

***The Chapel Hill Residential Retirement Center, Inc.***  
***Carol Woods Retirement Community***  
***750 Weaver Dairy Road***  
***Chapel Hill, NC 27514***



***Disclosure Statement***  
***May 1, 2024***

**In accordance with Chapter 58, Article 64 of the General Statutes of the State of North Carolina:**

- **This Disclosure Statement may be delivered until revised, but not after October 26, 2025;**
- **Delivery of the Disclosure Statement to a contracting party is required before execution of a contract for continuing care;**
- **This Disclosure Statement has not been reviewed nor approved by any government agency nor representative to ensure accuracy or completeness of the information set out. (North Carolina statutes do not provide for such governmental approval.)**

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## **I. ORGANIZATION INTRODUCTION AND INFORMATION**

### **A. The Organization and Its Operation**

Organized by a group of local citizens who recognized the need for a quality retirement center in Chapel Hill, **The Chapel Hill Residential Retirement Center, Inc.** was incorporated in July 1972 as a non-profit corporation. The community includes a single campus located at 750 Weaver Dairy Road in Chapel Hill, North Carolina. The corporation generally uses the registered name **Carol Woods** when doing business.

The mission of the corporation is to provide a broad array of services to persons 65 years of age or older including housing, health care, security, and to develop a satisfying lifestyle and environment. The community supports and enhances the highest degree of independence appropriate to each individual resident. A copy of Carol Woods' Statement of Mission, Vision, Values and Philosophy is presented in Appendix F.

### **B. Not-for-Profit Status**

Carol Woods is classified by the Internal Revenue Service as a 501(c)(3) corporation. This not-for-profit classification exempts the organization from corporate income taxes and allows Carol Woods to receive charitable contributions that may be tax deductible by the donor. Under IRS regulations, no earnings of the Corporation may be used for the benefit of nor distributed to corporate directors, officers, or other individuals. All excess funds remain with Carol Woods for use in its programs and services; and for on-going financial stability.

### **C. Affiliations**

In 2006, Carol Woods created an affiliated corporate entity, naming it The Carol Woods Charitable Fund, Inc. (the Charitable Fund). The Charitable Fund has been established as a separate 501(c)(3) charitable organization and has been organized as a "supporting" corporation to Carol Woods. Under IRS guidelines, a supporting organization is one that is designated a charitable, tax-exempt entity because its primary purpose is to support another charitable, tax-exempt entity; i.e., Carol Woods. Under its Articles of Incorporation and Bylaws, the purpose of the Charitable Fund is to:

- a. Support the facilities, grounds and services of Carol Woods to maintain its high quality and affordability.
- b. Support Carol Woods as a leader in research and development of innovative housing programs, health care services, technology applications, and other needed support services in order to help elderly persons lead meaningful lives as they age.
- c. Support Carol Woods' leadership role in the community, identifying and addressing potential gaps in the service delivery system, financial issues and other barriers to seniors being able to access needed services.
- d. Support Carol Woods' assistance to elderly persons during periods in which the aging process may lead to personal loss, supporting seniors as long as possible in desired living arrangements and achieving smooth transition to other settings as needed.

- e. Support Carol Woods in promoting the care and service to seniors as a fulfilling career choice for students at high school, college, graduate school and trade school levels, thereby increasing the supply of qualified and dedicated personnel available to serve seniors.
- f. Support Carol Woods in its cooperation and collaboration with other public agencies and non-profit corporations in the community, North Carolina and the United States in efforts to determine the most satisfying and fulfilling methods of providing living residences and supportive services for elderly persons.

The Charitable Fund can accept charitable donations for which the donor may receive a tax deduction. All members of the Charitable Fund Board of Directors are appointed by the Carol Woods Board. A majority of the Charitable Fund Board must be current members of the Carol Woods Board -- including the Carol Woods President/CEO and Vice-President of Finance, who serve as ex-officio voting members of the Charitable Fund Board. This structure ensures cohesion between the two organizations.

The financial statements of the Charitable Fund are presented as part of a set of consolidated financial statements, providing residents and the public the same level of financial disclosure to which they have come to expect with Carol Woods (refer to Appendix A). The Charitable Fund is not part of the Obligated Group that Carol Woods created through a Master Trust Indenture relating to its long-term debt. Carol Woods remains the sole member of that Obligated Group.

Carol Woods is also a voting member of Unity Senior Care Group, LLC. (Unity Senior Care). Unity Senior Care is a limited liability corporation created to help financially strong, like-minded non-profit Continuing Care Retirement Communities in North Carolina and South Carolina renew insurance policies as a bigger group, and share risk management best practices. Currently Unity Senior Care has 19 CCRC members.

Pursuant to NCGS §58-64-20(a)(4), aside from its affiliation with the Carol Woods Charitable Fund, and its membership in Unity Senior Care -- and other than annual membership in several state and national associations such as LeadingAge -- Carol Woods has no formal affiliation with any other religious, charitable, other non-profit organization or any other organization. Carol Woods is solely responsible for all of the corporation's financial and contractual obligations.

**D. Accreditation**

Carol Woods is accredited by the national Commission for Accreditation of Rehabilitation Facilities (CARF). The Commission is an independent entity and is the only accreditation body for communities like Carol Woods. Initial accreditation was granted in 1988. Carol Woods was reaccredited in 1993, 1998, 2003, 2008, 2013, 2019 and most recently in 2023. Each 5-year reaccreditation involves an intensive evaluation process and an on-site visit conducted by a team of experienced continuing care professionals. In achieving accreditation, the Commission finds that Carol Woods conforms to specific standards of excellence accepted by the continuing care industry. (See Appendix E for Certificate of Accreditation through 2028).

**E. Licensure**

Carol Woods is licensed to provide continuing care in North Carolina in accordance with State law. The license is issued by the North Carolina Department of Insurance. Documentation of Carol Woods' licensure with the Department of Insurance is presented in Appendix E.

Carol Woods is also licensed by the North Carolina Division of Health Service Regulation to operate 30 skilled nursing facility beds and 89 Adult Care Home beds (the latter comprise Carol Woods' Assisted Nursing and Assisted Living facilities). Collectively the 119 beds are referred to Carol Woods' Higher Levels of Support (HLOS).

Carol Woods also carries a home care license from the North Carolina Division of Health Service Regulation. Between its own home care license, and its referral relationship with other local home care providers, Carol Woods meets its obligation to offer home care services to its Early Acceptance residents under the Continuing Care Services without Lodging requirements of NCGS §58-64-7.

Current copies of each license from the Division of Health Service Regulation are presented in Appendix E.

The 30-bed skilled nursing center is certified to participate in the Medicare program, as are Carol Woods' primary care medical clinic and outpatient rehabilitation department.

**F. Credit Rating**

Since 2000, Carol Woods has maintained a credit rating from Standard & Poors (S&P). Between 2000 and 2019 its rating was A. In 2019, S&P upgraded Carol Woods' rating to A+. Carol Woods is among only a handful of retirement communities that have a rating of "A+" or better. S&P reviews Carol Woods' financial position every year, taking into consideration such factors as strength of Board and senior management, market conditions, and financial projections. Its A+ rating was reaffirmed most recently in March 2023.

## II. FACILITY INTRODUCTION AND INFORMATION

### A. Physical Location and Capacity

Carol Woods is located on 120 wooded acres in northern Chapel Hill, North Carolina. Its location is between two major universities, the University of North Carolina at Chapel Hill and Duke University.

There are 315 residential living units on campus, comprised of the following:

- 152 are single-story garden cottages,
- 149 units are in three central apartment buildings, and
- 14 are townhomes located contiguous to the main campus.

There is a 60-residence health center on site and 3 adult care home facilities with licensed capacity for 59; collectively referred to as Higher Levels of Support (HLOS).

As of March 31, 2024 Carol Woods had 475 residents living on campus, and 146 residents living off campus under the Early Acceptance program.

A variety of central buildings house common facilities (such as the dining hall, social hall, guest house, indoor heated pool, fitness center, library, assembly hall, computer room / business center, craft rooms / craft shop) and offices. The campus is accessed by vehicle from a single entrance on Weaver Dairy Road.

In February of 2012, Carol Woods received approval from the NC Department of Insurance to offer Continuing Care Services without Lodging (NCGS §58-64-7). Carol Woods calls this off-campus living option its Early Acceptance (EA) program. The Early Acceptance option is offered only to persons who are on Carol Woods' priority list, and the admission process for Early Acceptance is identical to the admission process for persons who are moving to campus. The Carol Woods Board determines the total number of persons accepted to the Early Acceptance program, guided by the numbers of residents living on campus and the projected actuarial capacity of Carol Woods' Higher Levels of Support facilities. Sections III, IV and V of this Disclosure Statement describe in more detail the Early Acceptance program. The 5-year financial projections in Appendix B present assumptions about average census in the Early Acceptance program over the next five years, and the financial implications.

## **B. Board of Directors**

Carol Woods is a private community-based not-for-profit corporation, governed by a Board of Directors, all of whom serve on a volunteer basis.

There are 18 voting Board members and 3 non-voting ex-officio members -- of whom one is the President / CEO, and two are members of the elected Council of the Residents Association. The Board nominates and elects voting members to 3-year terms. Currently 2 residents serve as voting members of the Board. No paid staff members of Carol Woods serve as voting Board members. Each Board member may serve a maximum of two consecutive 3-year terms, but then must rotate off the Board for at least one year. Members are typically individuals who have had proven success in professional, business, or community affairs. Most are from the Chapel Hill and Durham area. A number of past board members have later become residents of Carol Woods.

NCGS §58-64-20(a)(2) and §58-64-20(a)(3) require certain disclosures about any officer, director or trustee who has at least a 10% ownership or beneficial interest in Carol Woods. No officer, director or trustee has any ownership or beneficial interest in Carol Woods. In the spirit of full disclosure, the following profiles each member of the Carol Woods Board – indicating Board position, voting or non-voting, and whether any Board member might have business relations of any kind with Carol Woods or its residents.

**Jess Aylor (Chair).** Serves as Executive Director of Library Development at UNC and has more than two decades of successful fund-raising experience in higher education and the non-profit sector.

**Larry McManus (Vice Chair).** Principal and financial advisor at LFM Wealth Management. He is a certified financial planner and chartered retirement planning counselor. Per NCGS §58-64-20(a)(3)(b) the firm in which Mr. McManus is a partner, LFM Wealth Management, may provide services to residents of Carol Woods, the anticipated cost of which cannot be estimated.

**John P. (Jack) Evans (Treasurer).** Former faculty and Dean of the Kenan-Flagler Business School (KFBS) at UNC-CH. While on faculty served as Assistant to the Chancellor, Dean and three times as either Acting or Interim Dean of KFBS, Interim Vice Chancellor for Finance and Administration, and Executive Director of Carolina North.

**Crystal Torain (Secretary).** Director of Nursing at Piedmont Health Services, Inc., a nonprofit community health organization she has served for over 10 years in many key roles.

**Delores Bailey.** Executive Director of EMPOWERment, Inc. Under her leadership, EMPOWERment has become one of the largest nonprofit property owners of affordable rental housing units in Orange County, NC.

**Susan (Sue) Coppola.** Clinical professor in the Division of Occupational Science and Occupational Therapy at UNC School of Medicine.



**Stephen Elkins-Williams.** Former Rector of The Chapel of the Cross in Chapel Hill, NC.

**Josh Gurlitz.** Architect and owner of JGA Architects. Per NCGS §58-64-20(a)(3)(b) the firm in which Mr. Gurlitz is a partner, JGA Architects, may provide services to residents of Carol Woods, the anticipated cost of which cannot be estimated.

**John Hawkins.** Architect and owner of John B. Hawkins architectural firm. Per NCGS §58-64-20(a)(3)(b) the firm in which Mr. Hawkins is Owner, John B. Hawkins AIA Architect, may provide services to residents of Carol Woods, the anticipated cost of which cannot be estimated.

**Dottie Heninger (Resident, Ex-Officio, Non-Voting Member).** Resident of Carol Woods. Vice President of the Residents Association. Former computer literacy educator.

**Charles House.** Owner of University Florist. He is an Army veteran of the Defense Intelligence Agency. Per NCGS §58-64-20(a)(3)(b) the firm in which Mr. House is a founding partner, University Florist, may provide services to residents of Carol Woods, the anticipated cost of which cannot be estimated.

**George Lensing (Resident, Ex-Officio, Non-Voting Member).** Resident of Carol Woods. President of the Residents Association. Retired Mann Family Professor of English at UNC-CH. Served for over 40 years on the Board of Directors of the Chapel Hill Inter-Church Council Housing Corporation.

**Allen Mask.** MD well-known for his long tenure as the medical reporter and commentator for WRAL-TV / NBC News in Raleigh, where he covered health and medical news for more than 25 years.

**Tom Miller.** Retired professor of medicine in the Division of General Medicine and Clinical Epidemiology at UNC-CH.

**Kendall Page.** Real estate attorney with over 33 years of law practice in the Chapel Hill and Triangle area. Per NCGS §58-64-20(a)(3)(b) the firm in which Ms. Page is a partner, Kendall Page Attorney, may provide services to residents of Carol Woods, the anticipated cost of which cannot be estimated.

**Will Perreault.** A community development finance professional who is President of the Community Impact Investment Corporation and Chief of Staff at Self-Help Credit Corporation; one of the nation's leading non-profit community development financial institutions.

**Ben Popkin.** Owner of the Law Office of Maurice B. Popkin, Esquire, PLLC, through which he offers consulting services to stakeholders in health, insurance and legislative affairs areas. Per NCGS §58-64-20(a)(3)(b) the firm in which Mr. Popkin is owner, Law Office of Maurice B. Popkin, Esquire, PLLC, may provide services to residents of Carol Woods, the anticipated cost of which cannot be estimated.

**Marianne Ratcliffe (Ex-Officio, Non-Voting Member as President/CEO).** Prior to joining Carol Woods in August 2021 as President and CEO, Ms. Ratcliffe's career included five years in philanthropy, serving as Program Officer for The Kate B. Reynolds Charitable Trust in Winston-Salem and the Blue Cross Blue Shield NC Foundation in Durham. Since 2006 Marianne served as Executive Director of the Program for All-Inclusive Care for the Elderly (PACE) with Piedmont Health SeniorCare. She helped start the PACE program with Piedmont Health, serving a 5-county area, and opened PACE centers in Burlington and Pittsboro. PACE is a national model of community-based, interdisciplinary geriatric support serving dually eligible Medicare – Medicaid beneficiaries through a full-risk, capitated payment structure.

