total amount, \$1,310,000 funded the partial refunding of the Series 2005B Bonds and \$10,715,000 refunded the entirety of the Series 2004A and a portion of the Series 2005A Bonds, which was funded on October 1, 2014. The interest rate on the 2014A Bonds is variable based on prevailing market rates and is reset monthly based on 79% SOFR plus 1.00%. The Company entered into an interest rate swap agreement on the Series 2014A Bonds, which is described below. In fiscal year 2025, these bonds were retired.

In December 2014, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, adjustable rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2014B ("2014B Bonds") in the aggregate principal amount of up to \$16,630,000. Of this total amount, \$6,390,000 and \$10,040,000 funded the partial refunding of the Series 2005C Bonds due October 1, 2019 and October 1, 2024, respectively. The interest rate on the 2014B Bonds is variable based on prevailing market rates and is reset monthly based on 79% SOFR plus 1.60%. The Company entered into an interest rate swap agreement on the Series 2014B Bonds, which is described below. In fiscal year 2025, these bonds were retired.

In May 2016, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2016A ("2016A Bonds") in the aggregate principal amount of up to \$34,485,000. The bond funds were used to refund the entirety of the 2005A Bonds due October 1, 2025 and October 1, 2035, and the remaining outstanding amount of \$22,715,000 of the 2005C Bonds due October 1, 2032.

In December 2021, the Company issued \$49,470,000 of Public Finance Authority Retirement Facilities First Mortgage Revenue and Revenue Refunding 2021A Bonds ("2021A Bonds"). The proceeds of the 2021A Bonds refunded a portion of the outstanding 2016A Bonds, refunded the 2017B Bonds, and built a 54-unit independent living apartment building at Croasdaile Village. In addition, the Company issued \$81,375,000 Direct Bank Bonds issued through the North Carolina Medical Care Commission ("2021B Bonds") and bought by Truist Bank with a 15-year commitment. The proceeds of the 2021B Bonds refunded the outstanding 2013A and 2017A Bonds. The 2021B Bonds are initially taxable at an all-in swap rate of 1.748% until July 2023, at which time the interest rate converted to an all-in tax-exempt swap rate of 2.47%. The Company entered into two interest rate swap agreements on the Series 2021B Bonds, which are described below.

In March 2024, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Bonds, Series 2024A ("2024A Bonds") in the aggregate principal amount of \$67,180,000. The bond funds consisted of \$53,905,000 Series 2024A Bonds, \$5,475,000 Tax-exempt Mandatory Paydown Securities (TEMP-85sm) Series 2024B-1 Bonds and \$7,800,000 Tax-exempt mandatory Paydown Securities (TEMPS-50sm) Series 2024B-2 Bonds.

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Summary of Significant Forecasted Assumptions and Accounting Policies
September 30, 2025 through 2029

Principal repayments, excluding discounts and premiums, for the next five years and thereafter, are summarized as follows (in thousands):

2025	\$	5,565
2026		5,720
2027		5,920
2028		6,120
2029		6,350
Thereafter		<u>186,173</u>
	<u>\$</u>	<u>215,848</u>

Interest Rate Swaps

Variable rates long-term debt exposes UMRH to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

In August 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014A Bonds that took effect October 1, 2014. The Company pays a fixed rate of 2.97% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset. In fiscal year 2025, this swap was terminated.

In December 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014B Bonds that took effect October 1, 2015. The Company pays a fixed rate of 3.195% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset. In fiscal year 2025, this swap was terminated.

In December 2021, the Company entered into a interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that took effect December 1, 2021. The Company pays a fixed rate of 1.748% while the financial institution pays based on 100% of 1-Day SOFR plus 1.350%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset.

In December 2021, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that took effect July 12, 2023. The Company pays a fixed rate of 2.470% while the financial institution pays based on 79% of 1-Day SOFR plus 1.067%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset.

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By using an interest rate swap to hedge exposure to change in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The market risk associated with an interest rate swap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken.

Note 4. Summary of Significant Forecasted Assumptions for Revenues and Expenses

Resident Services

Apartments, Health Care Center, Assisted Living, Memory Care, and Home Care revenue is reported at the estimated net realizable amounts from residents. They are based on average daily fees and occupancy levels. Daily rates are forecasted based on 2025 budgeted rates for each type of unit. Apartment revenues are forecasted to increase on average approximately 5.9% in years 2026 through 2029. Health Care Center revenues are forecasted to increase on average approximately 2.9% in years 2026 through 2029. Assisted Living revenues are forecasted to increase on average approximately 3.6% in years 2026 through 2029. Memory Care revenues are forecasted to increase on average approximately 3.6% in years 2026 through 2029. Home Care revenues are forecasted to increase on average approximately 4.0% in years 2026 through 2029.

Interest and Dividend Income

Interest and dividend income is forecasted to increase on average approximately 2.3% in years 2025 through 2029.

Other Revenue

Other revenue is based on budgeted other revenue for 2025 and is projected to remain consistent throughout the projection period.

Expenses

The 2025 expenses, which include resident care, dietary, housekeeping, plant, and general and administrative expenses are forecasted based on the 2025 budget. Expenses are forecasted to increase approximately 3.1% in years 2026 through 2029.

Note 5. Debt Service Coverage Ratio

Credit analysts and lenders generally consider the debt service coverage ratio to be an important factor in evaluating a continuing care retirement community's ability to fund annual debt service with cash flow from net cash revenues and net entrance fees. The debt service coverage ratio computation is not defined by GAAP and is described as a non-GAAP metric. The lack of standardization in calculating debt service coverage ratios makes it difficult to draw relevant comparisons among companies.

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Summary of Significant Forecasted Assumptions and Accounting Policies
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The debt service coverage ratio as calculated below comes from the 2024 Financial Ratios & Trends of CARF-CCAC Accredited Organizations, calculated using annual debt service (the current year's capitalized interest cost plus interest expense and scheduled principal payments) in the denominator as annual debt service. (dollars in thousands):

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Excess (deficiency) of revenue over expenses	\$ 5,826	\$ 8,131	\$ 9,257	\$ 10,034	\$ 11,467
Interest expense	5,028	7,405	7,027	7,000	6,763
Depreciation	15,599	13,364	15,827	15,781	15,421
Net proceeds from advance fees	10,093	33,796	11,487	13,087	15,828
Amortization of advanced fees	<u>(11,670)</u>	<u>(12,994)</u>	<u>(14,282)</u>	<u>(14,116)</u>	<u>(14,145)</u>
Cash available for debt service (1)	<u>\$ 24,876</u>	<u>\$ 49,702</u>	<u>\$ 29,316</u>	<u>\$ 31,786</u>	<u>\$ 35,334</u>
Interest (A)	\$ 5,028	\$ 7,405	\$ 7,027	\$ 7,000	\$ 6,763
Principal payments	<u>5,565</u>	<u>5,720</u>	<u>5,920</u>	<u>6,120</u>	<u>6,350</u>
Annual Debt Service (2)	<u>\$ 10,593</u>	<u>\$ 13,125</u>	<u>\$ 12,947</u>	<u>\$ 13,120</u>	<u>\$ 13,113</u>
Debt Service Coverage Ratio (1/2)	<u>2.35</u>	<u>3.79</u>	<u>2.26</u>	<u>2.42</u>	<u>2.69</u>

(A) Interest includes interest capitalized and interest expense as assumed by management.

Supplementary Information

Wesley Pines Retirement Community
Forecasted Balance Sheets
September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
ASSETS					
Current assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions receivable from					
UMRH Foundation, current portion	36	36	36	36	36
Assets limited as to use - all other, current portion	23	23	23	23	23
Accounts receivable, net	931	956	980	1,004	1,029
Other receivables	19	19	20	20	21
Inventories	35	37	38	39	40
Prepaid expenses and other current assets	150	154	158	162	166
Total current assets	<u>1,194</u>	<u>1,225</u>	<u>1,255</u>	<u>1,284</u>	<u>1,315</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve					
current portion	2,923	2,940	3,020	3,108	3,198
Property and equipment, net	11,863	11,547	11,251	10,975	10,742
Other assets:					
Interest rate swap	698	698	698	698	698
Contributions receivable from					
UMRH Foundation, net of current portion	897	897	897	897	897
	<u>1,595</u>	<u>1,595</u>	<u>1,595</u>	<u>1,595</u>	<u>1,595</u>
Total assets	<u>\$ 17,575</u>	<u>\$ 17,307</u>	<u>\$ 17,121</u>	<u>\$ 16,962</u>	<u>\$ 16,850</u>
LIABILITIES AND NET ASSETS (DEFICIT)					
Current liabilities:					
Bonds payable, current portion	\$ 289	\$ 289	\$ 307	\$ 308	\$ 319
Accounts payable	441	458	471	485	500
Accrued salaries and related expenses	481	515	546	371	399
Accrued interest payable	16	15	14	13	12
Insurance regulation - statutory operating reserve	2,923	2,940	3,021	3,108	3,198
Due to related parties	2,048	2,826	4,681	6,733	7,729
Total current liabilities	<u>6,198</u>	<u>7,043</u>	<u>9,040</u>	<u>11,018</u>	<u>12,157</u>
Long-term liabilities:					
Bonds payable, less current portion	6,641	6,357	6,053	5,748	5,432
Liability for refundable advanced fees	113	113	104	104	96
Deferred revenue for non-refundable advanced fees	1,707	1,616	542	(310)	(109)
Due to related parties					
Fund held for others	22	22	22	22	22
Total long-term liabilities	<u>8,483</u>	<u>8,108</u>	<u>6,721</u>	<u>5,564</u>	<u>5,441</u>
Total liabilities	<u>14,681</u>	<u>15,151</u>	<u>15,761</u>	<u>16,582</u>	<u>17,598</u>
Net assets (deficit):					
Net deficit without donor restrictions	1,960	1,222	426	(554)	(1,682)
Net assets with donor restrictions	934	934	934	934	934
Total net assets (deficit)	<u>2,894</u>	<u>2,156</u>	<u>1,360</u>	<u>380</u>	<u>(748)</u>
Total liabilities and net assets (deficit)	<u>\$ 17,575</u>	<u>\$ 17,307</u>	<u>\$ 17,121</u>	<u>\$ 16,962</u>	<u>\$ 16,850</u>

Wesley Pines Retirement Community
Forecasted Statements of Operations and Changes in Net Assets (Deficit)
For the years ending September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Revenue:					
Net resident services, apartments	\$ 1,157	\$ 1,198	\$ 1,240	\$ 1,283	\$ 1,328
Net resident services, health care center	7,265	7,432	7,577	7,725	7,877
Net resident services, assisted living	2,377	2,460	2,547	2,636	2,728
Net resident services, memory care					
Amortization of advanced fees	210	227	215	71	(42)
Net assets released from restriction	14	14	14	14	14
Other	2	2	2	2	2
	<u>11,025</u>	<u>11,333</u>	<u>11,595</u>	<u>11,731</u>	<u>11,907</u>
Expenses:					
Health care center	4,642	4,782	4,925	5,073	5,225
Assisted living	724	746	768	791	815
Resident services	172	177	183	188	194
Dietary and food service	1,961	2,021	2,082	2,144	2,207
Housekeeping	527	543	560	576	594
Plant	1,019	1,049	1,081	1,113	1,147
General and administration	991	1,020	1,050	1,081	1,113
Depreciation	686	599	592	585	556
Interest	183	178	168	161	153
Corporate allocation - depreciation	3	1	2	2	2
Corporate allocation - all other	936	955	980	997	1,029
	<u>11,844</u>	<u>12,071</u>	<u>12,391</u>	<u>12,711</u>	<u>13,035</u>
Deficiency of revenue over expenses and change in net assets	(819)	(738)	(796)	(980)	(1,128)
Net assets (deficit) beginning of year	<u>3,713</u>	<u>2,894</u>	<u>2,156</u>	<u>1,360</u>	<u>380</u>
Net assets (deficit) end of year	<u>\$ 2,894</u>	<u>\$ 2,156</u>	<u>\$ 1,360</u>	<u>\$ 380</u>	<u>\$ (748)</u>