**Bruce Runberg.** Retired as Associate Vice Chancellor of Facilities Services at UNC-CH after 23 years of service to the University.

**Margarete Sandelowski (Resident, Voting Member).** Resident of Carol Woods and voting member of the Board of Directors. Former faculty member of the School of Nursing at UNC-CH.

**Adam Stein (Resident, Voting Member).** Resident of Carol Woods and voting member of the Board of Directors. Mr. Stein retired as a lawyer who served for over 50 years specializing in civil rights cases.

Board membership may change between major updates of this disclosure statement.

**C. Residents Association**

A vibrant quality of Carol Woods is the active involvement of residents in most aspects of the retirement community through membership in a Residents Association, with an elected Council and appointed Committee structure. The Residents Association is a separate non-profit corporation, independent of the Carol Woods, and the Charitable Fund corporations. All residents are members by virtue of being Residents of Carol Woods – both those living on campus and those in the Early Acceptance program. Association members elect representatives to a Residents’ Council, which is the governing body of the Association. The Residents’ Council generally meets monthly, and is joined by the President/CEO of Carol Woods. The Council President appoints the chairpersons of a large number of standing committees, ranging in scope from Finance to Fitness -- Dining to Decorating. The President of the Residents Council and one other member of the Council (selected by the Council) serve as ex-officio, non-voting members of the Carol Woods Board of Directors.

Management works very closely with the residents through the Association, its Council and its committees. Each department manager meets routinely with the appropriate resident advisory committees. Resident-initiated questions and issues relating to operations are directed to the committee level for clarification or discussion with management. Parameters for programs and policies are developed at this level.

Programs and policies developed in this way generally are referred to the President/CEO of Carol Woods with consensus having been reached between the particular resident committee and manager. Similar support is sought and is usually reached at the Residents’ Council level. The Board of Directors is thereby assured that policies that it must consider, and policies that are within the purview of management to approve and implement, have had considerable and very real resident input.

**D. Executive Staff: Pursuant to NCGS §58-64-20(a)(2) and (3), none of Carol Woods’ executive management staff has any ownership in Carol Woods. In the spirit of full disclosure, the following are Carol Woods’ key executive staff.**

**Marianne Ratcliffe, President and CEO**

See profile in Board of Directors section.

**Tommy Best, Vice President of Campus Operations**

Education: BS, UNC-CH in Biology and Economics with a concentration in Business. Experience in commercial banking and landscape construction and maintenance. Former Supervisor for Landscape Construction Services at NC State University. Licensed Landscape Contractor, Certified as an Arborist, Stormwater Control Measures and Project Management. Joined Carol Woods in 2019.

**Nicole Cooper, Vice President of Technology and Compliance**

Education: MBA, Elon University; BA, International Relations, The College of William and Mary. Licensed Nursing Home Administrator, NC. Former Administrative and Team Lead Surveyor for the Commission for the Accreditation of Rehabilitation Facilities. She joined Carol Woods in 1998.

**Kenneth Reeb, Jr., Vice President of Finance and Planning**

Education: MSPH, (Health Care Administration) UNC-CH; BA, Economics, Carleton College. Former Administrator of Hampton Woods Senior Campus, Jackson, NC. Mr. Reeb served as Treasurer of the Board of Senior Care of Orange County, and Past Chair of the Board of Piedmont Health Services, Inc. He has been involved in the health care industry since 1984. He joined Carol Woods in 1996.

**Liz Tomajko, Vice President of Human Resources and Staff Development**

Education: Bachelor of Professional Studies with a major in Human Resources. Professional in Human Resources Certification from HRCI since 2000. Certified Professional certification from SHRM 2015. Mrs. Tomajko served as board member and Treasurer of the Chapel-Hill Carrboro Meals. She joined Carol Woods in 2008.

**Jen Wilson, Vice President of Well-Being**

Education: MPH, UNC-CH; BA, Sociology/Anthropology, Ohio Wesleyan University. Prior to Carol Woods, she coached North Carolina nursing homes through quality improvement efforts to implement person centered care and eliminate restraint use as a Project Manager with the Carolinas Center for Medical Excellence. Jen joined Carol Woods in 2008.

- E. **Consulting Professionals:** Pursuant to NCGS §58-64-20(a)(2) and (3), no consulting firm or other professional service firm has any ownership interest in Carol Woods. In the spirit of full disclosure, the following are the key consulting firms used by Carol Woods.

**A. V. Powell and Associates, LLC.**

Actuarial Consultants, 1791 Woodcliffe Terrace, NE, Atlanta, GA 30324-4955

**Clifton Larson Allen, PLLC**

Auditors, Tax and Financial Consultants, 227 West Trade Street, Suite 800, Charlotte, NC 28202

**UBS Financial Services, Inc.**

Investment Advisors, 3455 Peachtree Road, NE, Suite 1700, Atlanta, GA 30326

**Womble Bond Dickinson, LLP**

Corporate Legal Counsel, 555 Fayetteville Street Mall, Suite 1100, Raleigh, NC 27601

**F. Full Disclosure Practice**

Carol Woods discloses to its residents all policies and summary financial information related to the retirement center. Both the annual audited financial statements and the monthly interim financial statements are presented to Resident Finance Committee members. Audit forums are offered annually, open for all residents to attend.

Committees of the Residents Association and the Residents' Council are involved in the budget preparation process. Budget forums are given annually for all residents after budget approval. Copies of annual audits, interim monthly financials, annual budgets, 5-year pro formas, resident forums, and annual Disclosure Statements are archived in the Carol Woods library for resident and public reference. Electronic copies are posted to the resident web portal for easier access on-line.

Pursuant to NCGS §58-64-20(a)(3), no member of the Board of Directors, staff member, nor consultant has an ownership nor beneficial interest in Carol Woods. No member of the Board or management staff (i) has been convicted of a felony nor pleaded nolo contendere to a felony charge, nor been held liable nor enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; (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 the aged, or facility subject to Chapter 58, Article 64 of the NC General Statutes or a similar law in another state.

Carol Woods does not hire nor pay Board members on either a contractual or any other basis. Per NCGS §58-64-20(a)(2) Carol Woods ensures that all of its officers, directors, and key management staff disclose "...the name and address of any professional service, association, trust, partnership, or corporation in which this person has, or which has in this person, a ten percent (10%) or greater interest and which is presently intended shall currently or in the future provide goods, leases, or services to the facility, or to residents of the facility, of an aggregate value of five hundred dollars (\$500.00) or more within any given year, including a description of the goods, leases, or services and the probable or anticipated cost thereof to the facility, provider or residents or a statement that this cost cannot presently be estimated..." There is a Board policy that governs the evaluation and disclosure of potential conflicts of interest; a copy of which is presented in Appendix G.

Residents are free to have business relationships with Board members or with organizations they own, control, are employed by, or are otherwise affiliated. Carol Woods neither endorses nor encourages residents to do business with Board members nor related organizations and is not involved in establishing continuing business relationships between residents and Board members.

Each Board member is asked each year to disclose whether they have business relationships with residents. Carol Woods has disclosed those Board members who do or may have business relationships with residents in their individual Board profiles in section II.B.

### **III. ONGOING OR PROPOSED EXPANSIONS OR DEVELOPMENTS**

Pursuant to NCGS §58-64-20(a)(14) this section discloses some ongoing capital expansions that are noteworthy.

In 2023 Carol Woods initiated a master planning process for the campus. The Board commissioned a master planning task force to oversee the process. The task force includes 7 Board members (including 2 architects), 5 residents, and 4 members of Carol Woods' senior management staff.

The task force engaged a market consulting firm whose analysis suggests that there is sufficient demand in the market for Carol Woods to consider adding more independent living residences, and perhaps more licensed capacity in higher levels of support.

In early 2024 the task force engaged an architectural firm to guide master plan development. It remains too early in the process, however, for any definitive plans to be outlined in this disclosure statement. Further, the 5-year financial projections presented in Appendix B refer to the master plan process, but do not reflect the financial implications to the potential expansion.

Once plans become more definitive, Carol Woods will submit a disclosure statement, and 5-year financial pro formas which provide those details.

Each time that Carol Woods has done a master plan expansion in its 45-year history, the expansion has allowed Carol Woods to serve more seniors, and has caused the community to become stronger financially. Those overall outcomes are expected in the upcoming expansion.

#### **IV. ADMISSION AND RESIDENCY REQUIREMENTS**

Carol Woods offers two programs by which persons can become Residents of Carol Woods:

1. If a cottage, apartment or townhome is available, one can reserve that residence, proceed through Carol Woods' admission process, take residency of the residence, and enjoy on-campus retirement living and related services, plus ensure access to future health care services as needed.
2. If a slot in Carol Woods' Early Acceptance program is available, one can reserve that slot, proceed through Carol Woods' admission process, become a Resident of Carol Woods with full access to the campus amenities, and ensure access to future health care services as needed. All Early Acceptance residents remain in their current home for the time being, while retaining their position on Carol Woods' Priority List for a potential future move to campus.

Whether living on campus or continuing to live in their current home, residents in each setting have the same financial protections and equal access to Carol Woods' Higher Levels of Support (HLOS) and other health care programs.

Since the Early Acceptance program does not include residency on campus, the array of retirement living services offered under Early Acceptance are different than the services offered to residents who live on campus -- and the fee structure reflects those differences (Refer to the Services section of this Disclosure Statement).

Aside from those differences, however, Carol Woods has made the two programs as similar as possible. Some of the key similarities are the following:

1. Only persons on Carol Woods' Priority List are offered available residences on campus and available slots in the Early Acceptance program.
2. Once a member of the Priority List has reserved a residence or a slot in the Early Acceptance Program, the admission process is identical, and includes financial analysis and a health assessment.
3. Once one becomes a Resident of Carol Woods, whether living on campus or through Early Acceptance, they have equal access to all common areas of campus, equal standing as members of the Residents Association, and equal access to Carol Woods' Higher Levels of Support and shared health care benefits.

To emphasize the wide array of similarities between the two programs, the next sections on Admission and Residency Requirements and Services will intersperse information related to both programs. To help understand the similarities and the differences, each section will contain tables that provide side-by-side comparison of key policies and services, and how those apply to each program. Following each table, elements of the table are explained narratively in more detail.

**A. Admission Requirements**

The admission requirements for the Early Acceptance program and for residence at Carol Woods are non-discriminatory with respect to race, creed, religion, gender, sexual orientation or gender expression. Carol Woods is open to both couples (married or unmarried) and singles.

	<b>Early Acceptance</b>	<b>On-Campus Living</b>
1) Access to Program	Available only to Members of Carol Woods' Priority List.	Available only to Members of Carol Woods' Priority List.
2) Geographical Consideration	Persons must live in Orange County, NC or surrounding counties, in convenient proximity to Carol Woods' campus.	No geographical constraint, since persons are seeking a move to Carol Woods' campus.
3) Offering Admission	When an Early Acceptance slot is available, persons on the Priority List who have expressed interest in Early Acceptance are contacted in strict sequential order based upon Priority List Date.	When an apartment, cottage or townhome is available, persons on the Priority List who have expressed interest in that residence type are contacted in strict sequential order based upon Priority List Date.
4) Admission Process		
a) Reservation Agreement	Applicant signs an Early Acceptance Reservation Agreement to reserve the available slot.	Applicant signs a Reservation Agreement to reserve the available residence.
b) Health Assessment	Applicant submits a Personal Health History within 30 days. Applicant's physician submits a Physician's History and Physical Exam Report.	Applicant submits a Personal Health History within 30 days. Applicant's physician submits a Physician's History and Physical Exam Report.
c) Financial Analysis	Applicant submits a Confidential Financial Statement within 30 days of Reservation Agreement.	Applicant submits a Confidential Financial Statement within 30 days of Reservation Agreement.
d) Insurance Requirements	Applicant must carry Medicare A and B, Medicare Advantage, or acceptable alternative primary medical insurance and acceptable supplemental medical insurance.	Applicant must carry Medicare A and B, Medicare Advantage, or acceptable alternative primary medical insurance and acceptable supplemental medical insurance.



Carol Woods maintains an active Priority List for persons interested in the Early Acceptance program, and in possibly moving to Carol Woods at a future date. The Priority Agreement (Appendix C) secures the option for persons to go through the admissions process at a later date, but does not guarantee admission to Carol Woods.

As residences on campus become available, persons who have indicated interest in the available unit type are contacted from the Priority List in order by the date that one's original deposit was made, and offered the option of reserving the residence at that time.

As slots for Early Acceptance become available, persons from the Priority List who live in the local geographic area, and who have expressed interest in the Early Acceptance program, are contacted and offered the option of becoming a Carol Woods resident under the Early Acceptance program. The geographic area that is served through the Early Acceptance program must be close enough driving distance to be convenient for Early Acceptance Residents to come to Carol Woods and for Carol Woods' care management staff to conduct periodic in-home visits. The service area includes southern and central Orange County, NC and portions of surrounding counties that are within appropriate driving distances. Persons considering joining the Priority List and interested in Early Acceptance will be informed as to whether they live close enough to qualify for Early Acceptance so that they can factor that into their decision to join the Priority List.

A person/couple may defer becoming a resident, and that decision will not change one's position on the Priority List. Their position is set based upon the date that they made their original priority list deposit. Likewise, those who become Carol Woods' residents under the Early Acceptance program remain on the Priority List and retain their original Priority List Date. They will continue to be offered the opportunity to move to a residence on campus as residences of their choice become available, and based upon their original Priority List Date.

A Reservation Agreement or Early Acceptance Reservation Agreement (Appendix C) is signed when a person on the Priority List decides to enter the Admissions process. In this Agreement, Carol Woods agrees to take the available residence or early acceptance slot off the market while the person goes through the Admission process. The Reservation Agreement also establishes the amount of the Entry Fee to be paid upon acceptance.

The Board of Directors, guided by actuarial considerations and senior management input, determines the number of Early Acceptance contracts that Carol Woods may offer. Prospective residents who elect to proceed through the Early Acceptance admission process shall be subject to the same requirements as the traditional admission process, including signing an Early Acceptance Reservation Agreement and providing timely health and financial information. The admissions criteria for Early Acceptance are the same as those used for on-campus admissions to Carol Woods, as are outlined in the following sections.