Wesley Pines Retirement Community
Forecasted Statements of Cash Flows
For the years ending September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Operating activities:					
Change in net assets	\$ (819)	\$ (738)	\$ (796)	\$ (980)	\$ (1,128)
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	686	599	592	585	556
Amortization of deferred financing costs	3	5	4	2	4
Amortization of advanced fees	(210)	(227)	(215)	(71)	42
Non-refundable entrance fees received	339	140	145	149	155
Bad debt expense	80	(7)	(7)	(7)	(7)
Net change in:					
Accounts receivable - residents and patients	(84)	(18)	(17)	(17)	(18)
Accounts receivable - other	78	(1)	(1)	(1)	(1)
Due to/from related parties	675	778	1,854	2,052	997
Inventories	10	(1)	(1)	(1)	(1)
Prepaid expenses and other current assets	(4)	(3)	(4)	(4)	(3)
Accounts payable	47	16	14	15	14
Accrued salaries and related expenses	12	34	31	(175)	28
Accrued interest payable	(1)	(2)	1	(3)	(2)
Net cash provided by operating activities	<u>812</u>	<u>575</u>	<u>1,600</u>	<u>1,544</u>	<u>636</u>
Investing activities:					
Purchase of property and equipment	<u>(270)</u>	<u>(283)</u>	<u>(296)</u>	<u>(309)</u>	<u>(322)</u>
Financing activities:					
Refunds of deposits and refundable fees	(6)	(3)	(1,013)	(930)	(4)
Payments on bonds and note payable	<u>(536)</u>	<u>(289)</u>	<u>(291)</u>	<u>(305)</u>	<u>(310)</u>
Net cash used in financing activities	<u>(542)</u>	<u>(292)</u>	<u>(1,304)</u>	<u>(1,235)</u>	<u>(314)</u>
Change in cash	-	-	-	-	-
Cash, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Cypress Glen Retirement Community
Forecasted Balance Sheets
September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
ASSETS					
Current assets:					
Cash	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Contributions receivable from UMRH Foundation, current portion	2,512	2,512	2,512	2,512	2,512
Assets limited as to use - future consideration, current portion	-	13,301	13,301	13,301	13,301
Assets limited as to use - all other, current portion	198	198	198	198	198
Accounts receivable, net	543	687	790	813	837
Other receivables	1,085	4,035	1,582	1,582	1,642
Due from related parties	36,166	38,519	41,042	41,746	43,676
Inventories	49	51	53	55	57
Prepaid expenses and other current assets	633	649	666	684	702
Total current assets	<u>41,188</u>	<u>59,954</u>	<u>60,146</u>	<u>60,893</u>	<u>62,927</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve	4,625	5,011	5,946	6,102	6,268
Assets limited as to use - debt service, net of current portion	8,026	1,324	1,324	1,324	1,324
Assets limited as to use - all other, net of current portion current portion	<u>4,365</u>	<u>4,421</u>	<u>4,478</u>	<u>4,537</u>	<u>4,597</u>
	<u>17,016</u>	<u>10,756</u>	<u>11,748</u>	<u>11,963</u>	<u>12,189</u>
Property and equipment, net	105,488	112,410	109,985	107,765	105,689
Other assets:					
Interest rate swap agreement	1,196	1,196	1,196	1,196	1,196
Contributions receivable from UMRH Foundation, net of current portion	3,901	3,901	3,901	3,901	3,901
Deferred costs, net	4	3	51	50	49
	<u>5,101</u>	<u>5,100</u>	<u>5,148</u>	<u>5,147</u>	<u>5,146</u>
Total assets	<u>\$ 168,793</u>	<u>\$ 188,220</u>	<u>\$ 187,027</u>	<u>\$ 185,768</u>	<u>\$ 185,951</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Bonds payable, current portion	\$ 483	\$ 494	\$ 516	\$ 528	\$ 551
Accounts payable	3,686	989	624	644	667
Accrued salaries and related expenses	726	870	1,010	643	695
Accrued interest payable	1,892	1,889	1,888	1,888	1,886
Insurance regulation - statutory operating reserve	4,625	5,011	5,946	6,102	6,268
Total current liabilities	<u>11,412</u>	<u>9,253</u>	<u>9,984</u>	<u>9,805</u>	<u>10,067</u>
Long-term liabilities:					
Bonds payable, less current portion	78,138	77,740	77,138	76,619	76,078
Liability for refundable advanced fees	5,274	6,797	7,097	7,417	7,784
Deferred revenue for non-refundable advanced fees	19,120	37,147	33,423	30,527	28,676
Fund held for others	64	64	64	64	64
Total long-term liabilities	<u>102,596</u>	<u>121,748</u>	<u>117,722</u>	<u>114,627</u>	<u>112,602</u>
Total liabilities	<u>114,008</u>	<u>131,001</u>	<u>127,706</u>	<u>124,432</u>	<u>122,669</u>
Net assets:					
Net assets without donor restrictions	46,056	48,340	50,591	52,157	54,552
Net assets with donor restrictions	8,729	8,879	8,730	9,179	8,730
Total net assets	<u>54,785</u>	<u>57,219</u>	<u>59,321</u>	<u>61,336</u>	<u>63,282</u>
Total liabilities and net assets	<u>\$ 168,793</u>	<u>\$ 188,220</u>	<u>\$ 187,027</u>	<u>\$ 185,768</u>	<u>\$ 185,951</u>

Cypress Glen Retirement Community
Forecasted Statements of Operations and Changes in Net Assets
For the years ending September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Revenue:					
Net resident services, apartments	\$ 12,415	\$ 15,093	\$ 17,165	\$ 17,701	\$ 18,255
Net resident services, health care center	3,832	4,222	4,336	4,454	4,575
Net resident services, assisted living	3,110	3,203	3,299	3,398	3,500
Net resident services, memory care	1,453	1,497	1,542	1,588	1,636
Amortization of advanced fees	2,900	4,272	5,287	4,965	4,749
Net assets released from restriction	497	497	497	497	497
Other	16	52	78	80	82
Interest and dividend income	30	30	30	30	30
Total revenue	<u>24,253</u>	<u>28,866</u>	<u>32,234</u>	<u>32,713</u>	<u>33,324</u>
Expenses:					
Health care center	3,215	3,316	3,420	3,527	3,638
Assisted living	1,597	1,645	1,695	1,746	1,798
Memory care	726	748	771	794	818
Resident services	805	842	873	899	926
Dietary and food service	3,792	4,261	4,529	4,666	4,806
Housekeeping	1,257	1,495	1,580	1,629	1,679
Plant	2,817	3,161	3,415	3,523	3,634
General and administration	2,710	2,962	3,099	3,192	3,288
Depreciation	3,703	3,188	6,057	6,013	6,040
Interest	314	3,200	3,033	3,020	3,005
Corporate allocation - depreciation	6	3	3	3	4
Corporate allocation - all other	1,579	1,611	1,657	1,686	1,742
Total expenses	<u>22,521</u>	<u>26,432</u>	<u>30,132</u>	<u>30,698</u>	<u>31,378</u>
Excess of revenue over expenses	1,732	2,434	2,102	2,015	1,946
Net assets beginning of year	<u>53,053</u>	<u>54,785</u>	<u>57,219</u>	<u>59,321</u>	<u>61,336</u>
Net assets end of year	<u>\$ 54,785</u>	<u>\$ 57,219</u>	<u>\$ 59,321</u>	<u>\$ 61,336</u>	<u>\$ 63,282</u>

Cypress Glen Retirement Community
Forecasted Statements of Cash Flows
For the years ending September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Operating activities:					
Change in net assets	\$ 1,732	\$ 2,434	\$ 2,102	\$ 2,015	\$ 1,946
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	3,703	3,187	6,053	6,012	6,040
Amortization of deferred financing costs	5	295	9	9	10
Amortization of bond premium	-	(199)	-	-	-
Amortization of deferred marketing costs	1	1	3	1	1
Amortization of advanced fees	(2,900)	(4,272)	(5,287)	(4,965)	(4,749)
Non-refundable entrance fees received	3,488	26,730	5,195	5,192	5,388
Net change in:					
Accounts receivable - residents and patients	(13)	(144)	(103)	(23)	(23)
Accounts receivable - other	(607)	(2,951)	2,456	-	(60)
Due to/from related parties	(4,647)	(2,353)	(2,524)	(704)	(1,931)
Inventories	1	(2)	(2)	(2)	(2)
Prepaid expenses and other current assets	(17)	(16)	(17)	(17)	(18)
Accounts payable	1,311	(2,697)	(366)	21	22
Accrued salaries and related expenses	14	144	139	(367)	53
Accrued interest payable	(2)	(2)	(1)	(1)	(1)
Deferred Marketing Costs	-	-	(50)	-	-
Net cash provided by operating activities	<u>2,069</u>	<u>20,155</u>	<u>7,607</u>	<u>7,171</u>	<u>6,676</u>
Investing activities:					
Purchase of property and equipment	(55,256)	(10,111)	(3,629)	(3,793)	(3,964)
Assets limited as to use	55,124	(6,655)	(57)	(59)	(60)
Net cash used in investing activities	<u>(132)</u>	<u>(16,766)</u>	<u>(3,686)</u>	<u>(3,852)</u>	<u>(4,024)</u>
Financing activities:					
Refunds of deposits and refundable fees	(1,628)	(5,128)	(4,189)	(3,660)	(3,014)
Refundable entrance fees received	628	2,222	858	857	891
Payments on bonds and note payable	(937)	(483)	(494)	(516)	(529)
Deferred Financing Costs	-	-	(96)	-	-
Net cash used in financing activities	<u>(1,937)</u>	<u>(3,389)</u>	<u>(3,921)</u>	<u>(3,319)</u>	<u>(2,652)</u>
Change in cash	-	-	-	-	-
Cash, beginning of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>
Cash, end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>

Croasdaile Village Retirement Community
Forecasted Balance Sheets
September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
ASSETS					
Current assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions receivable from					
UMRH Foundation, current portion	271	271	271	271	271
Assets limited as to use - debt service, current portion	634	616	616	592	542
Assets limited as to use - all other, current portion	13	13	13	13	13
Accounts receivable, net	2,818	2,920	2,921	3,028	3,138
Other receivables	1,881	2,818	2,944	3,084	3,234
Due from related parties	116,981	118,049	120,903	124,324	129,672
Inventories	101	105	108	111	114
Prepaid expenses and other current assets	730	752	775	798	822
Total current assets	<u>123,429</u>	<u>125,544</u>	<u>128,551</u>	<u>132,221</u>	<u>137,806</u>
Assets limited as to use:					
Assets limited as to use - statutory operating reserve	12,446	13,497	13,870	14,270	14,714
Assets limited as to use - debt service, net of current portion	2,424	2,424	2,424	2,424	2,424
Assets limited as to use - all other, net of current portion	234	234	234	234	234
current portion	<u>15,104</u>	<u>16,155</u>	<u>16,528</u>	<u>16,928</u>	<u>17,372</u>
Property and equipment, net	158,658	155,613	153,262	151,210	149,838
Other assets:					
Interest rate swap agreement	5,058	5,058	5,058	5,058	5,058
Contributions receivable from					
UMRH Foundation, net of current portion	4,415	4,415	4,415	4,415	4,415
Deferred costs, net	150	124	98	73	47
	<u>9,623</u>	<u>9,597</u>	<u>9,571</u>	<u>9,546</u>	<u>9,520</u>
Total assets	<u>\$ 306,814</u>	<u>\$ 306,909</u>	<u>\$ 307,912</u>	<u>\$ 309,905</u>	<u>\$ 314,536</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Bonds payable, current portion	\$ 4,948	\$ 5,137	\$ 5,297	\$ 5,514	\$ 5,710
Accounts payable	6,425	6,603	6,819	7,031	7,258
Accrued salaries and related expenses	1,049	1,144	1,232	632	704
Accrued interest payable	1,718	1,676	1,613	1,543	1,464
Insurance regulation - statutory operating reserve	12,446	13,497	13,870	14,270	14,714
Total current liabilities	<u>26,586</u>	<u>28,057</u>	<u>28,831</u>	<u>28,990</u>	<u>29,850</u>
Long-term liabilities:					
Bonds payable, less current portion	125,343	119,835	114,136	108,396	102,452
Liability for refundable advanced fees	9,093	8,415	7,992	7,769	7,698
Deferred revenue for non-refundable advanced fees	74,285	76,305	78,440	81,062	84,118
Fund held for others	7	7	7	7	7
Total long-term liabilities	<u>208,728</u>	<u>204,562</u>	<u>200,575</u>	<u>197,234</u>	<u>194,275</u>
Total liabilities	<u>235,314</u>	<u>232,619</u>	<u>229,406</u>	<u>226,224</u>	<u>224,125</u>
Net assets:					
Net assets without donor restrictions	66,808	69,598	73,814	78,989	85,719
Net assets with donor restrictions	4,692	4,692	4,692	4,692	4,692
Total net assets	<u>71,500</u>	<u>74,290</u>	<u>78,506</u>	<u>83,681</u>	<u>90,411</u>
Total liabilities and net assets	<u>\$ 306,814</u>	<u>\$ 306,909</u>	<u>\$ 307,912</u>	<u>\$ 309,905</u>	<u>\$ 314,536</u>

Croasdaile Village Retirement Community
Forecasted Statements of Operations and Changes in Net Assets
For the years ending September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Revenue:					
Net resident services, apartments	\$ 28,104	\$ 29,228	\$ 30,397	\$ 31,613	\$ 32,877
Net resident services, health care center	15,726	16,162	16,613	17,080	17,564
Net resident services, assisted living	5,704	5,933	6,170	6,417	6,673
Net resident services, memory care	1,852	1,926	2,003	2,083	2,166
Net resident services, home care	2,160	2,247	2,337	2,430	2,527
Amortization of advanced fees	8,560	8,495	8,780	9,080	9,438
Net assets released from restriction	288	288	288	288	288
Other	16	16	16	16	16
Interest and dividend income	168	168	168	168	168
	<u>62,578</u>	<u>64,463</u>	<u>66,772</u>	<u>69,175</u>	<u>71,717</u>
Total revenue					
Expenses:					
Health care center	11,752	12,104	12,468	12,842	13,227
Assisted living	1,795	1,849	1,904	1,961	2,020
Memory care	986	1,016	1,046	1,078	1,110
Home care	2,127	2,191	2,257	2,324	2,394
Resident services	2,324	2,393	2,465	2,539	2,615
Dietary and food service	10,203	10,526	10,862	11,201	11,555
Housekeeping	3,067	3,159	3,254	3,352	3,452
Laundry	264	272	280	288	297
Plant	5,509	5,674	5,844	6,020	6,200
General and administration	4,602	4,741	4,880	5,029	5,181
Depreciation	11,187	9,567	9,165	9,170	8,810
Interest	4,531	4,027	3,826	3,819	3,605
Corporate allocation - depreciation	14	6	8	8	9
Corporate allocation - all other	3,976	4,148	4,297	4,369	4,512
	<u>62,337</u>	<u>61,673</u>	<u>62,556</u>	<u>64,000</u>	<u>64,987</u>
Total expenses					
Excess (deficiency) of revenue over expenses and change in net assets	241	2,790	4,216	5,175	6,730
Net assets beginning of year	<u>71,259</u>	<u>71,500</u>	<u>74,290</u>	<u>78,506</u>	<u>83,681</u>
Net assets end of year	<u>\$ 71,500</u>	<u>\$ 74,290</u>	<u>\$ 78,506</u>	<u>\$ 83,681</u>	<u>\$ 90,411</u>

Croasdaile Village Retirement Community
Forecasted Statements of Cash Flows
For the years ending September 30, 2025 through 2029
(dollars in thousands)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Operating activities:					
Change in net assets	\$ 241	\$ 2,790	\$ 4,216	\$ 5,175	\$ 6,730
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	11,187	9,567	9,165	9,170	8,810
Amortization of deferred financing costs	32	102	89	51	55
Amortization of bond premium	(149)	(473)	(489)	(278)	(289)
Amortization of deferred marketing costs					
Amortization of advanced fees	(8,560)	(8,495)	(8,780)	(9,080)	(9,438)
Non-refundable entrance fees received	9,374	14,754	15,432	16,192	17,013
Net change in:					
Accounts receivable - residents and patients	(89)	(102)	(1)	(106)	(112)
Accounts receivable - other	(563)	(937)	(126)	(139)	(150)
Due to/from related parties	(3,866)	(1,068)	(2,854)	(3,420)	(5,348)
Inventories	(3)	(4)	(2)	(3)	(3)
Prepaid expenses and other current assets	(21)	(22)	(23)	(23)	(23)
Accounts payable	2,418	178	216	213	227
Accrued salaries and related expenses	36	95	88	(601)	73
Accrued interest payable	(9)	(42)	(63)	(70)	(79)
Net cash provided by operating activities	<u>10,028</u>	<u>16,343</u>	<u>16,868</u>	<u>17,081</u>	<u>17,466</u>
Investing activities:					
Purchase of property and equipment	(6,216)	(6,496)	(6,791)	(7,094)	(7,402)
Assets limited as to use	2,382	18	-	24	49
Net cash used in investing activities	<u>(3,834)</u>	<u>(6,478)</u>	<u>(6,791)</u>	<u>(7,070)</u>	<u>(7,353)</u>
Financing activities:					
Refunds of deposits and refundable fees	(2,384)	(5,393)	(5,440)	(5,239)	(5,151)
Refundable entrance fees received	280	476	500	525	552
Payments on bonds and note payable	(4,090)	(4,948)	(5,137)	(5,297)	(5,514)
Net cash used in financing activities	<u>(6,194)</u>	<u>(9,865)</u>	<u>(10,077)</u>	<u>(10,011)</u>	<u>(10,113)</u>
Change in cash	-	-	-	-	-
Cash, beginning of year	-	-	-	-	-
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ATTACHMENT 3

**Interim Unaudited Financial Statements
of
The United Methodist
Retirement Homes, Incorporated
Includes**

- **Consolidated Operations of Croasdaile Village, Cypress Glen and Wesley Pines**
- **Individual Operations of Croasdaile Village**

The United Methodist Retirement Homes, Inc.
Corporate Office
Balance Sheet
January 31, 2025

ASSETS

Current assets	Current month	Prior month	Variance	Prior year end	Variance
Cash & cash equivalents	4,668,675.57	3,379,923.64	1,288,751.93	4,774,422.99	(105,747.42)
Investments	140,365,575.24	138,342,487.18	2,023,088.06	140,136,065.88	229,509.36
Accounts receivable - others	4,184.87	3,724.22	460.65	9,194.75	(5,009.88)
Due from related parties	357,094.20	357,319.89	(225.69)	351,476.63	5,617.57
Inventories	-	-	-	50.00	(50.00)
Prepaid expenses	269,311.58	193,509.03	75,802.55	89,119.16	180,192.42
Total current assets	145,664,841.46	142,276,963.96	3,387,877.50	145,360,329.41	304,512.05
Non-current assets					
Assets limited as to use					
Temporarily restricted investments	-	263.28	(263.28)	263.28	(263.28)
Permanently restricted investments	674,524.66	674,524.66	-	674,524.66	-
	674,524.66	674,787.94	(263.28)	674,787.94	(263.28)
Less current obligation requirements	-	-	-	-	-
Non-current assets limited as to use	674,524.66	674,787.94	(263.28)	674,787.94	(263.28)
Property & equipment, net	41,061.31	39,952.63	1,108.68	45,171.25	(4,109.94)
Total assets	146,380,427.43	142,991,704.53	3,388,722.90	146,080,288.60	300,138.83
LIABILITIES & NET ASSETS					
Current liabilities	Current month	Prior month	Variance	One year ago	Variance
Accounts payable	535,513.72	414,316.09	(121,197.63)	844,612.41	309,098.69
Accrued payroll & benefits	701,859.94	590,876.10	(110,983.84)	459,235.55	(242,624.39)
Due to related parties	145,613,084.17	143,931,104.10	(1,681,980.07)	143,264,104.75	(2,348,979.42)
Total current liabilities	146,850,457.83	144,936,296.29	(1,914,161.54)	144,567,952.71	(2,282,505.12)
Total liabilities	146,850,457.83	144,936,296.29	(1,914,161.54)	144,567,952.71	(2,282,505.12)
Net assets					
Without donor restriction	(1,144,555.06)	(2,619,509.36)	(1,474,954.30)	837,547.95	1,982,103.01
With donor restriction	674,524.66	674,917.60	392.94	674,787.94	263.28
Total net assets	(470,030.40)	(1,944,591.76)	(1,474,561.36)	1,512,335.89	1,982,366.29
Total liabilities & net assets	146,380,427.43	142,991,704.53	(3,388,722.90)	146,080,288.60	(300,138.83)

Croasdaile Village Balance Sheet

Classification	January-25	December-24	Variance	September-24	Variance
Assets					
<i>Current assets</i>					
Cash & cash equivalents	300.00	300.00	-	300.00	-
Contributions receivable - UMRH Foundation	342,328.85	342,148.05	180.80	270,781.93	71,546.92
Assets limited as to use	1,844,987.21	1,661,044.55	183,942.66	2,337,356.03	(492,368.82)
Accounts receivable - members, net	2,364,326.25	2,699,773.92	(335,447.67)	2,713,664.00	(349,337.75)
Accounts receivable - others	676,323.73	642,529.80	33,793.93	1,332,588.67	(656,264.94)
Due from related parties	110,453,228.95	111,030,167.40	(576,938.45)	113,115,026.13	(2,661,797.18)
Prepaid expenses	436,192.28	500,789.28	(64,597.00)	708,978.11	(272,785.83)
Total current assets	116,251,899.91	117,000,595.74	(748,695.83)	120,577,227.49	(4,325,327.58)
<i>Non-current assets</i>					
<i>Assets limited as to use</i>					
Debt service	6,711,488.14	6,244,616.52	466,871.62	5,438,861.87	1,272,626.27
Insurance regulation - statutory operating reserve	12,439,055.00	12,098,205.00	340,850.00	12,098,205.00	340,850.00
Residents' funds	6,020.60	6,491.90	(471.30)	6,868.02	(847.42)
Future construction - LOC	234,120.00	234,120.00	-	234,120.00	-
Temporarily restricted investments	6,198.12	6,198.12	-	6,198.12	-
Subtotal	19,396,881.86	18,589,631.54	807,250.32	17,784,253.01	1,612,628.85
Less current obligation requirements	1,844,987.21	1,661,044.55	183,942.66	2,337,356.03	(492,368.82)
Non-current assets limited as to use	17,551,894.65	16,928,586.99	623,307.66	15,446,896.98	2,104,997.67
Property & equipment, net	162,088,668.02	162,345,452.41	(256,784.39)	163,604,096.50	(1,515,428.48)
Contributions receivable - UMRH Foundation	4,474,042.31	4,385,407.59	88,634.72	4,414,664.53	59,377.78
Deferred costs, net	166,775.08	168,915.71	(2,140.63)	175,337.60	(8,562.52)
Interest rate swap agreement	5,058,262.38	5,058,262.38	-	5,058,262.38	-
Total assets	305,591,542.35	305,887,220.82	(295,678.47)	309,276,485.48	(3,684,943.13)
Liabilities and net assets					
<i>Current liabilities</i>					
Current portion of long-term debt	6,163,000.00	6,308,000.00	145,000.00	4,090,000.00	(2,073,000.00)
Accounts payable	942,728.53	1,092,876.04	150,147.51	4,006,063.47	3,063,334.94
Accrued payroll & benefits	813,529.82	1,438,183.42	624,653.60	1,013,875.42	200,345.60
Accrued interest payable	1,312,124.82	1,044,079.54	(268,045.28)	1,727,277.51	415,152.69
Insurance regulation - statutory operating reserve	12,439,055.00	12,098,205.00	(340,850.00)	12,098,205.00	(340,850.00)
Total current liabilities	21,670,438.17	21,981,344.00	310,905.83	22,935,421.40	1,264,983.23
<i>Long-term liabilities</i>					
Long-term debt, less current portion	126,800,504.93	126,980,836.83	180,331.90	130,406,779.89	3,606,274.96
Liability for refundable advance fees	9,782,742.92	9,709,758.42	(72,984.50)	9,681,682.80	(101,060.12)
Deferred revenue from non-refundable advance fees	73,674,647.92	74,190,362.59	515,714.67	74,987,072.25	1,312,424.33
Residents' funds	6,020.60	6,491.90	471.30	6,868.02	847.42
Total long-term liabilities	210,263,916.37	210,887,449.74	623,533.37	215,082,402.96	4,818,486.59
Total liabilities	231,934,354.54	232,868,793.74	934,439.20	238,017,824.36	6,083,469.82
<i>Net assets</i>					
Unrestricted	68,834,618.53	68,284,673.32	(549,945.21)	66,567,016.54	(2,267,601.99)
Temporarily restricted	2,745,637.61	2,656,847.09	(88,790.52)	2,620,344.64	(125,292.97)
Permanently restricted	2,076,931.67	2,076,906.67	(25.00)	2,071,299.94	(5,631.73)
Total net assets	73,657,187.81	73,018,427.08	(638,760.73)	71,258,661.12	(2,398,526.69)
Total liabilities and net assets	305,591,542.35	305,887,220.82	295,678.47	309,276,485.48	3,684,943.13

Croosdaile Village Income Statement

January-25			Account		January YTD			Annual Budget
Budget	Actual	Variance	Number	Description	Budget	Actual	Variance	
Revenue Summary								
2,341,987.00	2,383,082.60	41,095.60		Total Independent Living	9,367,909.00	9,536,375.84	168,466.84	28,103,555.00
45,942.00	41,950.00	(3,992.00)		Total Clinic	182,286.00	167,800.00	(14,486.00)	540,930.00
178,193.00	205,962.92	27,769.92		Total Home Care	701,693.00	921,644.58	219,951.58	2,160,292.00
163,383.00	162,325.58	(1,057.42)		Total Memory Care	648,098.00	641,035.02	(7,062.98)	1,851,519.00
484,865.00	508,008.29	23,143.29		Total Assisted Living	1,923,184.00	2,066,180.39	142,996.39	5,704,443.00
1,283,237.00	1,320,816.94	37,579.94		Total Health Center	5,091,258.00	5,322,010.41	230,752.41	15,185,028.00
20,759.00	19,530.14	(1,228.86)		Total Other Operating	290,556.00	423,672.25	133,116.25	471,635.00
4,518,366.00	4,641,676.47	123,310.47		Total Operating Revenue	18,204,984.00	19,078,718.49	873,734.49	54,017,402.00
Expense Summary								
378,122.00	368,965.29	9,156.71		Total General & Administrative	1,581,611.00	1,624,261.86	(42,650.86)	4,602,006.00
499,349.00	515,956.25	(16,607.25)		Total Plant	1,843,911.00	1,874,299.59	(30,388.59)	5,508,823.00
254,263.00	238,493.61	15,769.39		Total Environmental Services	1,051,911.00	1,089,985.21	(38,074.21)	3,067,102.00
21,734.00	20,804.52	929.48		Total Laundry	90,685.00	88,238.94	2,446.06	263,997.00
850,182.00	775,481.07	74,700.93		Total Food & Beverage	3,400,728.00	3,309,850.95	90,877.05	10,202,162.00
906,507.00	894,936.56	11,570.44		Total Health Center	3,684,514.00	3,664,347.58	20,166.42	10,806,798.00
75,752.00	72,305.53	3,446.47		Total Clinic	307,423.00	287,464.40	19,958.60	945,026.00
175,527.00	200,527.53	(25,000.53)		Total Home Care	745,673.00	861,704.56	(116,031.56)	2,127,089.00
82,823.00	94,060.11	(11,237.11)		Total Memory Care	346,447.00	370,016.71	(23,569.71)	986,388.00
193,405.00	176,047.33	17,357.67		Total Resident Services	787,459.00	723,084.32	64,374.68	2,323,516.00
149,308.00	160,081.52	(10,773.52)		Total Assisted Living	634,736.00	655,131.02	(20,395.02)	1,794,754.00
3,586,972.00	3,517,659.32	69,312.68		Total Operating Expense	14,475,098.00	14,548,385.14	(73,287.14)	42,627,661.00
931,394.00	1,124,017.15	192,623.15		Net Operating Income/(Loss)	3,729,886.00	4,530,333.35	800,447.35	11,389,741.00