**B. Health Criteria**

Pursuant to NCGS §58-64-20(a)(8) Carol Woods is a continuing care retirement community with a fee structure and reserves that are actuarially based and insurance-like in nature. The community's financial projections are based upon the assumption that every resident accepted through Carol Woods' admission process is able to live independently and have a reasonable expectation of an active lifestyle for participation in the community for a minimum of three to five years.

All prospective residents are required to submit a Personal Health History within 30 days of executing the Reservation Agreement or Early Acceptance Reservation Agreement. The prospective resident is also asked to have his/her personal physician complete a Physician's History and Physical Examination Report and, if appropriate, personal interviews are scheduled.

The Carol Woods' Admissions Committee reviews the medical information provided by the applicant and their physician, and information received in personal interviews, and makes an admission determination. All decisions by the Admissions Committee are binding.

**C. Financial and Insurance Criteria**

Residents must have assets and income sufficient to meet their financial obligations under the Agreement and to cover other ordinary living expenses, under foreseeable circumstances. Carol Woods requires completion of a Confidential Financial Statement within 30 days of executing the Reservation Agreement or Early Acceptance Reservation Agreement and may request that the resident furnish updated financial information periodically after acceptance.

The Carol Woods' VP of Finance / CFO uses the financial information provided to assess the ability of the applicant to meet their financial obligations over one's lifetime. That assessment is reviewed by the President & CEO. All financial decisions are binding.

All residents must also carry Medicare A and B, a Medicare supplemental policy, or Medicare Advantage policy that meets Carol Woods' requirements. At a minimum, Carol Woods expects that, since it participates in Medicare, neither one's Medicare, Medicare Advantage, nor one's supplemental policy would exclude Carol Woods as a health care provider. Policies also are reviewed to the extent that they cover the following:

1. Deductibles and co-insurance for all Medicare-allowed hospital care;
2. Daily co-insurance for all Medicare-allowed skilled nursing care;
3. Co-insurance for all Medicare-allowed medical visits and outpatient services.

Carol Woods provides Medicare-certified skilled nursing, outpatient rehabilitation, and primary medical care services. Carol Woods also accepts Medicare Assignment, which means that it will bill each resident's Medicare, Medicare Advantage, and supplemental insurance policies for Medicare-covered services that Carol Woods provides, and will

accept as full payment the amount that Medicare or Medicare Advantage plans establish as “allowable.”

To the extent that a resident’s Medicare, Medicare Advantage, and supplemental medical insurance policies do not cover Medicare’s allowable amount entirely, Carol Woods will bill the resident the remaining deductible or co-insurance amounts allowed by the resident’s Medicare, co-insurance or Medicare Advantage plans.

**D. Age Requirements**

Admission to either Carol Woods’ Early Acceptance or on-campus programs is restricted to persons 65 years of age or older, except a co-applicant may be 55 years of age or older.

**E. Signing of Agreements and Timing of Entry Fee Payments**

Pursuant to NCGS §58-64-20(c) and §58-64-25, Appendix C includes copies of the Early Acceptance Agreement, Residence and Services Agreement, and Residence and Services Agreement Following Early Acceptance.

	<b>Early Acceptance</b>	<b>On-Campus Living</b>
1) <b>Upon 10 Days of Notice of Acceptance</b> by Carol Woods’ Admissions Committee	<ul style="list-style-type: none"> <li>• Applicant pays remainder of the entry fee as specified in the Reservation Agreement</li> <li>• 2% of entry fee is considered an <b>Acceptance Fee</b></li> </ul>	<ul style="list-style-type: none"> <li>• Applicant pays an additional 10% of the entry fee specified in the Reservation Agreement</li> <li>• 2% of entry fee is considered an <b>Acceptance Fee</b></li> <li>• 8% is considered an <b>Acceptance Deposit</b></li> </ul>
2) <b>Date of Financial Responsibility</b>	<ul style="list-style-type: none"> <li>• Date when Early Acceptance Agreement is signed and remaining entry fee is paid.</li> <li>• Within 10 days of <b>Notice of Acceptance</b></li> <li>• Commencement of <b>30-day Rescission Period</b></li> </ul>	<ul style="list-style-type: none"> <li>• Date when Residence and Services Agreement is signed and remaining entry fee is paid.</li> <li>• Within 90 days of <b>Notice of Acceptance</b></li> <li>• Commencement of <b>30-day Rescission Period</b> and <b>90-day Trial Period</b></li> <li>• Usually coincides with date of move to campus, although sometimes move to campus may be delayed for extenuating circumstances.</li> </ul>

**Early Acceptance Agreement.** At the time that an applicant is accepted for admission under Carol Woods' Early Acceptance program, the applicant is notified in writing and has 10 days to sign an Early Acceptance Agreement and to pay the applicable entry fee in full. 2% of this fee is considered an **Acceptance Fee**, which has bearing if the resident should seek a refund of the entry fee, as is outlined in the following section of this Disclosure Statement. The date that the agreement is signed constitutes the **Date of Financial Responsibility** for subsequent monthly service fees, and for commencing the statutory **30-day Rescission Period** (explained in a following section).

**Residence and Services Agreements.** At the time that an applicant is accepted for admission to a residence on the Carol Woods campus, when there may still be up to 90 days before the actual **Date of Financial Responsibility** (the date when the Residence and Services Agreement is signed, which is also generally the move-in date to the on-campus residence), the applicant will be expected to pay a **2% Acceptance Fee** and an **8% Acceptance Deposit**, for a total of 10% of their total Entry Fee. This payment will be required within 10 days of the applicant being notified in writing of acceptance to a Carol Woods residence.

The Entry Fee for a resident who is moving to campus after having been accepted previously as a Carol Woods resident under the Early Acceptance program shall be the prevailing Entry Fee for the residence to which the resident is moving, less the Entry Fee that the resident paid previously under the Early Acceptance program. The **2% Acceptance Fee** and **8% Acceptance Deposit** for Early Acceptance residents moving to campus shall be based upon the additional Entry Fee which they will pay upon taking residence on campus, and not upon the Entry Fee that they paid originally when becoming a Carol Woods resident under the Early Acceptance program.

The Residence and Services Agreement, and Residence and Services Agreement Following Early Acceptance, shall be signed not later than 90 days after the applicant is accepted for admission to the reserved residence. The remainder of the applicable entry fee shall be paid at the time that the Agreement is signed. The date that the agreement is signed also constitutes the **Date of Financial Responsibility** for subsequent monthly service fees, and for commencing the statutory **30-day Rescission Period** (explained in a following section).

**F. Contract Cancellations / Terminations and Applicable Refunds**

Pursuant to NCGS §58-64-20(a)(7)(c), this section outlines the terms and conditions under which a contract may be canceled by Carol Woods or the resident, and the conditions under which fees will be refunded.

	<b>Early Acceptance</b>	<b>On-Campus Living</b>
1) Cancellation of Priority List Agreement	Applicant may terminate Priority List Agreement and be removed from the Priority List. \$1,000 deposit is refunded. \$500 Priority List Administration Fee is forfeit.	Applicant may terminate Priority List Agreement and be removed from the Priority List. \$1,000 deposit is refunded. \$500 Priority List Administration Fee is forfeit.
2) Cancellation during Admission Process due to Change in Applicant's Health Status	Applicant or Carol Woods may terminate Early Acceptance Reservation Agreement and Priority Agreement, with full refund of \$1,000 Priority List deposit, and other portions of Entry Fee already paid, including 2% Acceptance Fee.	Applicant or Carol Woods may terminate Reservation Agreement and Priority Agreement, with full refund of \$1,000 Priority List deposit and other portions of Entry Fee already paid, including 2% Acceptance Fee and 8% Acceptance Deposit
3) Cancellation during Admission Process for Reasons <u>Other than</u> Change in Applicant's Health Status	Applicant or Carol Woods may terminate Early Acceptance Reservation Agreement and Priority Agreement, with full refund of \$1,000 Priority List deposit, and other portions of Entry Fee already paid, <u>except</u> the 2% Acceptance Fee. <b>2% Acceptance Fee is forfeit.</b>	Applicant or Carol Woods may terminate Reservation Agreement and Priority Agreement, with full refund of \$1,000 Priority List deposit and other portions of Entry Fee already paid, including the 8% Acceptance Deposit. <b>2% Acceptance Fee is forfeit.</b>
4) 30-Day Contract Rescission Period Pursuant to NCGS §58-64-25(a)(1)	30-day period following signing of Early Acceptance Agreement when Resident has the right to terminate the Agreement. Resident is entitled to full refund of the entry fee paid, <b>except the 2% Acceptance Fee, which is forfeit.</b>	30-day period following signing of Residence and Services Agreement when Resident has the right to terminate the Agreement. Resident is entitled to full refund of the entry fee paid, <b>except the 2% Acceptance Fee, which is forfeit.</b>
5) 90-Day Trial Period	Not Applicable under Early Acceptance Program	90-day period following signing of Residence and Services Agreement whereby Resident and Carol Woods can determine suitability of campus and communal living. Contract may be terminated and Resident is entitled to full refund of Entry Fee paid, <b>except the 2% Acceptance Fee, which is forfeit.</b>

	<b>Early Acceptance</b>	<b>On-Campus Living</b>
6) Termination following 30-Day Rescission & 90-Day Trial Periods	<ul style="list-style-type: none"> <li>• Resident may terminate Early Acceptance Agreement voluntarily any time by giving 60-day written notice.</li> <li>• Carol Woods may terminate Agreement if Resident failed to disclose pertinent health or financial information, or if Resident fails to abide by the terms of the Agreement, including refusing to receive health care services if that is determined by Carol Woods to be in the Resident’s best interest.</li> <li>• Carol Woods may terminate if Resident refuses to move to higher levels of support or obtain sufficient health care support at home if determined by Carol Woods’ health care team to be in the Resident’s best interest.</li> <li>• Portion of Entry Fee that is refundable declines at a rate of 4% per month for 25 months. After 25 months no portion of Entry Fee is refundable.</li> <li>• Resident is responsible for payment of the Monthly Service Fee through the date that the Early Acceptance Agreement is terminated.</li> </ul>	<ul style="list-style-type: none"> <li>• Resident may terminate Residence and Services Agreement voluntarily any time by giving 60-day written notice.</li> <li>• Carol Woods may terminate Agreement if Resident failed to disclose pertinent health or financial information, or if Resident fails to abide by the terms of the Agreement, including refusing to receive health care services if that is determined by Carol Woods to be in the Resident’s best interest.</li> <li>• Carol Woods may terminate if Resident refuses to move to higher levels of support or obtain sufficient health care support at home if determined by Carol Woods’ health care team to be in the Resident’s best interest.</li> <li>• Portion of Entry Fee that is refundable declines at a rate of 2% per month for 50 months. After 50 months no portion of Entry Fee is refundable.</li> <li>• Resident is responsible for payment of the Monthly Service Fee through the date that the Residence and Services Agreement is terminated, and the residence is cleared of the Resident’s belongings and trash.</li> </ul>
7) Termination or Death of One of Two Persons Co-Signing an Agreement	Joint Early Acceptance Agreement remains in effect for remaining Resident.	Joint Residence and Services Agreement remains in effect for remaining Resident.

## **Cancellations During the Admission Process**

**Cancellations Due to Changes in Health Status.** If an applicant's health condition changes during the admissions process and prior to acceptance, including death of one member of a couple, the applicant may terminate a Priority Agreement, Reservation Agreement, or Early Acceptance Reservation Agreement prior to acceptance by giving written notice to Carol Woods. In the event of such termination, the applicant will receive refund of \$1,000 of the Priority List deposit within 60 days, but will forfeit the \$500 Priority Agreement Administration Fee (Refer to Appendix C for copies of applicable Agreements).

If an applicant's health condition changes after having been accepted, but prior to the Date of Financial Responsibility, including death of one member of a couple, the applicant may terminate a Priority Agreement, Reservation Agreement or Early Acceptance Reservation Agreement prior to the Date of Financial Responsibility by giving written notice to Carol Woods. The Date of Financial Responsibility is established as the date that the applicant(s) sign an Early Acceptance Agreement, Residence and Services Agreement, or Residence and Services Agreement Following Early Acceptance. In the event of such termination, the applicant will receive refund of the \$1,000 Priority List deposit, 8% Application Deposit, and 2% Acceptance Fee within 60 days, if applicable, but will forfeit the \$500 Priority Agreement Administration Fee.

If an applicant dies, or becomes incapacitated after the date that a Residence and Services Agreement or Residence and Services Agreement Following Early Acceptance is signed, but prior to taking occupancy, and such event precludes the applicant from being able to take occupancy, the Agreement that had been executed shall be cancelled automatically, and a full refund of the entry fee shall be provided within 60 days. However, the \$500 Priority Agreement Administration Fee will be forfeit.

**Cancellations for Reasons Other Than Change in Health Status.** If the applicant unilaterally elects not to move to Carol Woods or to decline being a resident under the Early Acceptance program for any reason other than a change in health status, the 2% Acceptance Fee will not be refunded. The Acceptance Fee charge covers the costs to Carol Woods of the applicant electing to cancel the admission so late in the process.

Carol Woods may terminate an Agreement at any time during the admission process, prior to an applicant's Date of Financial Responsibility if Carol Woods determines that the applicant does not meet the physical, mental, or financial requirements for admission. Such a determination shall be binding. In the event of such termination, the applicant will receive a refund of the \$1,000 Priority List deposit within 60 days, but will forfeit the \$500 Priority Agreement Administration Fee. Termination of an Agreement by Carol Woods after the Date of Financial Responsibility is outlined in a later section.

## **Contract Rescission**

A resident may rescind the Early Acceptance Agreement, Residence and Services Agreement, or Residence and Services Agreement Following Early Acceptance by giving written notice to Carol Woods within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement, which meets the requirements of Section §58-64-1 et seq. of the North Carolina General Statutes. A resident who has signed a Residence and Services Agreement or Residence and Services Agreement Following Early Acceptance will not be required to move to Carol Woods during such 30-day rescission period. In the event of such rescission, if the reason for rescission is due to a resident's change in health status, the resident will receive 100% refund of the Entry Fee, less the \$500 Priority Agreement Administration Fee. If the reason for rescission is not related to a change in health status, the resident will receive a refund of the Entry Fee less the \$500 Priority Agreement Administration Fee and less the 2% Acceptance Fee. Carol Woods will pay any such refund within 60 days following receipt of written notice of rescission.