Non-Operating Revenue/(Expense)								
713,333.00	714,334.67	1,001.67	2599693800	Amortization of Deferred Revenue	2,853,332.00	3,047,798.36	194,466.36	8,560,000.00
-	8,688.79	8,688.79	2599693100	Unrealized Gain/(Loss) on Investments	-	(2,664.33)	(2,664.33)	-
(930,142.00)	(920,014.91)	10,127.09	2585709500	Depreciation Expense	(3,720,568.00)	(3,670,991.77)	49,576.23	(11,161,700.00)
(2,141.00)	(2,140.63)	0.37	2585710100	Amortization Expense	(8,564.00)	(8,562.52)	1.48	(25,688.00)
-	-	-	2599691800	Contribution Revenue	-	5,004.99	5,004.99	-
-	350.00	350.00	2585699100	Gain/(Loss) on Sale of Other Assets	-	950.00	950.00	-
(377,542.00)	(374,715.90)	2,826.10	2587713500	Interest Expense	(1,510,168.00)	(1,624,201.39)	(114,033.39)	(4,530,500.00)
-	400.00	400.00	2599699100	Other Revenue/(Expense)	-	400.00	400.00	-
-	(973.96)	(973.96)	2587714200	Construction Related Marketing Costs	-	(14,934.79)	(14,934.79)	-
-	-	-	2599699700	Net Assets Released From Restriction	-	4,470.09	4,470.09	-
(596,492.00)	(574,071.94)	22,420.06		Total Non-Operating Revenue/(Expense)	(2,385,968.00)	(2,262,731.36)	123,236.64	(7,157,888.00)
334,902.00	549,945.21	215,043.21		Net Income/(Loss)	1,343,918.00	2,267,601.99	923,683.99	4,231,853.00

ATTACHMENT 4

Explanations of Material Differences
Balance Sheet
Statement of Operations
Statement of Cash Flows

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences
Between Previous Pro Forma Balance Sheet Projection for 2024
and 2024 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2024 actual results with the projected results for 2024.

Sources and (Uses)

(Figures stated below are in thousands)

	2024 Actual	2024 Projected	Fav/(Unfav) Difference	Variance Percentage
<u>Assets</u>				
Current Assets:				
Cash (1)	4,777	8,021	(3,244)	-40.44%
Short-term investments (2)	120,954	99,421	21,533	21.66%
Accounts receivable, net	6,087	5,658	429	7.59%
Assets limited as to use, current portion (3)	6,367	4,349	2,018	46.40%
Inventories and prepaid expenses	1,756	1,669	87	5.20%
Contributions receivable from UMRH Foundation, current portion (4)	2,818	26	2,792	10738.25%
Due from related party, current (5)	351	-	351	100.00%
Total current assets	143,111	119,144	23,967	
Assets limited as to use:				
Insurance regulation	19,182	20,040	(858)	-4.28%
Other assets limited as to use	67,731	66,286	1,445	2.18%
Assets limited as to use, non-current	86,913	86,326	587	
Property and equipment, net	229,861	243,477	(13,616)	-5.59%
Contributions receivable from UMRH Foundation, net of current portion (6)	9,213	125	9,088	7270.07%
Deferred marketing costs, net (7)	181	72	109	150.76%
Interest rate swap agreement (8)	6,952	11,566	(4,614)	-39.89%
Total non-current assets	246,206	255,240	(9,034)	
Total assets	476,230	460,710	15,520	
<u>Liabilities and Net Assets</u>				
Current Liabilities:				
Current maturities of long-term debt	5,565	5,565	-	0.00%
Accounts payable and accrued expenses (9)	13,912	10,607	3,305	31.16%
Total current liabilities	19,477	16,172	3,305	
Long-term liabilities				
Liability for refundable advance fees and deposits	14,473	14,995	(522)	-3.48%
Deferred revenue from non--refundable advance fees	96,695	94,568	2,127	2.25%
Long-term debt, less current portion	215,951	215,786	165	0.08%
Due to related parties (10)	4	-	4	100.00%
Funds held for others	93	87	6	6.41%
Other (11)	-	343	(343)	-100.00%
Total long-term liabilities	327,216	325,779	1,437	
Total liabilities	346,692	341,951	4,741	
Net assets:				
Without donor restriction	114,507	105,054	9,453	9.00%
With donor restriction (11)	15,030	13,705	1,325	9.67%
Total liabilities and net assets	476,230	460,710	15,520	

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences Footnotes
Balance Sheet

Variations of 10% or greater between actual and projected results are considered material variances which are explained below:

1. Cash Excess funds were moved to short-term investments.
2. Short-term investments Unrealized gains were greater than \$18M. Excessive cash was transferred here.
3. Assets limited as to use, current portion Certain funds were listed as non-current on the forecast that were current on the audit.
4. Contributions receivable from UMRH Foundation, current portion Due to a refinancing, the forecast included totals from the UMRH Foundation. This would allow an eliminating entry on the forecast, thereby reducing the net total.
5. Due from related party, current portion Due to a refinancing, the forecast included totals from the UMRH Foundation. This would allow an eliminating entry on the forecast, thereby reducing the net total.
6. Contributions receivable from UMRH Foundation, net of current portion Due to a refinancing, the forecast included totals from the UMRH Foundation. This would allow an eliminating entry on the forecast, thereby reducing the net total.
7. Deferred marketing costs, net The forecast neglected to include the deferred marketing costs from the recently completed project at Croasdaile Village.
8. Interest rate swap agreement The forecast assumes no change year over year. The variance represents the actual change.
9. Accounts payable and accrued expenses The forecast likely did not account for large construction-related invoices in accounts payable at year-end. These totaled approximately \$3M.
10. Due from related parties This represents funds that were not transferred by year-end. The forecast assumes an immediate transfer of such funds.
11. Other Due to a refinancing, the forecast included totals from the UMRH Foundation. Foundation balances are excluded from the actual column.

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences
Between Previous Pro Forma Statement of Operations and Change in Net Deficits for 2024
and 2024 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2024 actual results with the projected results for 2024.

Sources and (Uses)
(Figures stated below are in thousands)

	2024 Actual	2024 Projected	Fav/(Unfav) Difference	Variance Percentage
Revenues				
Apartments	39,880	38,853	1,027	2.64%
Health care	25,451	25,817	(366)	-1.42%
Assisted living	14,555	14,611	(56)	-0.38%
Home care (1)	2,633	2,333	300	12.85%
Amortization of deferred residence fees (2)	11,421	12,908	(1,487)	-11.52%
Investment income (3)	5,004	3,349	1,655	49.42%
Net assets released from restrictions (4)	731	-	731	100.00%
Other (5)	94	130	(36)	-27.87%
Total revenue	99,770	98,001	1,769	
Expenses				
Health care	18,514	18,906	(392)	-2.07%
Assisted living (6)	5,862	5,096	766	15.04%
Resident services	3,074	3,287	(213)	-6.47%
Home care (7)	3,077	2,334	743	31.83%
Dietary	14,665	15,159	(494)	-3.26%
Housekeeping	4,931	5,110	(179)	-3.50%
Plant	8,693	8,794	(101)	-1.15%
General and administration	14,025	13,963	62	0.44%
Depreciation and amortization	15,730	14,777	953	6.45%
Interest	5,192	4,946	246	4.98%
(Gain)/loss on disposal of property and equipment (8)	2,020	-	2,020	100.00%
Other (9)	-	83	(83)	-100.00%
Total expenses	95,784	92,455	3,329	
Operating income (loss)	3,986	5,546	(1,560)	
Non-operating gains (losses) (10)	11,272	-	11,272	100.00%
Change in unrestricted net assets	15,258	5,546	9,712	
Change in donor restricted net assets (11)	2,562	-	20,984	100.00%
Change in net assets	17,820	5,546	12,274	
Net assets, beginning of the year	111,717	113,213	(1,496)	
Net assets, end of the year	129,537	118,759	10,778	

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences Footnotes
Operating Statement

Variations of 10% or greater between actual and projected results are considered material variations which are explained below:

1. Home care revenue Utilization of home care services exceeded expectation.
2. Amortization of deferred residence fees Expectations of this estimate were greater than actual.
3. Investment income Actual investment returns exceeded what was expected in the forecast.
4. Net assets released from restriction The forecast assumes no change in temporarily restricted net assets for conservatism. The audit reflects the actual use of these funds.
5. Other revenue This is revenue considered to be operating but inconsistent and irregular in occurrence. The actual income fell short from the forecasted expectation.
6. Assisted living expense Certain labor costs are for staff that alternate between assisted living and health center. The actual allocation to assisted living was greater than forecasted. Hence, the overage here and the shortfall in the health center expense line.
7. Home care expense Greater utilization of home care services caused expenses to be more than anticipated on the forecast.
8. (Gain)/loss on disposal of property and equipment For conservatism, the forecast assumes no change. The variance represents the actual change.
9. Other Due to a refinancing, the forecast included totals from the UMRH Foundation. Foundation balances are excluded from the actual column.
10. Non-operating gains (losses) Due to the uncertainty and volatility of investment gains or losses, contributions, changes in the fair value of interest rate swap agreements and gains or losses on the disposal of PP&E, the forecast conservatively assumes zero.

11. Change in donor restricted net assets For conservatism, the forecast assumes no change in temporarily restricted net assets unless there is certainty in the use of or receipt of funds.

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences
Between Previous Pro Forma Statement of Cash Flows Projection for 2024
and 2024 Actual Results from Operations

The following explanation is provided pursuant to the requirements of North Carolina G.S. 58-64-30. Set forth below is a comparison on the 2024 actual results with the projected results for 2024.

Sources and (Uses)

(Figures stated below are in thousands)

	2024 Actual	2024 Projected	Fav/(Unfav) Difference	Variance Percentage
Cash flows from operating activities				
Change in net assets (1)	17,820	5,546	12,274	221.32%
Adjustments to reconcile increase in net assets to net cash from operating activities				
Depreciation	15,704	14,777	927	6.27%
Amortization of deferred financing costs (2)	98	175	(77)	-44.10%
Amortization of bond premium (3)	(149)	(399)	250	-62.63%
Amortization of marketing costs (4)	27	15	12	77.12%
Amortization of deferred resident fees (5)	(11,421)	(12,908)	1,487	-11.52%
Proceeds from non-refundable advance fees (6)	29,957	13,330	16,627	124.73%
Loss on disposal of property & equipment (7)	2,020	-	2,020	100.00%
Unrealized gains on investments and assets limited as to use (8)	(18,060)	-	(18,060)	100.00%
Realized gains on investments and assets limited as to use (9)	(47)	-	(47)	100.00%
Change in fair value of swap agreement (10)	4,614	-	4,614	100.00%
Net change in:				
Current/non-current assets (11)	(3,757)	1,099	(4,856)	-441.88%
Current/non-current liabilities (12)	2,465	1,555	910	58.55%
Net cash from operating activities	39,269	23,190	16,079	69.33%
Cash flows from investing activities				
Additions to property and equipment and construction in progress (13)	(22,937)	(37,532)	14,595	-38.89%
Net change in investments and assets limited as to use (14)	(17,867)	1,301	(19,168)	-1473.31%
Sale of investments (15)	1,041	-	1,041	100.00%
Proceeds from sale of property and equipment (16)	659	-	659	100.00%
Net cash from investing activities	(39,104)	(36,231)	(2,873)	7.93%
Cash flows from financing activities				
Refunds of entrance fees	(3,418)	(3,383)	(35)	1.02%
Proceeds from refundable advance fees (17)	2,347	17,219	(14,872)	-86.37%
Change in liability for annuities (18)	-	(59)	59	-100.00%
Payments on bonds and note payable	(5,410)	(5,410)	-	0.00%
Deferred financing costs	(1,449)	(1,441)	(8)	0.58%
Proceeds from issuance of bonds	68,186	68,186	0	0.00%
Net cash from financing activities	60,256	75,112	(14,856)	-19.78%
Net change in cash	60,421	62,071	(1,650)	-2.66%
Cash at beginning of year	15,808	40,813	(25,005)	-61.27%
Cash at end of year	76,229	102,884	(26,655)	-25.91%

The United Methodist Retirement Homes, Inc.
Explanation of Material Differences Footnotes
Cash Flow

Variations of 10% or greater between actual and projected results are considered material variations which are explained below:

1. Change in net assets See various explanations in footnotes to operating statement.
2. Amortization of deferred financing costs The forecast assumes a straight-line amortization. Percent-to-total was the actual method used.
3. Amortization of bond premium The forecast assumes a straight-line amortization. Percent-to-total was the actual method used.
4. Amortization of marketing costs More than forecasted costs were incurred.
5. Amortization of deferred residence fees Expectations of this estimate were greater than actual.
6. Proceeds from non-refundable advance fees The allocation between non-refundable and refundable fees on the forecast was off. The total variance between these two categories is negligible.
7. Loss on disposal of property & equipment Conservatively, the forecast assumes no change.
8. Unrealized gains on investments and assets limited as to use Conservatively, the forecast assumes no unrealized gains or losses.
9. Realized gains on investments and assets limited as to use Conservatively, the forecast assumes no realized gains or losses.
10. Change in fair value of swap agreement The forecast assumes no change year over year. The variance represents the actual change.
11. Current/non-current assets See the variances listed on the balance sheet material differences spreadsheet.
12. Current/non-current liabilities See the variances listed on the balance sheet material differences spreadsheet.

13. Additions of property and equipment and construction in progress The forecast estimated the timeline of the construction project incorrectly.
14. Net change in investments and assets limited as to use See the variances listed on the balance sheet material differences spreadsheet.
15. Sale of investments Conservatively, the forecast assumes no change.
16. Proceeds from sale of property and equipment Conservatively, the forecast assumes no change.
17. Proceeds from refundable advance fees The allocation between non-refundable and refundable fees on the forecast was off. The total variance between these two categories is negligible.
18. Change in liability for annuities Due to a refinancing, the forecast included totals from the UMRH Foundation. Foundation balances are excluded from the actual column.

ATTACHMENT 5

Standard Residency Agreement



**2600 Croasdaile Farm Parkway
Durham, North Carolina 27705
(919) 384-2000
www.croasdailevillage.org**

Standard Residency Agreement

04/29/2024



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Exhibit A – Options and Custom Features Added at Resident's Request

GLOSSARY

The following terms are described as used in the accompanying Residency Agreement. Reference to the Residency Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

"Agreement" means the Residency Agreement, entered into between the Resident and The United Methodist Retirement Homes, Incorporated, which outlines the contractual obligations of both parties.

"Entrance Fee" means payment that assures a resident a place at the Village for life as long as the resident complies with terms of this Agreement. At the time the resident makes application for residency at the Village, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Village. The balance of the Entrance Fee will be paid upon the earlier of (i) occupancy or (ii) 90 days after the Residency Agreement is executed. Specific information is located in Paragraph 1.2 of this Agreement.

"Extra Charges" means the additional fees required to be paid for the additional services and amenities requested by Resident, as set forth in Paragraph 2.2 of this Agreement.

"Health Center" means the portion of the Village, which is licensed to provide two levels of care: assisted living care and skilled nursing care, as described in Section 4 of the Agreement.

"Monthly Fee" means that fee payable each month by the Resident as set forth in Paragraphs 1.3 and 1.4 of the Agreement, in consideration for the services and amenities provided to the residents of the Village described in Paragraph 2.1 of this Agreement. If there are Joint Residents under this Agreement, the Monthly Fee will include a "Second Person Monthly Fee."

"Residence" means the apartment, cottage or home at the Village identified in the introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee and the Monthly Fee.

"Resident" or "you" means the Resident(s) who sign this Agreement. Sometimes a second resident (if there are two of you) is referred to in this Agreement as the "Joint Resident." Further, both Residents may be referred to as "Joint Residents." Unless otherwise indicated, "you" refers to both of you if there are two of you.

"The United Methodist Retirement Homes, Incorporated" or "we" or "our" or "us" means the owner of the retirement community known as Croasdaile Village, including all of the residences, common areas, and site amenities associated with these areas. The United Methodist Retirement Homes, Incorporated is a North Carolina non-profit corporation.

"Village" means the continuing care retirement community known as "Croasdaile Village," including all of the residences, common areas, and site amenities.



Residency Agreement Standard

INTRODUCTION

This Standard Residency Agreement ("Agreement") is entered into by The United Methodist Retirement Homes, Incorporated ("UMRH," "we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Croasdaile Village is a continuing care retirement community located at 2600 Croasdaile Farm Parkway; Durham, NC 27705 (hereafter the "Village").

We will provide residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the Residence described as follows:

Residence Number _____
Residence Style _____

You may select certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Village prior to adding them to the Residence. The Executive Director of the Village has consented to your request to add the options and custom features set forth on Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth on Exhibit A to cover the charges for such items.

As a Resident of the Village, you are offered lifetime use of your Residence and lifetime access to the Village Health Center, subject to the terms and conditions of this Agreement.

To be accepted for residency, you must meet our residency criteria, which includes: having reached the age of 62 (or sharing your Residence with a Joint Resident who is 62 or older); financial guidelines; and the ability to live in a residence (with or without reasonable accommodation and/or reasonable modification) – all as outlined in our current residency policy.

The purpose of this Agreement is to set forth your rights and duties as a Resident of the Village and to delineate the services to be provided at the Village.

UMRH is also affiliated with The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"). The Foundation is a not-for-profit corporation, which was organized for the benefit of the retirement communities operated by UMRH. Its purpose is to raise endowment funds, to support benevolent care for those residents who are unable to pay for care, and to support special programs.

1. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.

1.1 Application Fee. Prior to or upon execution of this Agreement, you will pay to us a non-refundable Application Fee of \$_____. The Application Fee will be used by us to process your application for residency.

1.2 Entrance Fee. In order to reside at the Village for life, subject to this Agreement, and to receive the services and amenities described below, you agree to pay to us (in addition to the Monthly Fee described below) an Entrance Fee in the amount of \$_____. The total amount of the Entrance Fee shall be payable as follows:

1.2.1 Ten percent (10%) of the total Entrance Fee is \$_____, less any previously paid Future Resident Fee (\$_____), equals \$_____, which amount is due and payable upon your execution of this Agreement.

1.2.2 The balance of \$_____ of the Entrance Fee shall be paid on the date of occupancy at the Village but in no event later than ninety (90) days after your execution of this Agreement.

1.3 Monthly Fee. You are obligated to begin paying a Monthly Fee (or a pro rata portion thereof) on the date you assume occupancy at the Village or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier. Thereafter, the Monthly Fee is due upon receipt of a statement from us and by no later than the fifteenth (15th) of each month. The Monthly Fee is initially set at a specific amount that can be increased as described in Paragraph 1.6 below. A "Second Person Monthly Fee" shall become part of the Monthly Fee and shall be paid if two persons are Joint Residents under this Agreement. If there are Joint Residents under this Agreement and one Joint Resident dies, the Second Person Monthly Fee shall cease and the remaining Resident shall continue to pay the Monthly Fee without the Second Person Monthly Fee component.

1.4 Initial Monthly Fee. The initial Monthly Fee payable by you is \$_____ per month and an additional \$_____ per month as a Second Person Monthly Fee component of the Monthly Fee if two persons reside as Joint Residents pursuant to this Agreement.

1.5 Continuance of Monthly Fee. Payment of the Monthly Fee will continue as follows:

1.5.1 In the event of your death (in the case of Joint Residents, the death of the surviving Resident), until your estate removes all of your personal property from the Residence and from any storage unit.

1.5.2 In the event of your permanent relocation to Health Center Level Services or Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another care facility licensed to provide the appropriate care you need, until you or your personal representative removes all of your personal property from the Residence and from any storage unit.

1.5.3 In the event of cancellation of this Agreement as outlined in Section 7 or 8, until expiration of the cancellation period and continues until you remove all of your personal property from the Residence and from any storage unit.

1.6 Increase in Monthly Fee. The Monthly Fee is paid to us to provide the services and amenities described in this Agreement and is intended to meet the expenses associated with the operation of the Village. We may increase the Monthly Fee (which includes the Second Person Monthly Fee where applicable) upon thirty (30) days' written notice if we, in our sole discretion, deem it necessary to meet the financial needs of the Village or to provide quality services to the Residents.

1.7 Reduction in Monthly Fee Due to Absence. If you are absent from the Village for more than fourteen (14) consecutive days, your Monthly Fee will be reduced by the raw food cost determined through the Village's budgeting process. You are required to notify us of your absence in order to qualify for the reduction in the Monthly Fee.

1.8 Reserve Funds. The amount of the Monthly Fee also is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Village.

1.9 Late Payment Charge. We will charge a late payment charge in the amount of twenty-five dollars (\$25.00) if the Monthly Fee or any Extra Charges are not paid by the fifteenth (15th) day of the month. Balances over thirty (30) days old will be assessed a one percent (1%) interest charge per month. If we hire a collection agency or attorney to collect the Monthly Fee and Extra Charges past due from you, you are to pay any and all costs of collection, including reasonable attorney's fees, costs, and expenses associated with such collection efforts.

2. DESCRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES.

2.1 Services Provided for the Monthly Fee. We will provide you, in consideration for the Monthly Fee referred to above, the following services and amenities at the Village:

- Under the Flexible Meal Program, each Resident living in Cottages and Apartments (excluding studio apartments) will receive a Dining Allocation as part of the Monthly Fee and second person Monthly Fee. The meal program will provide you sufficient credits to dine daily, and may be expended by you, or with your permission, your guests. For more information, please refer to the Flexible Meal Program Policy;
- Studio apartment residents receive three (3) meals per day;
- Limited tray service to be provided when approved by authorized staff;
- Consultation and preparation of routine special diets;
- Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal;
- Cable television package;
- Building janitor and maintenance;
- Grounds keeping;
- Weekly housekeeping services;
- Availability of laundry facilities so that you can wash and dry personal laundry;

- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;
- Parking for you and your guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
- Kitchen facilities, except some studio apartments only contain a refrigerator and a microwave;
- Local transportation as scheduled by us and as posted;
- Limited additional storage space;
- Personal emergency transmitter system;
- Smoke detectors;
- Security – 24 hours a day; and
- Six (6) days each year of assisted living or nursing care in the Village Health Center as outlined in Paragraph 4.4.

2.2 Supplemental Services Provided for Extra Charge. Supplemental services, when available, will be provided at Extra Charge and are described below. A list of Extra Charges for these supplemental services can be obtained from administration.

- Meals, guest meals, and other food charges in excess of your Dining Allocations, as outlined in Section 2.1. Extended tray service as approved by authorized staff;
- Preparation of special diets (beyond those which are routine and based upon our ability to prepare/offer such diet), as prescribed by your attending physician;
- Additional housekeeping services;
- Guest accommodations, if available;
- Private catered functions;
- Personal transportation and transportation for special events and group trips;
- Expanded cable television package;
- Services of the Clinic – a copy of the charges for Clinic services can be obtained from the Clinic;
- Home care services through the Croasdaile Village Home Care Program;
- Assisted living services or nursing care services through the Village Health Center as outlined in Section 4; and
- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, physician services, and other miscellaneous medical services and supplies) as outlined in Paragraph 4.10.

3. TERMS OF RESIDENCY.

3.1 Use of the Residence. The Residence is for living only and will not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions. This Agreement is not a lease, and grants you only the right to live in the Residence, access to other facilities of the Village, and to available services and amenities, subject to the terms and conditions of this Agreement.

3.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (or either of you in the case of Joint Residents) live unless you (both of you in the case of Joint Residents) are not capable of occupancy as set forth in our residency policy, or this Agreement is canceled by you or by us. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that you need home care services, assisted living services, or nursing care services, you will be requested to obtain the needed services in your Residence (at your expense), relocate to the Village Health Center or Comparable Facility (as defined in Paragraph 4.2).

3.3 Occupants of the Residence. Except as hereinafter provided, no person other than you (both of you in case of Joint Residents) may occupy the Residence. In the event that a second person who is not a party to this Agreement is accepted for residency in the Residence at a time subsequent to the date hereof (said acceptance to be in accordance with our current residency policy), an Entrance Fee in an amount to be determined by us (which will be no more than one-half of the then-current Entrance Fee for the Residence) shall be paid upon residency, and each month thereafter, the then-current Second Person Monthly Fee shall be paid as part of the Monthly Fee. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than thirty (30) days, except with our express written approval.

If the Resident marries a person who is also a resident of the Village, and should they decide to occupy one residence as Joint Residents, they must declare which residence will be occupied and which residence will be released. The refund due for the released residence, if any, will be provided as described in Paragraph 9.5 of this Agreement.

3.4 Guests. Guests are welcome to stay in your Residence for short stays not to exceed ten (10) consecutive days. Such stay shall not, in the opinion of the Executive Director, adversely affect the operation of the Village or be inconsistent with the welfare of our residents.

3.5 Release. We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from such liability.

3.6 Insurance. Our insurance does not cover your personal property or your liability. It is recommended that you carry personal property insurance and liability insurance at your own expense to cover against any loss or damage to your personal property or to the property of others caused by your negligence or that of your guests. If requested by us, you agree to provide us with proof of such insurance coverage.