## **Trial Period for Residency at Carol Woods**

Under the Residence and Services Agreement or the Residence and Services Agreement Following Early Acceptance, the first 90 days following the Date of Financial Responsibility will be considered to be on a trial basis. During the 90-day period, the resident has the right to terminate the Residence and Services Agreement or Residence and Services Agreement Following Early Acceptance by serving Carol Woods with written notice. During the same 90-day period, Carol Woods also has the right to terminate the Residence and Services Agreement or Residence and Services Agreement Following Early Acceptance based on its judgment that the resident's physical condition or emotional adjustment will not permit adaptation to Carol Woods' resident community lifestyle.

If Carol Woods terminates the Residence and Services Agreement or Residence and Services Agreement Following Early Acceptance during the trial period, or the resident terminates due to change in health status, the resident will receive 100% refund of the Entry Fee, less the \$500 Priority Agreement Administration Fee. If the resident terminates the Agreement during the 90-day trial period, and the termination is not due to a change in health status, then Carol Woods will refund the Entry Fee less the \$500 Priority Agreement Administration Fee and less the 2% Acceptance Fee to cover the costs to Carol Woods of the early termination. The refund will be made within 30 days of the date that the Residence and Services Agreement is formally cancelled, or within 30 days from the date that the residence is vacated, whichever is later. The 90-day trial period begins with the Date of Financial Responsibility (the day that the Residence and Services Agreement or Residence and Services Agreement Following Early Acceptance is signed, the Entry Fee is paid in full and the applicable monthly fee commences).

If the Residence and Services Agreement Following Early Acceptance is terminated, the Early Acceptance Agreement that had been in effect prior to the resident's move to campus shall be reestablished, unless the reason for terminating the on-campus



agreement is due to factors that would preclude the resident from returning to an early acceptance relationship with Carol Woods.

If the Residence and Services Agreement or Residence and Services Agreement Following Early Acceptance is terminated during the Trial Period, the resident will be responsible for paying the full amount of monthly service fees during that period, up until the day that the residence is vacated and the keys returned to Carol Woods.

The 90-day trial period does not apply for residents who sign an Early Acceptance Agreement, since they do not move to Carol Woods, and there is no need for a trial period.

### **Voluntary Termination After Rescission / Trial Periods**

**Early Acceptance Agreement.** After the 30-day rescission period, the resident may terminate an Early Acceptance Agreement at any time by giving Carol Woods 60 days advance, written notice of such termination. If termination occurs within the first 25 months of the Agreement, the resident is entitled to a pro-rated refund of the Entry Fee, payable within 60 days of contract termination. The portion of the Entry Fee that is refundable shall decline at a rate of 4% per month following the Early Acceptance Agreement Date. After 25 months, there is no refund of the Early Acceptance Entry Fee. The resident shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the Early Acceptance Agreement is terminated.

**Residence & Services Agreement.** After the 30-day rescission / 90-day trial periods, the resident may terminate the Residence and Services Agreement at any time by giving Carol Woods 60 days advance, written notice of such termination. If termination occurs within the first 50 months of the Agreement, the resident is entitled to a pro-rated refund of the Entry Fee. The portion of the Entry Fee that is refundable shall decline at a rate of 2% per month following the Date of Financial Responsibility. After 50 months, there is no refund. The resident shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the Residence & Services Agreement is terminated, or the date the residence is cleared by the resident of all personal belongings and trash, whichever is later.

Payment of any Entry Fee refund related to vacating a Carol Woods residence may be made only when the vacated residence has been covered by receipt of an Entry Fee by a subsequent resident.

**Residence & Services Agreement Following Early Acceptance.** After the 30-day rescission / 90-day trial periods, the resident may terminate the Residence and Services Agreement Following Early Acceptance at any time by giving Carol Woods 60 days advance, written notice of such termination. For a Residence and Services Agreement that follows a period in which the person has been a resident of Carol Woods under the Early Acceptance program, the refund period of the additional Entry Fee paid for residence on campus will be set to ensure that the resident receives a full 50-month period of overall refund ability. Up to 25 months may have

already been used by the resident under the Early Acceptance Agreement. However, if the resident signed the Early Acceptance Agreement less than 25 months earlier, the remaining months from the previous Early Acceptance Agreement will be added to the additional 25 months provided upon moving to a Carol Woods residence to establish the period during which portions of the resident's Entry Fee may be refundable. The remaining period of refund ability and rate of refund amortization will be specified for each resident in an Exhibit to the Residence and Services Agreement Following Early Acceptance.

The resident shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the Residence & Services Agreement Following Early Acceptance is terminated, or the date the residence is cleared by the resident, whichever is later.

Payment of any Entry Fee refund related to vacating a Carol Woods residence may be made only when the vacated residence has been covered by receipt of an Entry Fee by a subsequent resident.

#### **Termination Upon Death of a Single Resident**

In the event that a single resident dies at any time after the Date of Financial Responsibility, who was covered under the terms of an individual Early Acceptance Agreement, Residence and Services Agreement, or Residence and Services Agreement Following Early Acceptance, the applicable Agreement will terminate upon the date of death or the date the residence is vacated if applicable, whichever is later. The resident's estate will be entitled to a pro-rated refund of the Entry Fee in the same manner as stated in the Voluntary Termination in the preceding paragraphs.

The resident shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the applicable Agreement is terminated, or the date the residence is cleared by the resident's family, whichever is later.

#### **Termination By One Of Two Residents Co-Signing an Agreement**

In the event that two residents are each party to the terms of a joint Early Acceptance Agreement, Residence and Services Agreement, or Residence and Services Agreement Following Early Acceptance, upon the permanent transfer to higher levels of support, or the death of one such resident, or in the event of the termination of the applicable Agreement with respect to one such resident, the Agreement will continue in effect for the remaining or surviving resident, and there will be no refund of any portion of the Entry Fee.

#### **Termination by Carol Woods**

Carol Woods may terminate the Early Acceptance Agreement, Residence and Services Agreement, or Residence and Services Agreement Following Early Acceptance at any time if there has been any material misrepresentation or omission made on the part of the resident in the application forms; if a material change in the resident's health takes place before the Date of Financial Responsibility; or if the

resident fails to make payment to Carol Woods within 30 days after receiving the monthly statement. In the latter situation, Carol Woods shall give written notice to the resident, who must make payment within 15 days after receiving such written notice. In such events, the resident is entitled to a pro-rated refund of the Entry Fee as described in Voluntary Termination, if applicable.

Carol Woods also reserves the right to terminate the applicable Agreement if the resident fails to abide by Carol Woods' policies and procedures; if there is a breach in the terms of the applicable Agreement; or if the resident's continued presence is considered by Carol Woods to be a serious disruption or threat to the life, health, or safety of others. Carol Woods also may terminate the applicable Agreement if the resident refuses to move to higher levels of support, or to obtain sufficient health care services at home, if such services are determined by Carol Woods' health care team to be in the resident's best interests. Carol Woods will provide timely advance written notice of termination in compliance with prevailing laws, regulations and Carol Woods' policies, and will pay any refund due within 60 days of contract termination.

The resident shall be responsible for payment of the monthly service fees and other periodic fees accrued through the date that the applicable Agreement is terminated, or the date the residence is cleared of all personal belongings and trash by the resident, whichever is later.

**G. Moves**

All moves between Carol Woods’ residences are at Carol Woods’ discretion. Moves are subject to availability, date at which one joined Carol Woods’ Priority List, and legal requirements. All decisions regarding the resident’s permanent transfer to higher levels of support, a special care facility, or to a hospital will be made in consultation with the resident and, when appropriate, the Health Care Power of Attorney. Ultimately, Carol Woods’ decision is binding.

	<b>To Campus Following Early Acceptance</b>	<b>On-Campus Living</b>
1) Resident “Preference” Moves to Campus, or to Another Apartment, Cottage or Townhome on Campus	<ul style="list-style-type: none"> <li>• Early Acceptance (EA) residents remain on the Priority List for types of residence that they have expressed interest in moving to in the future.</li> <li>• For a preference move, an EA resident is offered an available residence based upon Priority List date. A Reservation Agreement Following EA is signed, and health and financial updates are reviewed for appropriateness and affordability.</li> <li>• Upon acceptance to the reserved residence, the resident follows the admission process related to a move to campus, as outlined in Section IV.E., signing a Residence and Services Agreement Following Early Acceptance.</li> <li>• Resident pays an entry fee equal to the prevailing entry fee for the reserved residence, less the entry fee that the resident paid previously upon acceptance to the Early Acceptance program.</li> <li>• The amount that is refundable and the refundable period are specified in an Exhibit to the Residence and Services Agreement Following Early Acceptance. Overall, the resident receives a total of 50 months for the overall period in which their entry fees are refundable, on a declining basis.</li> <li>• The monthly fee for the new residence takes effect on the date that the resident signs the Residence and Services Agreement Following Early Acceptance.</li> </ul>	<ul style="list-style-type: none"> <li>• Even after moving to campus, residents may request to remain on the Priority List for a potential preference move to other desired types of residence.</li> <li>• For a preference move, a resident living on campus is offered an available residence based upon the date when the resident originally joined the Priority List.</li> <li>• Health and financial updates are reviewed to make sure that the move will not cause undue health issues, and that the new residence is affordable to the resident.</li> <li>• If the preference move is to a residence that is larger than the Resident’s current residence, they will be charged an additional Entry Fee for the <u>difference</u> between the <u>current</u> entry fees for the larger residence and their current residence. The additional entry fee must be paid upon approval of the internal move. The additional entry fee paid will have the same refundable period as what remains on the resident’s original entry fee.</li> <li>• The monthly service fee for the new residence takes effect on the date that the resident moves to the new residence. For a preference move, the resident is also charged 3 additional months’ monthly service fees for the residence that is being vacated to cover the community’s costs for the preference move.</li> </ul>

	<b>To Campus Following Early Acceptance</b>	<b>On-Campus Living</b>
<p>2) Resident “Need-Based” Moves to Another Apartment, Cottage or Townhome on Campus</p>	<ul style="list-style-type: none"> <li>• If a resident’s circumstances change due to health changes, loss or permanent move of a spouse, or financial reasons, a need-based move to an available campus residence may be considered.</li> <li>• Need-based moves may be approved by Carol Woods if an appropriate residence is available. The resident must accept the next available residence that is offered, since the move is need-based.</li> <li>• If the resident requesting a need-based move is positioned relatively low on Carol Woods’ Priority List, such that the move enables them to move prematurely ahead of others, they will be limited to moves to smaller residences. Single residents will be allowed to move to units that are 860 sq ft or smaller. Couples will be allowed to move to residences that are 1,010 sq ft or smaller.</li> <li>• Health and financial updates are reviewed to make sure that the move will not cause undue health issues, and that the new residence is affordable to the resident.</li> <li>• Upon acceptance to the reserved residence, the resident follows the admission process related to a move to campus, as outlined in Section IV.E., and signs a Residence and Services Agreement Following Early Acceptance.</li> <li>• Resident pays an entry fee equal to the prevailing entry fee for the reserved residence, less the entry fee that the resident paid previously.</li> <li>• The amount that is refundable and the refundable period are specified in an Exhibit to the new Residence and Services Agreement. Ultimately, the resident receives a total of 50 months for the overall period in which entry fees are refundable.</li> </ul>	<ul style="list-style-type: none"> <li>• If a resident’s circumstances change due to health changes, loss or permanent move of a spouse, or financial reasons, a need-based move to another campus residence may be considered.</li> <li>• Need-based moves may be approved by Carol Woods if an appropriate residence is available. The resident must accept the next available residence that is offered, since the move is need-based.</li> <li>• If the resident requesting a need-based move is positioned relatively low on Carol Woods’ Priority List, such that the move enables them to move prematurely ahead of others, they will be limited to moves to smaller residences. Single residents will be allowed to move to units that are 860 sq ft or smaller. Couples will be allowed to move to residences that are 1,010 sq ft or smaller.</li> <li>• Health and financial updates are reviewed to make sure that the move will not cause undue health issues, and that the new residence is affordable to the resident.</li> <li>• If the move is to a larger residence, the resident will be charged an additional Entry Fee based upon the <u>difference</u> between the <u>current</u> entry fee for the larger residence and their current residence. The additional entry fee must be paid upon approval of the internal move. The additional entry fee paid will have the same refundable period as that which remains with the original entry fee.</li> </ul>

	To Campus Following Early Acceptance	On-Campus Living
3) Single Person making a permanent move directly to Higher Levels of Support (HLOS), <u>vacating</u> their current residence.	<ul style="list-style-type: none"> <li>The Early Acceptance Agreement remains in effect.</li> <li>No additional entry fee is due.</li> <li>Resident's monthly service fee <u>increases</u> to the prevailing monthly fee for single persons living permanently in HLOS facilities on campus.</li> <li>Resident pays the prevailing discounted per diem charges of a Carol Woods resident.</li> </ul>	<ul style="list-style-type: none"> <li>The Residence and Services Agreement remains in effect.</li> <li>No additional entry fee is due.</li> <li>On the date that the resident clears their previous residence, their monthly service fee <u>decreases</u> to the prevailing monthly fee for single persons living permanently in HLOS.</li> <li>Resident pays the prevailing discounted per diem charges of a Carol Woods resident.</li> </ul>
4) Couple, with one person making a permanent move directly to Higher Levels of Support (HLOS), and the other person remaining in their current residence.	<ul style="list-style-type: none"> <li>The Early Acceptance Agreement remains in effect.</li> <li>No additional entry fee is due.</li> <li>Monthly Service Fee of resident who remains at home remains unchanged.</li> <li>Monthly Service Fee of resident who is moving to HLOS <u>increases</u> to the prevailing monthly fee for 1<sup>st</sup> persons living permanently in HLOS facilities on campus.</li> <li>Resident in HLOS pays the prevailing discounted per diem charges of a Carol Woods resident.</li> </ul>	<ul style="list-style-type: none"> <li>The Residence and Services Agreement remains in effect.</li> <li>No additional entry fee is due.</li> <li>Monthly Service Fee of resident who remains at home remains unchanged.</li> <li>Monthly Service Fee for the resident who has moved to HLOS remains unchanged since the 2<sup>nd</sup> Person monthly fee is the same regardless of where the 2<sup>nd</sup> person resides on campus.</li> <li>Resident in HLOS pays the prevailing discounted per diem charges of a Carol Woods resident.</li> </ul>
5) Couple, with <u>both</u> persons making a permanent move Higher Levels of Support (HLOS), <u>vacating</u> their current residence.	<ul style="list-style-type: none"> <li>The Early Acceptance Agreement remains in effect.</li> <li>No additional entry fee is due.</li> <li>Residents' monthly service fee <u>increases</u> to the prevailing monthly fee for two persons living permanently in HLOS facilities.</li> <li>Both residents pay the prevailing discounted per diem charges as Carol Woods' residents.</li> </ul>	<ul style="list-style-type: none"> <li>The Residence and Services Agreement remains in effect.</li> <li>No additional entry fee is due.</li> <li>On the date that the Residents clear their previous residence their monthly service fee <u>decreases</u> to the prevailing monthly fee for two persons living permanently in HLOS facilities.</li> <li>Both residents pay the prevailing discounted per diem charges as Carol Woods' residents.</li> </ul>

If a resident requests an internal move on campus, either from EA or from one independent living residence to another, Carol Woods differentiates between need-based and preference moves.