3.7 Removal and Storage of Resident's Personal Property. Your personal property must be removed from the Residence and from any storage unit as follows:

3.7.1 Within thirty (30) days following the date of your death (if Joint Residents, the date of death of the surviving Resident). If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge your estate the Monthly Fee as outlined in Paragraph 1.5.1 above, or we may remove and store such personal property at the expense and risk of your estate. Your Entrance Fee will continue to amortize, if applicable, until the Residence and any storage unit is

completely vacated. We will only allow the executor(s) named in your Will to remove or dispose of your personal property in your living accommodation and any related storage unit at the Village. Members of your family or those to whom you have granted power of attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

3.7.2 Within thirty (30) days following the date notice is delivered to you of your permanent relocation to the Village Health Center or a Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another care facility licensed to provide the appropriate care you need. If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.2 above, or we may remove and store such personal property at your expense and risk.

3.7.3 At the end of the cancellation period outlined in Section 7 or 8. If your personal property is not removed from the Residence and from any storage unit by the end of the cancellation period, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.3 above, or we may remove and store such personal property at your expense and risk. Your Entrance Fee will continue to amortize, if applicable, until the Residence and any storage unit is completely vacated.

3.8 Furnishings. Furnishings within the Residence will not be provided by us except as stated in Paragraph 2.1. Furnishings provided by you shall not be such as to interfere with your health, safety or general welfare, or that of other residents or others.

3.9 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents. If relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another residence within the Village, to the Village Health Center or a Comparable Facility (as defined in Paragraph 4.2), or to a hospital or other care facility for the protection of your health or safety or for the health or safety of the other residents of the Village.

3.10 Alterations by You. You may not undertake any alterations to your Residence without our prior written approval. Said alterations will be set forth in a separate addendum to this Agreement, signed by you and us. Any alterations to the landscaping of your Residence must meet the covenants of Croasdaile Farm Master Homeowners' Association and be approved by the Village's Building and Grounds Committee.

3.11 Condition of Residence. Upon vacating the Residence, you agree to leave it in good and clean condition. You shall be liable to us for any charges incurred to restore your Residence to good and clean condition, except for normal wear and tear.

3.12 Rights of Second Single Resident. When two Joint Residents reside in a single Residence under this Agreement, upon the death or permanent relocation of one Resident to a different level of care at the Village, or other inability of that Resident to continue residing in the Residence, the remaining Resident may continue to reside in the Residence under the terms of this Agreement and shall pay the Monthly Fee.

3.13 Smoke-Free Community. The Village is a smoke-free community pursuant to its Smoke-Free Campus Policy (a copy of which is available upon request), wherein the campus and buildings have been designated as "smoke free". Smoking (including E-Cigarettes) is not allowed by residents, guests, and business invitees on the Village campus (inside or outside), except in a designated outside area. No smoking areas include, but are not limited to, the residences, the Village Health Center (including both the assisted living facility and nursing facility), hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas. Smoking is only permitted at the designated outdoor area. Violation of the Smoke-Free Campus Policy can result in our cancellation of this Agreement for just cause as outlined in Paragraph 8.1 hereof.

3.14 Firearms Policy. The Village has adopted a policy governing the possession of firearms at the Village. Firearms need to be registered with the Village and properly secured. In the event that you are unable to safely maintain a firearm, we will contact your designated power of attorney, legal representative or family member to remove any firearms from your Residence.

4. THE VILLAGE HEALTH CENTER.

4.1 Description. The Village Health Center is the portion of the Village which is licensed to provide two levels of care: assisted living care and skilled nursing care (collectively "Health Center Level Services"). The Village Health Center is staffed by licensed nursing personnel 24 hours a day.

4.2 Alternate Accommodations. You will be given priority over non-residents for admission to the Village Health Center. In the event the Village Health Center is fully occupied when you are determined to need such care, you agree to relocate to an alternate health care facility that provides services similar to the Village Health Center or to another care facility licensed to provide the appropriate care you need (a "Comparable Facility") until an appropriate space becomes available for you at the Village. We will not be responsible for the charges associated with the Comparable Facility. Upon your relocation to a Comparable Facility, you shall continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

4.3 Clinic. The Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an Extra Charge to you.

4.4 Six (6) Days of Assisted Living or Nursing Care in the Village Health Center. You are eligible to receive a total of six (6) days each year of either assisted living care or nursing care in the Village Health Center while you are a resident of your Residence. In the case of Joint Residents, each of you will receive six (6) days, but the days cannot be combined and used by only one of you. Such six (6) days renews on an annual basis and does not accumulate. You are required to pay the charges for physician services and any additional health services as outlined in Paragraph 4.10. Once you are permanently assigned to assisted living or nursing care in the Village Health Center or Comparable Facility, you no longer qualify for the six (6) free days of assisted living or nursing care and will be required to pay the per diem charge for such care. **[NOTE: The six (6) days of care is a combined annual total for assisted living care and nursing care at the Village.]**

4.5 Transfer to Health Center Level Services. In the event your physical or mental health is determined by us to be appropriate for Health Center Level Services, you agree to relocate to the Village Health Center or a Comparable Facility. Such a determination will be made by us after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

4.6 Temporary Relocation to the Village Health Center. In the event you require temporary care in the Village Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above.

4.7 Permanent Relocation to Health Center Level Services. In the event you require permanent care in the Village Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. If you are determined appropriate for Health Center Level Services, and are permanently relocated to the Village Health Center or a Comparable Facility, you will be required to release your Residence to us, and remove all of your personal property from the Residence and from any storage unit as outline in Paragraph 3.7.2. We shall have the right to reassign the Residence for occupancy by others except as provided in Paragraph 3.12. Release of the Residence due to your permanent relocation to the Village Health Center or to a Comparable Facility does not qualify you for a refund of the Entrance Fee, unless this Agreement is canceled. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

4.8 Relocation within the Village Health Center. We reserve the right to relocate you to a different level of care within the Village Health Center if you require such care. Such relocation will be made after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

4.9 Return to Residence. If we subsequently determine, in consultation with your attending physician, your personal representative and you to the extent possible, that you can resume occupancy in a residence equivalent to the residence you previously occupied, you shall have the right to relocate to such equivalent residence as soon as one is available. Upon reoccupying a residence, your Monthly Fee will be based on the then-current Monthly Fee for the residence.

4.10 Medical Director, Attending Physician, and Additional Health Services. We have designated a licensed physician to serve as Medical Director of the Village Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your expense. If your personal physician will be providing you with services in the Village Health Center, he/she may do so upon providing us with his/her credentials and with proof of liability insurance, and he/she agrees to abide by our policies and procedures. We will not be responsible for the charges for medical treatment or services by the Medical Director or your

attending physician, nor will we be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

4.11 Advanced Payment for Medical Treatment. In the event we incur or advance payment for your medical treatment or for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment (even in the event such medical care is given at the direction of your attending physician or the Medical Director without your prior approval), you shall promptly reimburse us for such payments. Upon cancellation of this Agreement for any reason, any amounts due to us under this Paragraph 4.11 shall be offset against any refund of the Entrance Fee.

4.12 Long-Term Care Insurance. We will use reasonable efforts to assist you in working with your long-term care insurance provider to obtain the benefits to which you may be entitled.

4.13 Medicare and Health Insurance. When eligible, you are required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility. You shall furnish to us such evidence of coverage as we may from time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Village Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Village Health Center or a Comparable Facility. If you are eligible to receive the six (6) days of nursing care in the Village Health Center as provided in Paragraph 4.4 and your stay in the Village Health Center is a Medicare-qualified stay, such six (6) days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

If you are not eligible for Medicare, you shall maintain health insurance coverage acceptable to us and shall furnish us with evidence of such coverage upon our request. Should your health insurance not fully cover your stay in the Village Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each admission and stay in the Village Health Center or a Comparable Facility.

If failure to maintain Medicare Part A, Medicare Part B, supplemental health insurance or other health insurance coverage causes depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations to us as outlined in Paragraph 6.1, and we retain the right to cancel the Residency Agreement as provided in Section 8.

4.14 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

4.14.1 Participating Provider. If the Village Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Village agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Village Health Center will not reduce the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.

4.14.2 Not a Participating Provider. If the Village Health Center is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for health care services. In addition, while receiving health care services at the managed care participating provider, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above. Such a stay at a managed care participating provider will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable.

4.14.3 Negotiated Managed Care Rate. If the Village Health Center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we attempt to negotiate a reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in the Village Health Center will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.

4.14.4 No Negotiated Managed Care Rate. If the Village Health Center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive nursing care in the Village Health Center during a Medicare-qualified stay, then each day of your stay in the Village Health Center will reduce by one day the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. During any such Medicare-qualified stay in the Village Health Center, you agree that you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above and any charges for physician services and any additional health services as outlined in Paragraph 4.10. If at any time during any such Medicare-qualified stay in the Village Health Center you are no longer eligible to receive any of the days of care provided for in Paragraph 4.4, then you agree to pay the per diem charge for your care in the Village Health Center, the Monthly Fee for your Residence, in accordance with Paragraph 1.5.2 above, and any charges for physician services and any additional health services as outlined in Paragraph 4.10.

4.14.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified stay, you will be entitled to care in the Village Health Center in accordance with the terms of this Agreement other than as provided in this Paragraph 4.14, as adjusted to

reflect any reduction during such stay in the number of days of care that you are eligible to receive without additional charge as provided in Paragraph 4.4, as applicable.

4.15 Transfer to Hospital or Other Care Facility. If we determine after consultation with your attending physician, your personal representative and you to the extent possible, that you need care beyond that which the Village Health Center is licensed to provide, you will be transferred to a hospital or other care facility. Our staff will not accompany you to the hospital or other facility. We shall not be responsible for any charges associated with the transfer and health care expenses or charges incurred by you after such a transfer. You shall continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5 above.

4.16 Village Health Center Admission Agreement. If you require care in the Village Health Center, you agree to enter into a separate admission agreement for the appropriate level of care, which will be signed by you and us.

4.17 Under Age 62. If you are under the age of 62 when you occupy your Residence under this Agreement, you are not eligible to receive the six (6) days of care in the Village Health Center as described in Paragraph 4.4 until you attain the age of 62. During this time, you will be entitled to Health Center Level Services at the then-current per diem charge being charged to nonresidents until age 62.

5. REPRESENTATIONS.

5.1 Our Representations. We represent and warrant that we are a nonprofit corporation. We are exempt from payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. We are affiliated with the North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction. The North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction is not responsible for our financial or contractual obligations.

5.2 Your Representations. You represent and warrant that the representations made in the application for residency, your personal health history, and the confidential financial statement are true and correct and may be relied upon by us as a basis for your acceptance for residency at the Village. You also represent and warrant that you have not made any gift of your property in contemplation of the execution of this Agreement.

6. PROMISES.

6.1 Our Promises. It is and shall be our declared policy to operate as a non-profit organization. We will not cancel this Agreement without just cause as specified in Section 8. Further, we shall not cancel this Agreement solely by reason of your financial inability to pay the full Monthly Fee, or the per diem charge for care in the Village Health Center, provided you have met all "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. This provision shall not apply if you have impaired your ability to meet your financial obligations hereunder by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. You shall be permitted to remain at the Village for a reduced fee based on your ability to pay for as long as you establish facts to justify deferment

of such charges and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Village on a sound financial basis for the benefit of all residents.

6.2 Your Promises. You agree to comply with all policies and procedures of the Village as now existing or as hereafter amended; to pay the Entrance Fee, Monthly Fee, and any other charges as provided in this Agreement; to not impair your ability to meet the financial obligations under this Agreement by transferring assets, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance, without our consent; to apply for public assistance funds and/or Medicaid if you should need financial assistance as outlined in Paragraph 6.1 above while receiving Health Center Level Services; and to abide by all other terms of this Agreement.

7. CANCELLATION BY RESIDENT.

7.1 Right of Rescission. Within thirty (30) days following the later of the execution of this Agreement by you or the receipt of a Disclosure Statement from us, you may rescind this Agreement by giving us written notice. You shall not be required to move into the Residence prior to the expiration of the thirty (30) day rescission period. However, if you occupy the Residence during the rescission period and then rescind this Agreement, you will only be charged a Monthly Fee for the period of time that you actually occupied the Residence. Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.2.

7.2 Cancellation Prior to Occupancy. You may cancel this Agreement for any reason at any time before you move into the Village by giving us written notice signed by you (both of you in the case of Joint Residents). Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.3 or 9.4. If you die prior to occupying the Residence or if, on account of illness, injury or incapacity, you are precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel upon our receipt of notice of your death, illness, injury or incapacity. If you elect to cancel this Agreement because of a substantial change in your physical, mental or financial condition prior to occupancy, then this Agreement will cancel upon written notice from you. Refund of the Entrance Fee shall be as outlined in Paragraph 9.3.

7.3 Cancellation After Occupancy. You may cancel this Agreement for any reason after moving into the Village by giving us thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery. Cancellation shall occur thirty (30) days after written notice is delivered, and you must remove your personal property from the Residence and from any storage unit within the thirty (30) day notice period as outlined in Paragraph 3.7.3. You are obligated to pay the Monthly Fee during the thirty (30) days, and thereafter if the Residence has not been released to us in accordance with Paragraph 1.5.3 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

7.4 Cancellation Due to Death After Occupancy. This Agreement will automatically cancel upon your death (the death of the surviving Resident in the case of Joint Residents). Your estate must remove your personal property from the Residence and from any storage unit within thirty (30) days after your death as outlined in Paragraph 3.7.1. Your estate will be obligated to pay the Monthly Fee as outlined in Paragraph 1.5.1 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

8. CANCELLATION BY UMRH.

8.1 Cancellation Upon Notice. We may, upon notice and opportunity to cure as hereinafter provided, cancel this Agreement for just cause. Just cause shall include the occurrence of any of the following events (hereinafter referred to as a "Default"):

8.1.1 Noncompliance. You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us.

8.1.2 Misrepresentation. You misrepresent yourself or fail to disclose information during the residency process.

8.1.3 Nonpayment. You fail to pay any charges to us, subject to the provisions of Paragraph 6.1, within forty-five (45) days of the date when such charges are due.

8.1.4 Threat to Health or Safety. Your health status or behavior constitutes a substantial threat to the health, safety or peace of yourself, other residents, or others including your refusal to consent to relocation, or behavior that would result in physical damage to the property of the Village or others.

8.1.5 Change in Condition. There is a major change in your physical or mental condition and your condition cannot be cared for in the Village Health Center within the limits of our license.

8.2 Default Notice. Prior to cancellation for any Default described in Paragraph 8.1.1, 8.1.2 or 8.1.3 above, we shall give you notice in writing of such Default, and you shall have at least thirty (30) days thereafter within which to correct such Default. No Default shall eliminate your obligation to pay the Monthly Fee. If you correct such Default within such time, this Agreement shall not be canceled. If you fail to correct such Default within such time, this Agreement shall cancel at the expiration of such thirty (30) days.

In the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5 above, if we or the Medical Director determine that either the giving of notice of Default or the lapse of time as above provided might be detrimental to you or others, then such notice and/or waiting period prior to cancellation shall not be required. Also, in the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5, we are expressly authorized by you to transfer you to an appropriate hospital or other facility, and we will promptly notify your personal representative or attending physician.

9. REFUND OF ENTRANCE FEE.

9.1 Nonacceptance by Us. If we do not accept you for residency at the Village, the full amount of the Entrance Fee you have paid will be promptly refunded to you, without interest.

9.2 Right of Rescission. If you rescind this Agreement as provided in Paragraph 7.1, you shall receive a full refund of the portion of the Entrance Fee paid by you, without interest, within sixty (60) days of our receipt of the written notice of rescission.

9.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, or Incapacity.

If, prior to occupancy and after your right of rescission period has expired, you die or you cancel this Agreement because of illness, injury or incapacity, you or your estate will receive a refund in full of the portion of the Entrance Fee you have paid, without interest, less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of your written notice of cancellation.

9.4 Cancellation Prior to Occupancy for Other Reasons. If you cancel this Agreement for reasons other than those stated in Paragraph 9.2 or 9.3 above, you shall receive a refund of the Entrance Fee paid, less a non-refundable portion of the Entrance Fee equal to Two Thousand Dollars (\$2,000) and less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days after our receipt of the written notice of cancellation.

9.5 Cancellation After Occupancy. In the event you or we cancel this Agreement after occupancy or in the event of your death (the death of the survivor in the case of Joint Residents), you or your estate will be reimbursed the amount of the Entrance Fee previously paid by you, less two percent (2%) for each month of residency or portion thereof, for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid, without interest, at such time as your Residence has been reserved by a new resident and our receipt of the full amount of the Entrance Fee paid by such new resident or within two (2) years from the date of cancellation, whichever occurs first.

9.6 Offset Against Entrance Fee Refund. In the event of cancellation of this Agreement as described in Paragraph 9.5 above, we will offset against any Entrance Fee refund due to you or your estate the following:

9.6.1 The amount of any unpaid Monthly Fees, pro-rated Monthly Fees for the period of time the Residence was occupied (which shall include the period of time until you or your personal representative removes all of your personal property from the Residence and from any storage unit) after cancellation of this Agreement, any Extra Charges, or other charges deferred by us on your behalf under Paragraph 6.1; and

9.6.2 Any health care expenses incurred on your behalf and other amounts payable to us, which remain unreimbursed; and

9.6.3 Any charges incurred to restore the Residence to good condition, normal wear and tear excepted, as outlined in Paragraph 3.11; and

9.6.4 Any charges incurred as a result of options and custom features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

10. MISCELLANEOUS.

10.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to receipt of the amounts described in Section 9; (ii) this Agreement and your contractual right to occupy the Village will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you the right to occupy and use space in the Village but does not give you exclusive possession of the Residence against us, and you will not be entitled to any rights of specific performance but will be limited to such remedies as set forth herein and as provided by continuing care law; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of the Village.

10.2 Release. We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from any such liability. You may want to obtain at your own expense insurance to protect against such losses.

10.3 Force Majeure. Community shall not be liable to Resident for any default, breach or damages arising out of or relating to the suspension or termination of any of its obligations or duties under this Agreement by reason of the occurrence of a Force Majeure Event. A “Force Majeure Event” is defined as the occurrence of an event which materially interferes with the ability of Community to perform its obligations or duties hereunder which is not within the reasonable control of Community, and which could not with the exercise of diligent efforts have been avoided, including, but not limited to, war, rebellion, terrorism, government uprising, natural disasters (including floods, earthquake, fire, hurricanes, windstorms, tornadoes), accident, strike, riot, civil commotion, act of God, pandemic, epidemic, outbreak of infectious diseases or other public health crisis, including quarantine or other employee restrictions, acts of authority or change in law. Community shall promptly notify Resident of the occurrence and particulars of such Force Majeure Event and shall provide Resident, from time to time, with its best estimate of the duration of such Force Majeure Event and with notice of the termination thereof. Community shall use diligent efforts to avoid or remove such causes of non-performance as soon as is reasonably practicable.

10.4 Amendment. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.

10.5 Law Changes. This Agreement may be modified by us at any time in order to comply with applicable laws or regulations. Further, we may change any part of the Village, including the Residence, to meet the requirements of any applicable law or regulation.

10.6 Entire Agreement. This Agreement and any addenda or amendments thereto contain our entire understanding with respect to your residency at the Village.

10.7 Monthly Statement. You shall receive a monthly statement from us showing the total amount of fees and other charges owed by you, which shall be paid upon receipt and by no later than the fifteenth (15th) day of each month.

10.8 Responsible Party for Business and Financial Decision Making. Prior to assuming residency at the Village, you agree to execute and deliver to us a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision-making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us. You agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of the Village.

10.9 Disposition of Furniture, Possessions, and Property. You agree to make provision by Will or otherwise for the disposition of all of your furniture, property, and possessions located on the premises of the Village within sixty (60) days after the date of residency.

10.10 Nonwaiver. If we fail to insist in any instance upon performance of any of the terms, promises, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, promises, or conditions, but your obligation with respect to such future performances shall continue in full force and effect.

10.11 Notices. Any notice required to be given to us under this Agreement shall be in writing and sent certified mail, return receipt requested, with all postage and charges prepaid, or hand-delivered to the Executive Director of the Village at 2600 Croasdaile Farm Parkway; Durham, North Carolina 27705. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Village or at such other place as you shall designate to us in writing and sent by certified mail or hand delivered. All notices mailed in accordance with this Paragraph shall be deemed to be given when mailed whether or not they are actually received.

10.12 Indemnity. We will not be liable for and you agree to indemnify, defend and hold us harmless from claims, damages and expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or that of your guests.

10.13 Severability. The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

10.14 Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Village, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender(s) such further written evidence of such subordination as such lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee and Second Person Monthly Fee, you shall not be liable for any such indebtedness.

10.15 Capacity. This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent or employee of ours shall have any personal liability hereunder to you under any circumstances. This Agreement will become effective upon acceptance and signature by us.

10.16 Resident. In the case of Joint Residents, the rights and obligations of each are joint and several except as the context of this Agreement otherwise requires.

10.17 Reimbursement for Loss or Damage. You or your responsible party, if applicable, agree to reimburse us for any loss or damage to the Village caused by your intentional, careless, or negligent acts or omissions or that of your guests.

10.18 Charges for Collection. You agree to reimburse us for any charges we incur to collect any unpaid amounts you or your estate owes to us under this Agreement.

10.19 Sale or Transfers of Interest. We may sell or transfer our interest in the Village provided the buyer will agree to assume this Agreement and all other existing Residency Agreements. Upon the assumption of this Agreement by a buyer of the Village and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval of any such future transaction.

10.20 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, you must comply with our policy regarding personal service providers, and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our policy. If you fail to follow or enforce the policies and rules set forth therein, then we may elect, at our sole option, to cancel this Agreement.

10.21 Tax Considerations. You should consult with your tax advisor regarding the tax considerations associated with this Agreement as more fully explained in our Disclosure Statement.

10.22 Management. We have engaged the services of Life Care Services LLC ("LCS") to manage the Village. We are not affiliated with LCS nor is LCS responsible for our contractual or financial obligations or the contractual or financial obligations of the Village.

10.23 Governing Law. This Agreement will be governed, interpreted and construed according to the laws of the State of North Carolina.

10.24 Survival of Representations and Obligations. Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 10.11, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Village, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

11. MEDIATION AND ARBITRATION.

11.1 Mediation. In the event a dispute, claim or controversy of any kind arises between the parties – except for those disputes, claims or controversies arising under Paragraph 11.3 below – that cannot be resolved by mutual agreement, the parties agree to submit such dispute, claim or controversy to a neutral mediator for possible resolution. The parties will jointly agree on a neutral mediator. Each party shall submit all evidence or information in writing to the mediator in support of its contentions or allegations and any defense either party may have with respect to the dispute, claim or controversy. Each party shall have the right to a hearing before the mediator and to personally present information pertinent to such dispute, claim or controversy. The mediator shall assist each party, in an unbiased manner, in reaching an amicable agreement regarding the dispute, claim or controversy. If an amicable agreement is not reached, or if either party fails or refuses to negotiate or mediate in good faith to resolve the matter, or if a neutral mediator cannot be agreed upon between the parties, then the parties agree to submit such dispute, claim or controversy to an arbitration process as outlined below.

11.2 Arbitration. It is understood that any and all disputes between the Resident and Community, its owners, operators, officers, directors, administrators, staff, employees, agents, and any management and administrative services company, and all related entities and individuals, their staff, personnel, employees, owners, officers, directors, members, and agents that provide services to the Community that relates to the provision of care, treatment and services the Community provides to the Resident, including any action for injury or death arising from intentional torts, statutory causes of action, negligence, and medical malpractice, that is as to whether any medical services rendered under this contract were unnecessary or unauthorized or were improperly, negligently, or incompetently rendered shall be determined by submission to binding arbitration and not by lawsuit or resort to court process. This provision shall be binding for any and all disputes arising out of the Resident's Residency Agreement and/or the Resident's residency at the Community, except for disputes pertaining to collections or evictions. This provision is binding on all parties hereto, including the Community, the Resident, the Resident's representatives, agents, responsible party, conservators, executors, family members, successors in interest and heirs, as well as anyone who may have a claim arising out of the Resident's Residency Agreement and/or the Resident's residency at the Community.

If this Agreement is signed by someone other the Resident, including the Resident's representative, agent, responsible party, conservator, executor, family member, successor in interest and heir said person is doing so not only in their representative capacity for the Resident, but also in their individual capacity and thus agree that any and all claims brought individually by any such person(s) are also subject to binding arbitration.

The parties to this Agreement are giving up their Constitutional right to have any and all disputes decided in a court of law before a jury, and instead are accepting the use of binding arbitration. By signing this Agreement, the parties waive their right to commence and/or be a party to any class or collective action in any court against the other party relating in any manner to the Resident's residency at the Community. Further, the parties waive their right to commence or be a party to any group, class, or collective action claim in arbitration or any other forum.

Submitting to this provision is not a precondition to receiving medical treatment, care, services and/or for admission to the Community and is not a requirement to continue to receive

medical treatment, care, and services at the Community. You may rescind your agreement to arbitrate by written notice to the Community within thirty (30) days of signature. This agreement to arbitrate shall not be discharged by the death of any party hereto, nor by the termination of the Residency Agreement, nor by the Resident ceasing to reside at the Community.

This provision shall have retroactive effect. It is agreed by and between the parties hereto that this provision covers services rendered before the date this contract is signed, thus making this provision effective as of the date of the Resident's first admission to the Community.

This Agreement relates to the Resident's admission to the Community and the Community participates in Medicare programs and/or procures supplies from out of state vendors. The parties, therefore, agree that the underlying admission to the Community involves interstate commerce. The parties further agree that this arbitration provision is to be governed by the Federal Arbitration Act and the procedural rules set forth in the Federal Arbitration Act (9 U.S.C. Sections 1-16) shall govern any petition to compel arbitration and shall preempt any inconsistent State law. While the parties agree that this provision shall be governed by the procedural rules set forth in the Federal Arbitration Act, the parties further agree that the substantive law of the State where the Community is located shall apply to any and all claims.

The parties desire to have any and all disputes submitted to binding arbitration and do not want any claims not subject to arbitration to impede any and all other claims from being ordered to binding arbitration.

The parties are to mutually agree on the appointment of a single neutral arbitrator who routinely conducts mediations and/or arbitrations in the State where the Community is located and agree that discovery will be conducted pursuant to the discovery rules set forth by the arbitrator. Should the parties be unable to mutually agree upon the appointment of a single neutral arbitrator the Federal Arbitration Act shall govern the appointment of the arbitrator. The arbitration shall be venued in a location convenient for all parties, normally the county or region where Community is located.