If the requested internal move is due to a significant change in the resident's circumstances (such as loss of a spouse, change in health or change in financial situation), the move is considered to be need-based -- and Carol Woods will absorb many of the costs of the internal move.

For any move that is considered need-based, it is presumed that time is of the essence for the resident to make the move. This presumption guides the following policies:

1. If the resident requesting a need-based move is positioned relatively low on Carol Woods' Priority List, such that the move enables them to move prematurely ahead of others, they will be limited to moves to smaller residences:
  - a. Single residents will be allowed to move only to units that are 860 sq ft or smaller.
  - b. Couples will be allowed to move only to residences that are 1,010 sq ft or smaller.
2. If the resident has been on Carol Woods' Priority List long enough that they would not move prematurely ahead of others, they still will be expected to accept the next available residence for the need-based move. Waiting for particular locations, floors, or views would not be consistent with the notion of a need-based move.

If the move is a preference move, the resident will not only be charged the monthly service fee for the new residence from the date that they make the move, but also will be charged three (3) additional months' monthly service fee for the previous residence to cover the minimum additional months that the residence will be vacant; preparing for the next admission. For preference moves made within the first 5 years that a resident is living at Carol Woods, the resident also will be expected to cover the refurbishing costs of preparing their previous residence for remarketing.

Preference moves are offered based solely upon a resident's position on the Carol Woods Priority List. If one's position on the Priority List would allow Carol Woods to offer the residence while adhering to its Priority List sequencing procedures, the resident can accept the offer as a preference move. Conversely, if a resident requests a need-based move independent of Priority List position, the resident must accept the first available residence that is offered by Carol Woods. Need-based moves imply a sense of urgency. Declining the offered residence indicates that the desired move is de facto not need-based.

Except in special circumstances, residents transferring between independent living residences will vacate their previous residence within ten (10) days, and when moving permanently to higher levels of support will vacate their previous residence within thirty (30) days of the move. For transfers between rooms in higher levels of support, the resident is expected to vacate the previous room within two (2) days. The guiding

principle for any internal move is to make the prior residence available as soon as possible for another resident.

**Moving to Higher Levels of Support from an On-Campus Residence.** In the event that one member of a couple transfers to higher levels of support, the Monthly Service Fee continues to reflect the two-person rate of the independent living residence in which the other member of the couple remains. For single residents or both members of a couple who transfer to a higher level of support, and who have released their independent living residence for re-marketing, the Monthly Service Fee will be reduced to a level rate as presented in Carol Woods' prevailing monthly fee schedule.

If Carol Woods subsequently determines that a resident can resume occupancy in a comparable residence as had been occupied prior to such transfer, the resident will have priority to such residence as soon as one becomes available.

**Moving to Higher Levels of Support from Off Campus Under Early Acceptance.** In the event that a single person or one member of a couple who is living off campus under Carol Woods' Early Acceptance program moves permanently to higher levels of support, the Monthly Service Fee of the individual who is making the move to the higher level will increase to the prevailing 1<sup>st</sup> Person Monthly Service Fee of an on-campus resident. For both members of a couple who had been living off campus under Early Acceptance, and who both transfer to higher levels of support, the Monthly Service Fee will be increased to a rate comparable to on-campus couples as presented in Carol Woods' prevailing monthly fee schedule.

Upon the death of one resident, the surviving resident will pay the applicable single-person rate (Refer to the Monthly Service Fee schedule presented in Section VI.C.).



## **H. Marriages / New Second Occupants**

Pursuant to NCGS §58-64-20(a)(7)(a), if a non-resident is planning to join a resident in a residence at Carol Woods or under the Early Acceptance program, he/she first must apply and be approved for acceptance as a resident. The new person seeking to live at Carol Woods must meet Carol Woods' health care criteria, and must have sufficient financial resources to afford to live at Carol Woods. If approved, an additional Entry Fee is charged, calculated as the difference in the amount actually paid by the resident for the current Agreement and the total Entry Fee due for the amended Agreement at the double occupancy rate effective at the time the joint coverage commences.

If the non-resident does not meet all admission criteria, Carol Woods may grant admission subject to limited financial and service responsibilities on the part of Carol Woods. Carol Woods, however, is under no obligation to accept a new occupant simply because they wish to live with a current Carol Woods resident.

If one Carol Woods resident marries another Carol Woods resident it is presumed that one may wish to move into the current living residence of the other. On the date that the other living residence is cleared and the key returned to Carol Woods, the monthly service fee shall change to the two-person monthly fee related to the residence in which the couple now resides. If the couple elects to remain in their two separate residences, each will continue to be charged the single person monthly service fee for the residence in which each continue to reside.

Since both residents had been admitted to Carol Woods previously under separate contracts, each contract will remain in effect separately. There shall be no refund of any balance remaining on either entry fee paid previously, as long as the particular contract related to that entry fee remains in effect. Should the contract of one or another of the persons subsequently be terminated, any potential refund of the entry fee shall be provided as outlined in Section IV.F.

## **I. Inability to Pay**

Pursuant to NCGS §58-64-20(a)(7)(b), if the sole reason for non-payment of financial obligations to Carol Woods is insufficient funds or other circumstances beyond the resident's control, Carol Woods will review the matter with the resident. If special financial consideration is determined to be necessary, Carol Woods may subsidize the fees partially or wholly, provided such subsidy will not impair Carol Woods' sound financial position and maintenance of the quality of services provided. Carol Woods may request that the resident make every effort to obtain assistance from all available resources both private and public.

When a resident dies, Carol Woods will make a claim on the resident's estate for the full amount of the subsidy provided by Carol Woods, and seek written attestation from the estate executor if the estate is unable to repay the amount subsidized in full.

This policy applies equally to all Carol Woods residents, whether residing on campus or living off campus under the Early Acceptance program.

## V. SERVICES

Pursuant to NCGS §58-64-20(a)(6), Carol Woods is a full-service continuing care retirement community, with many of the available services supported through the Entry Fee and Monthly Service Fee pricing structure. There are also other services available to residents on campus for an additional charge. The contracts provided in Appendix C outline the general, residential and health care services provided by Carol Woods; and whether they are covered by entry fees and monthly fees, or available for an additional charge. In the spirit of full disclosure, the following sections help outline the terms of those contracts.

### A. Standard Carol Woods Services Available

#### General Services

The following services are available to all residents of Carol Woods (those living on campus as well as those in the Early Acceptance program), and are supported by Monthly Service Fees and amortization of initial Entry Fees.

<b>General Services Supported with Entry Fees and Monthly Fees</b>	<b>Early Acceptance</b>	<b>On-Campus Living</b>
1) Membership in Carol Woods' Residents Association	✓	✓
2) Equal participation in all social, educational, recreational and cultural activities offered at Carol Woods and/or to other off-campus activities or events sponsored by Carol Woods or the Residents Association	✓	✓
3) Free, unassigned parking and use of all Carol Woods' common areas, meeting rooms, classrooms, and private dining rooms	✓	✓
4) Free use of Carol Woods' Campus Amenities, including:		
a) Fitness Center and Indoor Pool	✓	✓
b) Library	✓	✓
c) Craft / Woodworking Shop and Art Studio	✓	✓
d) Business Center & Access to CW Online Resident Web Portal	✓	✓
e) Dog Park & Labyrinth	✓	✓
f) Croquet Court, Bocce Court and Natural Walking Trails	✓	✓
5) Assistance with filing <b>medical</b> insurance claims, via the Carol Woods Finance and Accounting Department	✓	✓

**Residential Living Services**

The following residential living services are available to all residents of Carol Woods who reside on Carol Woods’ campus (not available to those residents in the Early Acceptance program, or available at an extra charge), and are supported by Monthly Service Fees and amortization of initial Entry Fees.

<b>Residential Services Supported with Entry Fees and Monthly Fees</b>	<b>Early Acceptance</b>	<b>On-Campus Living</b>
1) Monthly Meal Credits per resident equal in number to the number of days in the month	Available for Extra Charge	Included
2) One (1) housekeeping visit per week	Not Included	Included
3) Utilities, including electricity, natural gas, water/sewer, standard TV, and high speed broad band wireless	Not Included	Included
4) One (1) local telephone line if resident chooses to use Carol Woods’ telephone system	Not Included	Included
5) Flat linens / towels (Those provided by Carol Woods are laundered weekly)	Not Included	Included
6) Twenty-four hour security coverage, with central monitoring of emergency call bells installed in every cottage and apartment, and emergency response from Carol Woods’ security and nursing staff	Not Included	Included
7) Routine landscaping around campus	Not Included	Included
8) Trash Removal	Not Included	Included
9) Maintenance of Carol Woods’ property	Not Included	Included
10) General liability and property insurance coverage of Carol Woods’ property (On-campus residents are encouraged to consider personal property and liability insurance coverage. Early Acceptance Residents are encouraged to carry homeowners insurance)	Not Included	Included
11) Operation of a local bus service (in operation 20 to 25 hours per week)	Available from Campus	Included
12) Free temporary Clinic Authorized Meal Delivery to one’s residence, when approved by Clinic staff	Not Included	Included
13) County property taxes & fees	Residents pay their own taxes & fees	Included

**Health Care / Health Promotion Services**

The following services also are supported through Monthly Service Fees and amortization of the initial Entry Fee, and constitute the insurance-like component of Carol Woods’ pricing structure. These services are available to all residents of Carol Woods, including those in the Early Acceptance program.

<b>Health Care &amp; Health Promotion Benefits Supported with Entry Fees and Monthly Fees</b>	<b>Early Acceptance</b>	<b>On-Campus Living</b>
1) Higher Levels of Support “Free Days” which, when used, make the applicable health care per diem charge \$0	Accrue 15 days per person per year. Accumulate unused days over time	Accrue 15 days per person per year. Accumulate unused days over time
2) Deep daily discounts on prevailing per diem charges in Higher Levels of Support	Same discounts as residents living on campus	Same discounts as Early Acceptance residents
3) Per diem charges in Assisted Nursing and Skilled Nursing levels of support that <u>include</u> most “routine” ancillary charges, such as medical supplies, incontinence supplies, personal need supplies, and non-prescription medications	Same benefits as residents living on campus	Same benefits as Early Acceptance residents
4) On-campus clinic visits for preventative / health promotion purposes otherwise not covered by Resident’s Medicare Part B, Medicare Advantage, and supplemental insurance policies.	Same benefits as residents living on campus	Same benefits as Early Acceptance residents
5) Free use of the campus fitness center, indoor pool, walking paths, and other health promotion areas	Same benefits as residents living on campus	Same benefits as Early Acceptance residents
6) Heart-healthy menu options available at every meal served on campus	Same benefits as residents living on campus	Same benefits as Early Acceptance residents
7) Social Work services provided on campus by Carol Woods’ Well-Being staff	Same benefits as residents living on campus	Same benefits as Early Acceptance residents
8) Activities and programs provided on campus through Carol Woods’ Well-Being program	Same benefits as residents living on campus	Same benefits as Early Acceptance residents
9) Annual Check-in by Carol Woods’ Staff	Available upon request	Available upon request

**B. Carol Woods Services Available at Extra Charge**

The following services are provided, arranged, or referred by Carol Woods’ staff. They are available to residents at an additional charge.

**Residential Living Services**

<b>Residential Services Available at an Extra Charge</b>	<b>Early Acceptance</b>	<b>On-Campus Living</b>
1) Extra meals taken at Carol Woods	Residents are charged the same discounted fees as on-campus residents for each meal taken at Carol Woods.	Residents are charged a discounted fee for each meal beyond the meal credits included in their monthly service fee.
2) A monthly meal program option available at a significantly reduced monthly charge for residents wishing to have a defined number of meal credits on a monthly basis	Same discounted monthly fee as residents living on campus	Same discounted monthly fee as Early Acceptance residents
3) Guest Meals	Guests are charged a reasonable Guest Meal charge	Guests are charged a reasonable Guest Meal charge
4) On Campus Guest House Residences	Guests encouraged to use hotels closer to resident’s home	4 rooms available for guest’s on-campus convenience
5) Special requests for maintenance of resident’s personal property	Not available from Carol Woods	Available from Carol Woods staff at Extra Charge
6) Special requests for landscaping services around resident’s residence.	Not available from Carol Woods	Available from Carol Woods staff at Extra Charge
7) Special modifications made to resident’s residence.	Not available from Carol Woods	Available from Carol Woods staff at Extra Charge
8) Concierge and other Home Services, such as Private Duty Gardening, Closet Reorganizing, Deep Cleaning, Pet Sitting, IT Support, etc.	Not available from Carol Woods	Available from Carol Woods staff at Extra Charge

**Health Care Services**

For both Early Acceptance and On-Campus, residents are charged discounted per diem charges each day that they receive higher levels of support services. A resident may use accumulated Free Days at any time. The value of the Free Day is derived by the prevailing discounted per diem on the day in which it is applied, since the Free Day makes the net per diem charge for that day \$0. Section VI.D. presents the discounted per diem charges, which are the same for both Early Acceptance and On-Campus residents.

<b>Health Care Services Available at an Extra Charge</b>	<b>Early Acceptance</b>	<b>On-Campus Living</b>
1) Deep daily discount on prevailing per diem charges in Higher Levels of Support	Same discounted per diem charges as residents living on campus	Same discounted per diem charges as Early Acceptance residents
2) Medical supplies, personal need supplies, and other “ancillary” items supplied to residents while in the Assisted Living level of support	Same charges as On-Campus residents	Same charges as Early Acceptance residents
3) Per diem charges in Assisted Nursing and Skilled Nursing levels of care that <u>include</u> most “routine” ancillary charges, such as medical supplies, incontinence supplies, personal need supplies, and non-prescription medications	Same discounted per diem charges as residents living on campus	Same discounted per diem charges as Early Acceptance residents
4) Medical Transportation charges for residents living independently (Costs of driver and mileage for round-trip to medical appointments).  NOTE: Medical Transportation is included in the per diem charge for residents in higher levels of support; but Medical Accompaniment is charged separately.	Not available from Carol Woods	Available from Carol Woods staff at Extra Charge
5) Medical Accompaniment (Costs of additional staff person accompanying resident to the medical appointment).	Not available from Carol Woods	Available from Carol Woods staff at Extra Charge
6) Full access to Carol Woods on-campus medical clinic, including the services of Carol Woods’ medical director, medical staff and nursing staff	Billed to insurance. Resident pays deductibles /copays	Billed to insurance. Resident pays deductibles / copays
7) Home Care Services (Personal Care Services at Home), Companionship Services (1-on-1 Services in higher levels of support)	Carol Woods may provide, or refer to another provider when appropriate	Carol Woods may provide, or refer to another provider when appropriate

**C. Personal Services**

The following services are available on-campus to Carol Woods’ residents.

	<b>Early Acceptance</b>	<b>On-Campus Living</b>
1) US Postal Service post office boxes	US Mail Service will continue at resident’s own home	Available On Campus
2) Gift Shop operated by residents	Available On Campus	Available On Campus
3) A Barber / Beauty Salon managed contractually by a licensed beautician	Available On Campus	Available On Campus
4) Integrative Health Therapies (massage, healing touch) provided by licensed therapists	Available On Campus	Available On Campus
5) Medical specialty services (podiatry, audiology, counseling) provided by independent licensed practitioners in the Carol Woods clinic as a convenience to Residents	Available On Campus	Available On Campus
6) Pick up and drop off services of a local dry cleaning service	Not Available	Available only for On Campus residents
7) Pick up and drop off point for UPS and other express mail services	Not Available	Available only for On Campus residents
8) Concierge Services (personal shopping, pet sitting, plant watering, decluttering, etc.)	Not Available	Available for Campus residents

## VI. FEES

### A. Priority List Deposit / Administration Fee

Carol Woods maintains an active Priority List for persons seeking the opportunity to apply for admission at a future date.

Registering for the Priority List requires payment of \$1,500. \$500 of that sum is a non-refundable Priority Agreement Administration Fee. The remaining \$1,000 is applied to one's initial Entry Fee at the time one proceeds with the application and admission process, or is refunded upon written request to withdraw from the Priority List.

### B. Entry Fees

**Early Acceptance Agreement.** Upon approval of the Admissions Committee and within ten days of notification of acceptance, a prospective Early Acceptance resident is required to sign the Early Acceptance Agreement and make payment of the established Entry Fee. The Entry Fee is the amount established at the start of the admissions process, and stipulated in the Early Acceptance Reservation Agreement. 2% of this fee is considered an Acceptance Fee, which has bearing if the resident should seek a refund of the entry fee, as is outlined in the Policies section of this Disclosure Statement.

**Residence and Services Agreement.** Upon approval of the Admissions Committee and within ten days of written notification of acceptance, a prospective resident is required to make payment of 10% of the established Entry Fee; comprised of a 2% Acceptance Fee and an 8% Acceptance Deposit. The Entry Fee amount is the amount established at the start of the admissions process, and stipulated in the Reservation Agreement. The balance of the Entry Fee (90%) is due upon signing a Residence and Services Agreement, payment of which establishes the Date of Financial Responsibility, which should occur within a 90-day period after approval. One thousand dollars of the Priority Deposit will be applied toward this 90% amount. Potential refund of the entry fee is outlined in the Policies section of this Disclosure Statement.

**Residence and Services Agreement Following Early Acceptance.** Upon approval of the move to campus, and within ten days of notification of acceptance, a prospective resident is required to make payment of 10% of the established Entry Fee; comprised of a 2% Acceptance Fee and an 8% Acceptance Deposit. The Entry Fee is the amount established at the start of the admissions process, and stipulated in the Reservation Agreement. It shall reflect the prevailing entry fee for the reserved residence, less the amount that the resident paid previously as an Early Acceptance entry fee. The balance of the Entry Fee (90%) is due upon signing a Residence and Services Agreement Following Early Acceptance, payment of which establishes the new Date of Financial Responsibility, which should occur within a 90-day period after approval. Potential refund of the entry fee is outlined in the Disclosure Statement Policies section.

The following table shows Entry Fees related to Early Acceptance and to residency at Carol Woods by residence type. The fees shown are effective as of April 1, 2024.



## 4/1/2024 Entry Fees for Singles and Couples by Type of Unit

Type of Unit		Number of Units	Approximate Square Footage <sup>(1)</sup>	1st Person Entry Fees <sup>(2)</sup>	2nd Person Entry Fees <sup>(2)</sup>
<b>Early Acceptance</b>					
Each Person			N/A	\$42,100	\$42,100
<b>Central Apartments</b>					
Studio, Expanded	C-SE	15	507	\$106,000	N/A
1-Bedroom, Small Expanded	C-1SE	7	671	\$177,900	\$42,100
1-Bedroom Expanded	C-1E	65	695	\$187,900	\$42,100
1-Bedroom Large	C-1L	3	758	\$213,200	\$42,100
2-Bedroom, Expanded	C-2E	35	1,160	\$262,500	\$42,100
2-Bedroom Large	C-2L	3	910	\$305,200	\$42,100
2-Bedroom Extra Large	C-2XL	6	1,042	\$334,500	\$42,100
2-Bedroom & Den	C-2D	12	1,160	\$381,500	\$42,100
2-Bedroom & Den Large	C-2DL	2	1,292	\$390,900	\$42,100
2-Bedroom & Den Extra Large	C-2DXL	1	1,345	\$404,000	\$42,100
<b>Apartment Totals / Weighted Averages</b>		<b>149</b>	<b>814</b>	<b>\$225,300</b>	<b>\$42,100</b>
<b>Garden Cottages <sup>(2)</sup></b>					
1-Bedroom	G-1	14	678	\$183,400	\$42,100
1-Bedroom & Den	G-1D	22	801	\$226,200	\$42,100
2-Bedroom	G-2	18	957	\$272,800	\$42,100
1-Bedroom, Den & Carolina Room	G-1DC	5	1,006	\$285,200	\$42,100
2-Bedroom & Den	G-2D	12	1,078	\$310,100	\$42,100
2-Bedroom & Carolina Room	G-2C	7	1,149	\$328,800	\$42,100
2-Bedroom, Den & Carolina Room	G-2DC	12	1,280	\$369,200	\$42,100
1-Bedroom Duplex	G-1DXL	16	1,343	\$385,900	\$42,100
2-Bedroom Duplex	G-2DXL	34	1,538	\$449,000	\$42,100
2-Bedroom Duplex & Sunroom	G-2DXS	12	1,855	\$545,500	\$42,100
<b>Cottage Totals / Weighted Averages</b>		<b>152</b>	<b>1,196</b>	<b>\$344,200</b>	<b>\$42,100</b>
<sup>(3)</sup> Cottage Expansion (60 to 119 Sq Ft)				\$19,800	
<sup>(3)</sup> Cottage Expansion (120 to 179 Sq Ft)				\$33,000	
<sup>(3)</sup> Cottage Expansion (180 to 240 Sq Ft)				\$46,100	
Townhomes (Average) <sup>(4)</sup>		14	1,638	\$478,700	\$42,100
<b>ILU Totals / Weighted Averages</b>		<b>315</b>	<b>1,035</b>	<b>\$290,800</b>	<b>\$42,100</b>

The following notes relate to the entry fee table on the previous page:

- 1) Square footage figures are approximate based upon each general floor plan. Actual square footage of particular residences may vary.
- 2) The entry fee pricing took effect on April 1, 2024.
- 3) Cottages with an expansion to the base unit have an additional entrance fee charged based upon the expansion square footage.
- 4) Each townhome has a unique floor plan and is priced individually.

For all contracts, the Entry Fee represents a prepayment of many of the services Carol Woods provides in the basic service package, including a significant amount of future healthcare services (i.e., discounts on per diems in higher levels of support, free days in higher levels of support, and health promotion / prevention services). An explanation of how Carol Woods accounts for Entry Fees and the future obligations that they represent is provided in the Reserves, Escrows and Trusts section of this Disclosure Statement.

**C. Monthly Service Fees**

The following table presents the Monthly Service Fees for Early Acceptance and for on-campus residency at Carol Woods by residence type. The current monthly fee structure was effective as of January 1, 2024. Future potential increases over the next five years are disclosed in a later section of this disclosure statement.

**1/1/2024 Monthly Service Fees for Singles and Couples by Type of Unit**

Type of Unit	Number of Units	Approximate Square Footage <sup>(1)</sup>	Independent Living Monthly Fees		Higher Levels of Support Monthly Fees <sup>(3)</sup>		
			1st Person Monthly Fees	2nd Person Monthly Fees	1st Person Monthly Fees <sup>(3)</sup>	2nd Person Monthly Fees <sup>(3)</sup>	
<b>Early Acceptance</b>							
Each Person		N/A	\$1,086	\$1,086	\$2,555	\$1,424	
<b>Central Apartments</b>							
Studio, Expanded	C-SE	15	507	\$2,680	\$1,424	\$2,555	\$1,424
1-Bedroom, Small Expanded	C-1SE	7	671	\$3,519	\$1,424	\$2,555	\$1,424
1-Bedroom Expanded	C-1E	65	695	\$3,686	\$1,424	\$2,555	\$1,424
1-Bedroom Large	C-1L	3	758	\$3,815	\$1,424	\$2,555	\$1,424
2-Bedroom, Expanded	C-2E	35	910	\$4,629	\$1,424	\$2,555	\$1,424
2-Bedroom Large	C-2L	3	1,042	\$4,905	\$1,424	\$2,555	\$1,424
2-Bedroom Extra Large	C-2XL	6	1,160	\$5,108	\$1,424	\$2,555	\$1,424
2-Bedroom & Den	C-2D	12	1,292	\$5,406	\$1,424	\$2,555	\$1,424
2-Bedroom & Den Large	C-2DL	2	1,345	\$5,546	\$1,424	\$2,555	\$1,424
2-Bedroom & Den Extra Large	C-2DXL	1	1,390	\$5,620	\$1,424	\$2,555	\$1,424
<b>Apartment Totals / Weighted Averages</b>		<b>149</b>	<b>814</b>	<b>\$4,059</b>	<b>\$1,424</b>	<b>\$2,555</b>	<b>\$1,424</b>
<b>Garden Cottages <sup>(2)</sup></b>							
1-Bedroom	G-1	14	678	\$3,630	\$1,424	\$2,555	\$1,424
1-Bedroom & Den	G-1D	22	801	\$3,958	\$1,424	\$2,555	\$1,424
2-Bedroom	G-2	18	957	\$4,559	\$1,424	\$2,555	\$1,424
1-Bedroom, Den & Carolina Room	G-1DC	5	1,006	\$4,792	\$1,424	\$2,555	\$1,424
2-Bedroom & Den	G-2D	12	1,078	\$4,974	\$1,424	\$2,555	\$1,424
2-Bedroom & Carolina Room	G-2C	7	1,149	\$5,078	\$1,424	\$2,555	\$1,424
2-Bedroom, Den & Carolina Room	G-2DC	12	1,280	\$5,336	\$1,424	\$2,555	\$1,424
1-Bedroom Duplex	G-1DXL	16	1,343	\$5,465	\$1,424	\$2,555	\$1,424
2-Bedroom Duplex	G-2DXL	34	1,538	\$5,725	\$1,424	\$2,555	\$1,424
2-Bedroom Duplex & Sunroom	G-2DXS	12	1,855	\$6,191	\$1,424	\$2,555	\$1,424
<b>Cottage Totals / Weighted Averages</b>		<b>152</b>	<b>1,196</b>	<b>\$4,997</b>	<b>\$1,424</b>	<b>\$2,555</b>	<b>\$1,424</b>
<sup>(2)</sup> Cottage Expansion (60 to 119 Sq Ft)				\$185			
<sup>(2)</sup> Cottage Expansion (120 to 179 Sq Ft)				\$309			
<sup>(2)</sup> Cottage Expansion (180 to 240 Sq Ft)				\$434			
Townhomes (Average)		14	1,638	\$5,790	\$1,424	\$2,555	\$1,424
<b>ILU Totals / Weighted Averages</b>		<b>315</b>	<b>1,035</b>	<b>\$4,569</b>	<b>\$1,424</b>	<b>\$2,555</b>	<b>\$1,424</b>

The following notes relate to the monthly service fees table on the previous page:

- 1) Square footage figures are approximate based upon each general floor plan. Actual square footage of particular residences may vary.
- 2) Cottages with an expansion to the base unit, such as a sunroom, have the additional monthly fee based upon expansion square footage.
- 3) When a single person or couple moves from independent living into higher levels of support, the single / 1<sup>st</sup> person monthly fee is changed to the prevailing monthly fee which is the same for every single or 1<sup>st</sup> person living in HLOS, and lower than the monthly fee paid when one was living in an independent living residence. The monthly fees are in addition to the resident's discounted per diem fees outlined below.

**D. Fees in Higher Levels of Support**

When a CW resident vacates their independent living resident to move permanently to higher levels of support, their monthly service fee decreases to \$2,555 (refer to monthly service fee schedule on the previous page). The monthly service fee of \$2,555 is equivalent to a charge of \$84 per day.

In addition to the lower monthly service fee, the CW resident is charged a per diem that is discounted from the prevailing "market" or "private pay" per diem.

Each CW resident also accrues Free Days at a rate of 15 per year, which they can accumulate over time to apply to the discounted per diem. When a CW resident uses a Free Day, the discounted per diem is written off to \$0, leaving only the \$2,555 monthly service fee.