The expenses and fees of the arbitrator shall be apportioned equally among all parties except as otherwise permitted or required by law.

If any portion of this provision is held invalid, such holding shall not impact the validity of the remaining content of this provision. Any such invalid portion shall be severed from this provision.

The Resident and/or the person executing this Agreement certifies that he/she has read this provision, understands this provision, it has been explained to them in a manner he/she understands, has been given a copy of this provision, and affirmatively represents that he/she is duly authorized by virtue of the Resident's consent, instruction and/or durable power of attorney, to execute this Agreement and accept its terms on behalf of the Resident and acknowledges that the Community is relying on the aforementioned certification. Further, if the person executing this Agreement is someone other than the Resident, you knowingly do so not only in your representative capacity for the Resident, but also in your individual capacity and thus agree that any and all claims brought individually by you are also subject to binding arbitration.

11.3 Voluntary Arbitration of Negligent Health Care Claims. For all claims for damages in personal injury or wrongful death actions, based on alleged negligence in the provision of health care, the parties may voluntarily elect to submit to arbitration pursuant to the procedures set forth in Article 1H of Chapter 90 of the North Carolina General Statutes. N.C. G.S. §90-21.60(b) prohibits any contract from requiring prior agreement of the parties to arbitrate negligent health care claims. Thus, Paragraphs 11.1 and 11.2 do not apply to personal injury or wrongful death actions based on alleged negligence in the provision of health care. If the parties agree to arbitrate such actions, said arbitration will be governed in accordance with N.C.G.S. §90-21.60, *et seq.*

You hereby certify that you received a copy of this Agreement and a copy of our most current Disclosure Statement dated _____, 20_____.

Executed this _____ day of _____,
20_____.

**THE UNITED METHODIST
RETIREMENT HOMES,
INCORPORATED
d/b/a Croasdaile Village**

RESIDENT

By _____
Executive Director

Witness

Date: _____

RESIDENT

By _____
Authorized Agent of UMRH

Witness

Date: _____

Attachment: Exhibit A



04/29/2024
Standard Residency Agreement (2024-04-29)
CLEAN

Exhibit A

Options and Custom Features Added at Resident's Request:	Amount
	\$
	\$
	\$
	\$
	\$
	\$
Total	\$

Initials _____
Community

Resident(s)

Resident(s)

WBD(US) 41242208v3

ATTACHMENT 6

Communities Managed by Life Care Services LLC

**SENIOR LIVING COMMUNITIES MANAGED
BY LIFE CARE SERVICES
AS OF 2/21/2025**

Alabama, Birmingham – Galleria Woods
Alabama, Hoover – Danberry at Inverness
Arizona, Chandler – Clarendale of Chandler
Arizona, Fountain Hills – Fountain View Village
Arizona, Phoenix – Clarendale of Arcadia
Arizona, Phoenix – Sagewood
Arizona, Tempe (Phoenix) – Friendship Village of Tempe
California, Cupertino – Forum at Rancho San Antonio, The
California, Palo Alto – Moldaw Residences
California, San Diego – Casa de las Campanas
California, San Rafael – Aldersly
California, Santa Rosa – Arbol Residences of Santa Rosa
California, Santa Rosa – Oakmont Gardens
Connecticut, Essex – Essex Meadows
Connecticut, Mystic – StoneRidge
Connecticut, Southbury – Pomperaug Woods
Delaware, Newark – Millcroft Living
Delaware, Wilmington – Foulk Living
Delaware, Wilmington – Shipley Living
Florida, Aventura – Sterling Aventura
Florida, Bradenton – Freedom Village of Bradenton
Florida, Celebration – Windsor at Celebration
Florida, Clearwater – Regency Oaks
Florida, Hollywood – Presidential Place
Florida, Jacksonville – Cypress Village
Florida, Leesburg – Lake Port Square
Florida, Naples – The Glenview at Pelican Bay
Florida, Naples – The Arlington of Naples
Florida, Palm City – Sandhill Cove
Florida, Port Charlotte – South Port Square
Florida, Seminole – Freedom Square of Seminole
Florida, Seminole – Lake Seminole Square
Florida, Sun City Center – Freedom Plaza
Florida, The Villages – Freedom Point at The Villages
Georgia, Evans – Brandon Wilde
Georgia, Savannah – Marshes of Skidaway Island, The
Illinois, Addison – Clarendale of Addison
Illinois, Algonquin – Clarendale of Algonquin
Illinois, Bartlett – The Oaks at Bartlett
Illinois, Chicago – Clare, The
Illinois, Chicago – Clarendale Six Corners
Illinois, Godfrey – Asbury Village
Illinois, Lincolnshire – Sedgebrook
Illinois, Mokena – Clarendale of Mokena
Illinois, Naperville – Monarch Landing
Illinois, Wheaton – Wyndemere
Indiana, Carmel – Rose Senior Living – Carmel
Indiana, Greenwood (Indianapolis) – Greenwood Village South
Indiana, Indianapolis – Marquette

Indiana, West Lafayette – Westminster Village West Lafayette
Iowa, Ames – Green Hills Community
Iowa, Cedar Rapids – Cottage Grove Place
Kansas, Atchison – Dooley Center
Kentucky, Lexington – Richmond Place Senior Living
Maryland, Columbia – Residences at Vantage Point
Maryland, Timonium – Mercy Ridge
Maryland, Towson (Baltimore) – Blakehurst
Massachusetts, Woburn – The Delaney at The Vale
Michigan, Ann Arbor – Clarendale Ann Arbor
Michigan, Auburn Hills – The Avalon of Auburn Hills
Michigan, Battle Creek – NorthPointe Woods
Michigan, Bloomfield Township – The Avalon of Bloomfield Township
Michigan, Clinton Township – Rose Senior Living – Clinton Township
Michigan, East Lansing – Burcham Hills
Michigan, Holland – Freedom Village
Michigan, Kalamazoo – Friendship Village
Michigan, Novi – Rose Senior Living at Providence Park
Michigan, Commerce Township – The Avalon of Commerce Township
Minnesota, Buffalo – Havenwood of Buffalo
Minnesota, Burnsville – Havenwood of Burnsville
Minnesota, Maple Grove – Havenwood of Maple Grove
Minnesota, Minnetonka – Havenwood of Minnetonka
Minnesota, Richfield – Havenwood of Richfield
Minnesota, Plymouth – Trillium Woods
Minnesota, Vadnais Heights – Gable Pines
Missouri, St. Peters – Clarendale of St. Peters
New Jersey, Bridgewater – Delaney of Bridgewater, The
New Jersey, Bridgewater – Laurel Circle
New Jersey, Burlington – Masonic Village at Burlington
New Jersey, Florham Park – The Delaney at The Green
New York, Rye Brook – Broadview Senior Living at Purchase College
New York, Staten Island – Brielle at Seaview, The
North Carolina, Chapel Hill – Cedars of Chapel Hill, The
North Carolina, Charlotte – Cypress of Charlotte, The
North Carolina, Durham – Croasdaile Village
North Carolina, Greensboro – WhiteStone
North Carolina, Greenville – Cypress Glen
North Carolina, Lumberton – Wesley Pines
North Carolina, Raleigh – Cypress of Raleigh, The
North Carolina, Wilmington – Porters Neck Village
Ohio, Avon – Rose Senior Living – Avon
Ohio, Beachwood – Rose Senior Living – Beachwood
Ohio, Lewis Center – The Avalon of Lewis Center
Ohio, New Albany – The Avalon of New Albany
Oklahoma, Bartlesville – Green Country Village
Oregon, Dallas – Dallas Retirement Village
Oregon, Salem – Capital Manor
Pennsylvania, Coatesville – Freedom Village at Brandywine
Pennsylvania, Warrington – Solana Doylestown, The
South Carolina, Greenville – Rolling Green Village
South Carolina, Hilton Head Island – Bayshore on Hilton Head Island

South Carolina, Hilton Head Island – Cypress of Hilton Head, The
Tennessee, Brentwood – Heritage at Brentwood, The
Tennessee, Hendersonville – Clarendale at Indian Lake
Tennessee, Memphis – Heritage at Irene Woods
Tennessee, Nashville – Clarendale at Bellevue Place
Texas, Austin – Westminster
Texas, Bedford – Parkwood Healthcare
Texas, Bedford – Parkwood Retirement
Texas, Dallas – Autumn Leaves
Texas, Dallas – Monticello West
Texas, Dallas – Signature Pointe
Texas, Dallas – Walnut Place
Texas, Georgetown – Delaney at Georgetown Village, The
Texas, League City – Delaney at South Shore, The
Texas, Lubbock – Carillon
Texas, Richmond – Delaney at Parkway Lakes, The
Texas, Spring – Village at Gleannloch Farms, The
Texas, The Woodlands – Village at the Woodlands Waterway, The
Texas, Waco – Delaney at Lake Waco, The
Vermont, White River – Village at White River Junction, The
Virginia, Fairfax – Virginian, The
Virginia, Gainesville – Heritage Village Assisted Living and Memory Care
Washington, Issaquah – Timber Ridge at Talus
Wisconsin, Greendale – Harbour Village
Wisconsin, Milwaukee – Eastcastle Place

ATTACHMENT 7

List of Extra Charges



Summary of Charges

Effective October 1, 2024- September 30, 2025

SERVICES

Clinic: Services of the clinic are billed according to the type of services received, and charges for the services are filed with residents' insurance carriers. Residents are responsible for any co-pays, deductibles, and for charges not covered by insurance.

Podiatry and psychiatry are available by appointment in the clinic, but are charged and billed by the provider and not through the Clinic.

Beauty Shop/Barber Service: The Croasdaile Village Beauty Shops are operated by private contractors.

Charges are set by the contractors and not by Croasdaile Village Administration.

Cable: Spectrum Community Plan-Included

Additional Services are at the expense of the resident at the Spectrum rate.

Dining Services:

Café, Bistro, and Pub charges:

- Breakfast *A la carte*
- Lunch *A la carte*
- Dinner *A la carte*

Main Dining Buffet Charges:

- Dinner/Brunch
 - Adult \$14.00
 - Child (Ages 3-12) \$ 7.00
 - Weekends and Holidays Varies per menu

Azalea Room Charges

- Dinner (varies per menu)

Meal Delivery:

Each resident receives three free meal deliveries per quarter if they are ill.

Additional deliveries are \$4.00 per meal

Guest Rooms: \$95.00/night

Housekeeping:

Weekly Housekeeping: No charge

Annual Deep Cleaning: No charge

Additional personal housekeeping \$35.00 per hour

Set-up fee for personal reservations:

(Fassett Auditorium, Resident Meeting Rooms, etc.)

Normal Hours Set-up \$80.00

Clean-up \$80.00

Night and/or Weekend Set-up \$80.00 per person

Weekend Clean-up \$80.00 per person

Laundry:

Croasdaile Village will happily provide personal laundry services to residents

Clothing hourly rate: \$22.00

Linens hourly rate: \$22.00

Maintenance:

Croasdaile Village will happily provide personal Maintenance services to residents.

Hourly rate: \$22.00 per hour per person

Security:

Replace #7 door key \$150.00 per key

PET Button \$169.00 per transmitter

Telephone:

Voice Mail \$4.00 *monthly*

Transportation:

Medical Transportation No

Charge North Durham, North of NC 147 \$

10.00 South Durham, South of NC 147

\$15.00 Hillsborough or Chapel Hill

\$20.00

Mebane \$25.00

Cary \$35.00

Roxboro	\$40.00
RDU Airport	\$40.00
Raleigh	\$45.00

Prices above are one-way

Any approved private trips beyond the location list shall be calculated using vehicle mileage and driver-hours added together.

The department will not provide long-distance personal transportation.

Pet Deposit: \$200.00 per pet

Note: Resident is required to pay a separate pet deposit for new pets, regardless of previous fees paid.

Croasdaile Village Home Care:

Telephone: 919-384-2040

Fax: 919-384-2449

C.N.A. Hourly Rates M-F \$33.00

C.N.A. Hourly Rates Weekends \$36.00

C.N.A. Hourly Rate Holiday & Premium* Double

C.N.A. Hourly Couple Care M-F \$39.00

C.N.A. Hourly Couple Care Weekends \$40.00

C.N.A. Hourly Couple Care Holiday & Premium*
Double Companions Hourly Rates M-F \$32.00

Companions Hourly Rates Weekends \$40.00

Companions Hourly Rates Holiday & Premium*
Double

All above rates require a 3-hour minimum

All below rates are for less than 3 hours:

CNA Hourly Rate \$37.00

Medication Reminder Visit: 15 minutes

\$15.00 RN Visit Assessments \$75.00

RN Visit Dressing Change Visit \$48.00

RN Visit Medication Management Pour \$35.00

RN Hourly Medication Change & Wellness
\$42.00

*Holidays/Premium Days are billed at double the hourly rate: New Year's Eve (Premium)

New Year's Day (Holiday) Easter Sunday (Premium)
Mother's Day (Premium)

Father's Day (Premium)

Memorial Day

(Holiday) 4th of July

(Holiday) Labor Day

(Holiday) Thanksgiving

(Holiday) Christmas

Eve (Premium)