The following two tables show monthly service fees and daily room charges for higher levels of support (HLOS) effective January 1, 2024. Daily charges are in addition to Monthly Service Fees. HLOS daily fees are charged only for those days that a person occupies a room in an applicable level of support; while monthly fees are charged for the full month. Future potential increases over the next five years are disclosed in a later section of this disclosure statement.

**1/1/2024 Per Diem Fees by Type of Unit**

Type of Unit		Number of Beds	Monthly Fee per Day for CW Residents in Higher Levels <sup>(1)</sup> \$2,555	Discounted Per Diem Fees for Carol Woods' Residents <sup>(2)</sup>	Per Diem Fees for Outside Referral Residents <sup>(3)</sup>
<b>Assisted Living (AL)</b>					
Central Assisted Living	Type 1	1	\$84.00	\$91.00	\$245.00
Central Assisted Living	Type 2	5	\$84.00	\$93.00	\$245.00
Central Assisted Living	Type 3	19	\$84.00	\$97.00	\$245.00
Central Assisted Living	Type 4	8	\$84.00	\$101.00	\$245.00
Central Assisted Living	Type 5	2	\$84.00	\$103.00	\$245.00
2nd Person in Type 4/5			\$84.00	\$97.00	\$245.00
Garden Assisted Living		12	\$84.00	\$97.00	\$245.00
<b>AL Totals / Weighted Averages</b>		<b>47</b>	<b>\$84.00</b>	<b>\$97.00</b>	<b>\$245.00</b>
<b>Assisted Nursing (ANF) &amp; Skilled Nursing (SNF)</b>					
Central Assisted Nursing	Semi-Private	8	\$84.00	\$107.00	\$348.00
Central Assisted Nursing	Private	22	\$84.00	\$117.00	\$363.00
Garden Assisted Nursing	Private	12	\$84.00	\$117.00	\$363.00
Skilled Nursing	Semi-Private	8	\$84.00	\$117.00	\$387.00
Skilled Nursing	Private	22	\$84.00	\$127.00	\$402.00
<b>ANF &amp; SNF Totals / Weighted Averages</b>		<b>72</b>	<b>\$84.00</b>	<b>\$119.00</b>	<b>\$376.00</b>
<b>Totals / Weighted Averages</b>		<b>119</b>	<b>\$84.00</b>	<b>\$110.00</b>	<b>\$324.00</b>

**NOTES:**

- (1) CW residents who move to higher levels of support continue to pay a monthly fee, but it is lower than the monthly fees of all IL residences on campus. This column shows the 2024 monthly fee translated into a daily equivalent.
- (2) In addition to the monthly service fee, Carol Woods' residents are charged a per diem, which under the Type B contract is significantly discounted from prevailing private per diems across all higher levels of support.
- (3) This column presents the non-discounted per diem charges for comparison to Carol Woods' discounted daily charges.

**1/1/2024 Carol Woods' Type B Contract Per Diem and Free Day Discounts by Type of Unit**

Type of Unit	Carol Woods' Resident Daily Fee <u>Without</u> a Free Day <sup>(1)</sup>	Percentage Discount <u>Without</u> a Free Day <sup>(3)</sup>	Carol Woods' Resident Daily Fee <u>With</u> a Free Day <sup>(2)</sup>	Percentage Discount <u>With</u> a Free Day <sup>(3)</sup>	Per Diem Fees for Outside Referral Residents
<b>Assisted Living (AL)</b>					
Central Assisted Living Type 1	\$175.00		\$84.00		\$245.00
Central Assisted Living Type 2	\$177.00		\$84.00		\$245.00
Central Assisted Living Type 3	\$181.00		\$84.00		\$245.00
Central Assisted Living Type 4	\$185.00		\$84.00		\$245.00
Central Assisted Living Type 5	\$187.00		\$84.00		\$245.00
2nd Person in Type 4/5	\$181.00		\$84.00		\$245.00
Garden Assisted Living	\$181.00		\$84.00		\$245.00
<b>AL Totals / Weighted Averages</b>	<b>\$181.00</b>	<b>26%</b>	<b>\$84.00</b>	<b>66%</b>	<b>\$245.00</b>
<b>Assisted Nursing (ANF) &amp; Skilled Nursing (SNF)</b>					
Central Assisted Nursing Semi-Private	\$191.00		\$84.00		\$348.00
Central Assisted Nursing Private	\$201.00		\$84.00		\$363.00
Garden Assisted Nursing Private	\$201.00		\$84.00		\$363.00
Skilled Nursing Semi-Private	\$201.00		\$84.00		\$387.00
Skilled Nursing Private	\$211.00		\$84.00		\$402.00
<b>ANF &amp; SNF Totals / Weighted Averages</b>	<b>\$203.00</b>	<b>46%</b>	<b>\$84.00</b>	<b>78%</b>	<b>\$376.00</b>
<b>Totals / Weighted Averages</b>	<b>\$194.00</b>	<b>40%</b>	<b>\$84.00</b>	<b>74%</b>	<b>\$324.00</b>

**NOTES:**

- (1) This column shows the sum of the daily equivalent of the monthly fee for CW residents who live in Higher Levels of Support **plus** the prevailing discounted per diem from the previous table.
- (2) This column shows the daily savings for CW residents when using one of their Free Day benefits, which each residents accrues at a rate of 15 per year. When a Free Day is used, it makes the prevailing discounted per diem \$0 -- leaving only the daily equivalent of the monthly fee for CW residents who live in Higher Levels of Support.
- (3) These columns show the average percentage discounts offered under Carol Woods' Type B contract. Depending upon the level of support, and whether the CW resident uses a Free Day, the daily discount can vary as follows:

	Discount <u>without</u> a Free Day	Discount <u>Using</u> a Free Day
Assisted Living	26%	66%
Assisted / Skilled Nursing	46%	78%

Carol Woods' residents receive a discount from per diem rates in higher levels of support as a part of their Early Acceptance Agreement or Residence and Services Agreement. Residents may elect to apply "Free" Days from remaining balances in their individual accumulated reserve to cover the additional per diem rate. A resident may elect to defer use of Free Days to a later time, but there is no refund for unused Free Days.

Per Diem charges for all Higher Levels of Support include 3 meals per day and all the necessary nursing/personal care on a 24-hour basis appropriate for each particular level of support. The 24/7 nursing/personal care, however, is shared among all residents living in a particular facility on a particular day. If a resident or family needs or wishes to receive 1-on-1 services for an extended period, Companionship service can be arranged on an individual basis, and the resident is charged on an hourly basis for the 1-on-1 services that are provided. If Carol Woods provides the 1-on-1 Companionship services, those are charged in ½ hour increments at \$33 per hour in 2024. The Companionship hourly charges are in addition to the discounted per diem charge. Depending upon staff availability, services are arranged by Carol Woods, but may be from another local provider. If services are provided by another agency, the resident is billed directly from that provider, and the hourly rates may be different.

The per diems for Assisted Nursing and Skilled Nursing also include many ancillary items of daily care, including medical and personal need supplies, non-prescription medications, nutritional supplements, and oxygen as needed.

Prescription medications, physician services, customized medical equipment, and rehabilitation services are NOT included in the above per diem charges, and may be billed separately. Likewise, any prescription pick-up or delivery charges from other local pharmacies are NOT included in the per diem charges, and will be billed separately if provided by Carol Woods staff.

**E. Fee Change Policies**

Pursuant to NCGS §58-64-20(a)(7)(e), Carol Woods' fees are changed generally once annually but may be changed at any time. At least thirty days' written notice is provided to residents before new entry fees, monthly service fees and per diem charges take effect. The objective in setting fees is to keep them at the lowest feasible rates consistent with sound fiscal practices and maintenance of high quality service. Changes in the Consumer Price Index as determined by the US Department of Labor are considered in establishing fees, but need not be the sole determining factor.

Entry Fees and Monthly Service Fees are also determined using actuarial modeling. The goal is to set fees that are sufficient to cover residents' current needs as well as projected future needs.

**F. Historic Changes in Major Fees**

Pursuant to NCGS §58-64-20(a)(7)(e), the following table shows average changes in the monthly service fees and health center daily charges over time. Note that it is the average dollar amount of the CHANGE in fees from year to year that is shown - NOT the fees themselves. All changes during this period occurred once per year on January 1.

<b><u>Monthly Service Fees</u></b>	<b><u>2019 – 2020</u></b>	<b><u>2020 – 2021</u></b>	<b><u>2021 – 2022</u></b>	<b><u>2022 – 2023</u></b>	<b><u>2023 – 2024</u></b>
One Occupant (per month)	\$77	\$59	\$119	\$190	\$176
Two Occupants (per month)	\$101	\$77	\$156	\$241	\$224
Approx. Percentage Increase	2.0%	1.5%	2.9%	4.5%	4.0%
<b><u>Per Diem Charges in Higher Levels of Support</u></b>					
(Private Room at Carol Woods’ Discounted Rate)					
Skilled Nursing (per day)	\$3.00	\$0.00	\$3.00	\$4.00	\$6.00
Assisted Nursing (per day)	\$3.00	\$0.00	\$4.00	\$4.00	\$6.00
Approx. Percentage Increase	2.9%	0.0%	3.2%	3.6%	5.2%

These data demonstrate Carol Woods’ commitment to responsible changes in fees over time. Carol Woods’ goal is to institute modest increases in strong economic periods helping to cushion against the need for larger increases in periods of higher price or wage inflation. The increases in 2024 are reflective of high price inflation and wage pressures, while still showing Carol Woods’ commitment to protecting the costs for residents in higher levels of support under its Type B contract.



## **VII. FINANCIAL INFORMATION**

### **A. Financial Overview**

Pursuant to NCGS §58-64-20(a)(10) and §58-64-20(a)(12), the Appendices to this Disclosure Statement present substantial financial detail on the historic, current and projected financial status of Carol Woods, including:

- Fiscal Year 2023 Audited Financial Statements
- 5-Year Financial Projections including assumptions about Early Acceptance (2024-2028)
- Most Recent Monthly Interim Financial Statements as of March 31, 2024

Due to the lifetime commitment that has been made to each resident, Carol Woods uses actuarial planning and forecasting tools in addition to more traditional budgeting and accounting methods.

### **Amortization of Entry Fees**

Entry Fees are prepaid fees used to help cover costs of providing services to a resident over one's lifetime. As such, rather than record the Entry Fee as revenue only in the year it is paid, Carol Woods elects to "defer" most of the Entry Fee of a new entrant and recognize a portion of the fee as income each year that one remains a resident of Carol Woods. Each new Entry Fee is recorded as "Deferred Revenue" on Carol Woods' balance sheet. Each year, including the first year, the appropriate amount is reclassified from deferred income to actual income, based on an actuarially derived schedule specific to the age and gender of the particular single resident or couple.

The actuarial model that Carol Woods uses to derive amortized Entry Fees contains life expectancy tables that are reviewed and updated by an independent Certified Actuary. In addition, changes in individual residents' living situations are updated annually, so that amounts amortized for each resident may be adjusted annually. The rate at which one's entry fee is amortized is sensitive to whether one is living independently, in assisted living or in nursing; and whether it is for a single person or two persons.

By accounting for Entry Fee revenue in this way, Carol Woods spreads its income from one's Entry Fee over one's lifetime, enabling some of the future costs of service to be covered every year with income from the initial Entry Fee.

## **B. Reserves, Escrows and Trusts**

### **Reserves**

NCGS §58-64-33 requires that continuing care retirement communities (CCRCs) provide for a minimum operating reserve. If a CCRC has occupancy in its independent living and assisted living residences that is less than or equal to 90%, it must maintain a reserve at least equal to 50% of the projected operating expenses in any given fiscal year, less amortization and depreciation; and less debt service if covered by a Debt Service Reserve. If a CCRC has occupancy in those residences that is greater than 90%, the reserve requirement is decreased to 25% of the projected operating expenses.

Independent and assisted living occupancy at Carol Woods exceeds 90%, so that the 25% factor is applied to calculate the total reserves that are mandated statutorily.

Carol Woods' actual reserves far exceed the statutory requirement now; and that trend is projected to continue in the future. According to the state requirements, as of December 31, 2023 Carol Woods must have maintained a minimum operating reserve of \$8,075,000. Clearly, Carol Woods has cash and investments that far exceed the North Carolina statutory requirements. According to the December 31, 2023 audited balance sheet, Carol Woods has total investments and assets limited to use (both current and long-term) of \$56,905,733. Of those funds, \$10,043,049 are "Limited as to Use", including required bond funds and state reserve requirements, leaving a total of \$46,862,684 in current and long-term investments that are unrestricted (Appendix A, Note 3).

By the year 2028 (see Appendix B), the 5-Year Study projects a statutory reserve requirement of \$9,414,000 versus total investment reserves of \$50,916,000. The corporation is projected to exceed substantially the minimum standards for each intervening year as well.

Included in Carol Woods' overall reserves are the following funds presented on the balance sheet of the audited financial statements (see Appendix A):

1. Carol Woods makes a monthly payment to its Bond Sinking Fund accounts equal to 1/12<sup>th</sup> of the principal amount that is scheduled to be paid each year on its Series 2018 bonds. The balance in the Bond Sinking Fund account is shown as a current asset that is limited as to use.
2. A second reserve consists of amounts associated with unspent gifts and funds set aside by the Board for resident financial assistance. These are regularly reviewed and updated (refer to Appendix A, Note 7).
3. Carol Woods reserves the use of Entry Fees paid by residents (see Amortization of Entry Fees in the preceding Section). The income is reserved on an actuarial basis to cover costs for services to residents over their respective lifetimes, and is shown on the liability side of the balance sheet.

4. Finally, Carol Woods' unrestricted net assets can be considered reserves that can help the organization remain strong financially during turbulent economic periods.

### **Escrows And Trusts**

In situations where a CCRC is in startup and premarketing its apartments, and if those CCRCs ask for prepayment of 10% or more of one's entry fee prior to opening, the North Carolina Department of Insurance requires that the prepaid entry fees must be placed in escrow. Since neither condition applies to Carol Woods, it does not escrow entry fees. Management of entry fee funds is outlined in the following section (Investment of Reserves, Escrows & Trusts).

Carol Woods uses trusts in two ways. First, bond funds are governed by trust agreements with The Bank of New York Mellon as the named Bond Trustee. Second, certain temporarily restricted gifts are accepted through a trust relationship where Carol Woods agrees to use the gift only for specified purposes.

### **C. Investment of Reserves, Escrows, & Trusts**

As part of the covenants related to Carol Woods' 2018 debt financing, Carol Woods must escrow 1/12<sup>th</sup> of its annual scheduled principal payment each month. The Bank of New York Mellon holds these bond funds in trust. Investment of these funds is governed by state law and bond document covenants. In general, the funds are in cash or money market accounts to ensure preservation of principal.

The majority of Carol Woods' remaining cash and investments are managed in a series of accounts, with various managers.

All investment funds managed by outside managers (with the exception of funds under trustee control) are controlled from a custodial account with UBS Financial Services. All fund managers manage Carol Woods' funds in accordance with a formal investment policy statement (IPS) developed by the Carol Woods Board of Directors with the assistance of the UBS Prime Asset Consulting Group. The Board IPS establishes allowable investment instruments and provides limits on the portions of the portfolio that may be invested in certain instruments at any given time. UBS Financial Services also provides manager-search services (through which current managers were selected) and provides on-going manager performance assessment services.

Fund managers direct investment decisions and trades, provided they conform to the Board-adopted IPS. The current investment policy for invested funds calls for a target portfolio mix of 60% equities and 40% fixed income securities, with diversification in investment style (i.e., value, growth or core), capitalization size (i.e., large cap, mid-cap or small cap), and domestic versus international companies. Managers are given some latitude to vary from those targets within thresholds defined by Board policy. Carol Woods reconciles investment statements monthly, and does a quarterly review of manager performance against benchmarks outlined in the board-adopted investment policy.

## **D. Financial Projections**

### **Projections**

Pursuant to NCGS §58-64-20(a)(12), Appendix B includes a 5-year forecast of financial statements compiled by an independent accounting firm in accordance with state law. The assumptions used are included in the notes to that forecast.

It should be noted that the 5-year forecast in Appendix B currently models Carol Woods' future financial statements as if it were not planning to expand the number of residences and higher levels of support capacity. However, Carol Woods is currently conducting a campus master planning process. It is premature to know precisely the outcome of that process. However, once more specifics are known, those plans will be woven into a new set of 5-year pro forma financial statements, and provided in an updated disclosure statement.

Historically, each time that Carol Woods has expanded residences and campus amenities, it has allowed Carol Woods to get stronger financially. This is an anticipated outcome of the upcoming plans, as well.

### **Projected Fees**

The attached tables show projected Monthly Service Fees and health center daily fees. Projections are based on assumptions of a 4.5% annual inflation rate. It is also assumed that fees will be raised by a common percentage and that the program and pricing structure remain the same. All these assumptions are subject to change.

**Projected Monthly Service Fees for Singles and Couples by Type of Unit, 2024 - 2028**

Type of Unit		2024	2025	2026	2027	2028
		Monthly Fees	Monthly Fees	Monthly Fees	Monthly Fees	Monthly Fees
			4.5%	4.5%	4.5%	4.5%
<b>Early Acceptance</b>						
Each Person		\$1,086	\$1,135	\$1,186	\$1,239	\$1,295
<b>Central Apartments</b>						
Studio, Expanded	C-SE	\$2,680	\$2,801	\$2,927	\$3,059	\$3,197
1-Bedroom, Small Expanded	C-1SE	\$3,519	\$3,677	\$3,842	\$4,015	\$4,196
1-Bedroom Expanded	C-1E	\$3,686	\$3,852	\$4,025	\$4,206	\$4,395
1-Bedroom Large	C-1L	\$3,815	\$3,987	\$4,166	\$4,353	\$4,549
2-Bedroom, Expanded	C-2E	\$4,629	\$4,837	\$5,055	\$5,282	\$5,520
2-Bedroom Large	C-2L	\$4,905	\$5,126	\$5,357	\$5,598	\$5,850
2-Bedroom Extra Large	C-2XL	\$5,108	\$5,338	\$5,578	\$5,829	\$6,091
2-Bedroom & Den	C-2D	\$5,406	\$5,649	\$5,903	\$6,169	\$6,447
2-Bedroom & Den Large	C-2DL	\$5,546	\$5,796	\$6,057	\$6,330	\$6,615
2-Bedroom & Den Extra Large	C-2DXL	\$5,620	\$5,873	\$6,137	\$6,413	\$6,702
<b>Apartment Totals / Weighted Averages</b>		<b>\$4,059</b>	<b>\$4,242</b>	<b>\$4,433</b>	<b>\$4,632</b>	<b>\$4,841</b>
<b>Garden Cottages</b>						
1-Bedroom	G-1	\$3,630	\$3,793	\$3,964	\$4,142	\$4,328
1-Bedroom & Den	G-1D	\$3,958	\$4,136	\$4,322	\$4,516	\$4,719
2-Bedroom	G-2	\$4,559	\$4,764	\$4,978	\$5,202	\$5,436
1-Bedroom, Den & Carolina Room	G-1DC	\$4,792	\$5,008	\$5,233	\$5,468	\$5,714
2-Bedroom & Den	G-2D	\$4,974	\$5,198	\$5,432	\$5,676	\$5,931
2-Bedroom & Carolina Room	G-2C	\$5,078	\$5,307	\$5,546	\$5,796	\$6,057
2-Bedroom, Den & Carolina Room	G-2DC	\$5,336	\$5,576	\$5,827	\$6,089	\$6,363
1-Bedroom Deluxe	G-1DXL	\$5,465	\$5,711	\$5,968	\$6,237	\$6,518
2-Bedroom Deluxe	G-2DXL	\$5,725	\$5,983	\$6,252	\$6,533	\$6,827
2-Bedroom Deluxe & Sunroom	G-2DXS	\$6,191	\$6,470	\$6,761	\$7,065	\$7,383
<b>Cottage Totals / Weighted Averages</b>		<b>\$4,997</b>	<b>\$5,222</b>	<b>\$5,457</b>	<b>\$5,702</b>	<b>\$5,959</b>
Townhomes (Average)		\$5,790	\$6,051	\$6,323	\$6,608	\$6,905
<b>ILU Totals / Weighted Averages</b>		<b>\$4,569</b>	<b>\$4,775</b>	<b>\$4,990</b>	<b>\$5,214</b>	<b>\$5,449</b>
2nd Person Monthly Fees, All Units <sup>(1)</sup>		\$1,424	\$1,488	\$1,555	\$1,625	\$1,698
Monthly Fees for Singles / 1st Persons in HLOS <sup>(2)</sup>		\$2,555	\$2,670	\$2,790	\$2,916	\$3,047

The following notes apply to the table on the preceding page:

- 1) 2<sup>nd</sup> persons are charged the same monthly service fee regardless of the unit type in which they reside.
- 2) For single residents, or 1<sup>st</sup> persons of couples, who move permanently to higher levels of support, their monthly service fee changes to the prevailing fee that is the same for every resident after having vacated their independent residence, and less than the lowest prevailing monthly fee for residences on campus.

<b>Projected Discounted Per Diem Fees by Type of Unit, 2024 - 2028</b>						
		<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Type of Unit</b>		<b>Discounted Per Diem Fees <sup>(1)</sup></b>	<b>Discounted Per Diem Fees <sup>(1)</sup></b>	<b>Discounted Per Diem Fees <sup>(1)</sup></b>	<b>Discounted Per Diem Fees <sup>(1)</sup></b>	<b>Discounted Per Diem Fees <sup>(1)</sup></b>
			<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>
<b>Assisted Living (AL)</b>						
Central Assisted Living	Type 1	\$91.00	\$95.00	\$99.00	\$103.00	\$108.00
Central Assisted Living	Type 2	\$93.00	\$97.00	\$101.00	\$106.00	\$111.00
Central Assisted Living	Type 3	\$97.00	\$101.00	\$106.00	\$111.00	\$116.00
Central Assisted Living	Type 4	\$101.00	\$106.00	\$111.00	\$116.00	\$121.00
Central Assisted Living	Type 5	\$103.00	\$108.00	\$113.00	\$118.00	\$123.00
2nd Person in Type 4/5		\$97.00	\$101.00	\$106.00	\$111.00	\$116.00
Garden Assisted Living		\$97.00	\$101.00	\$106.00	\$111.00	\$116.00
<b>AL Totals / Weighted Averages</b>		<b>\$97.00</b>	<b>\$102.00</b>	<b>\$106.00</b>	<b>\$111.00</b>	<b>\$116.00</b>
<b>Assisted Nursing (ANF) &amp; Skilled Nursing (SNF)</b>						
Central Assisted Nursing	Semi-Private	\$107.00	\$112.00	\$117.00	\$122.00	\$127.00
Central Assisted Nursing	Private	\$117.00	\$122.00	\$127.00	\$133.00	\$139.00
Garden Assisted Nursing	Private	\$117.00	\$122.00	\$127.00	\$133.00	\$139.00
Skilled Nursing	Semi-Private	\$117.00	\$122.00	\$127.00	\$133.00	\$139.00
Skilled Nursing	Private	\$127.00	\$133.00	\$139.00	\$145.00	\$152.00
<b>ANF &amp; SNF Totals / Weighted Averages</b>		<b>\$119.00</b>	<b>\$124.00</b>	<b>\$130.00</b>	<b>\$135.00</b>	<b>\$142.00</b>
<b>Totals / Weighted Averages</b>		<b>\$110.00</b>	<b>\$115.00</b>	<b>\$120.00</b>	<b>\$126.00</b>	<b>\$132.00</b>

**NOTES:**

- (1) This table presents the projected per diem fees that are charged to Carol Woods' residents under an Early Acceptance Agreement or Residence and Services Agreement.

Per Diem charges to outside referrals for short term respite or rehabilitative stays are projected to increase by the same annual percentage of 4.5%.

### **Actual Performance Compared to Historic Projections**

Pursuant to NCGS §58-64-30, the following tables present fiscal year (FY) 2023 actual performance, as reported in the audited financial statements (Appendix A), compared to what had been projected for FY 2023 in the prior year's Disclosure Statement in terms of revenue, expenses, cash flows, and balance sheet assets, liabilities and net assets.

Carol Woods considers any variance of at least \$500,000 as material if it is also at least 5%, and therefore deserving of explanation. Variances that are greater than \$500,000 but less than 5%; or less than \$500,000 but greater than 5% may be included in the explanations if they are deemed noteworthy to prospective residents.

Although the following tables focus on actual to projected financial performance for 2023, Appendix D provides more recent financial statements that show actual to projected financial performance for the first quarter of 2024 through March 31, 2024.

## Actual 2023 Revenue and Expenses Compared to Pro Forma Projections

	2023 Projected (2023 Disclosure)	2023 Audited	Variance Over (Under)	Notes
<b>REVENUE:</b>				
Resident Monthly Fees - On Campus	20,380,000	20,006,315	(373,685)	(1)
Resident Monthly Fees - Early Acceptance	1,466,000	1,500,903	34,903	
Amortization of Advance Fees - On Campus	4,816,000	4,826,490	10,490	
Amortization of Advance Fees - Early Acceptance	324,000	377,088	53,088	
Health Services, Net of Contractual Allowances	4,975,000	4,409,728	(565,272)	(1)
Guest Meals & Lodging	183,000	209,047	26,047	
Investment Income	2,641,000	7,762,244	5,121,244	(2)
Miscellaneous Operating Revenue	363,000	414,044	51,044	
Net Assets Released from Restrictions for Operations	116,000	142,465	26,465	
Unrealized Gain (Loss) on Interest Rate Swaps	0	(180,844)	(180,844)	
<b>Total Revenue</b>	<b>35,264,000</b>	<b>39,467,480</b>	<b>4,203,480</b>	<b>(1, 2)</b>
<b>EXPENSES:</b>				
Health Services	10,187,000	10,066,806	120,194	
Dietary Services	5,575,000	5,536,609	38,391	
Facility Services	6,963,000	7,038,798	(75,798)	
Early Acceptance	114,000	117,045	(3,045)	
Administration	6,251,000	6,407,477	(156,477)	
Depreciation & Amortization	4,162,000	4,149,892	12,108	
Debt Expense	913,000	918,600	(5,600)	
Loss / (Gain) on Retirement of Fixed Assets	638,000	568,049	69,951	
<b>Total Expenses</b>	<b>34,803,000</b>	<b>34,803,276</b>	<b>(276)</b>	
<b>TOTAL NET REVENUE</b>	<b>461,000</b>	<b>4,664,204</b>	<b>4,203,204</b>	<b>(1, 2)</b>



**NOTES to Revenue and Expense Variances:**

- (1) **Resident Monthly Fees - On Campus and Health Services Revenue Net of Contractual Allowances.** These two sources of revenue collectively were \$939,000 (4%) less than projected due to lower average census in higher levels of support (HLOS) than had been projected. The projections included an assumption of average census of 98 persons per day, including 85 per day living in HLOS on a long-term basis. Due to higher rates of deaths for an older cohort of residents, actual average census was 8 persons per day less than projected, including 7 less persons living in HLOS long-term, as profiled below.

	<b>Projected Average Census</b>	<b>Actual Average Census</b>	<b>Variance</b>
a) Average Permanent Census in HLOS	85	78	(7)
b) Average Temporary Census in HLOS	13	12	(1)
c) Total Average Census in HLOS	98	90	(8)

7 less persons per day living permanently in HLOS impacted both monthly fee and per diem revenue.

- (2) **Investment Income.** For 2023, CW projected an overall annual appreciation on investments of 5.0%, net of fees; reflective of a conservative long-term rate of return, for which the portfolio is structured. The portfolio actually experienced appreciation of almost 14%; broken down as follows:

	<b>Projected</b>	<b>Audited</b>	<b>Variance</b>
a) Investment Yield (Dividends & Interest)	1,801,000	1,564,646	(236,354)
b) Realized Gains / (Losses) on Investments	420,000	2,281,300	1,861,300
c) Unrealized Gains / (Losses) on Investments	420,000	3,916,298	3,496,298
d) Total Return on Investments	2,641,000	7,762,244	5,121,244

## Actual 2023 Cash Flows Compared to Pro Forma Projections

	2023 Projected (2023 Disclosure)	2023 Audited	Variance Over (Under)	Notes
<b>CASH FLOWS:</b>				
Cash Flows from Operating Activities	7,694,000	5,542,178	(2,151,822)	
Net Proceeds from Advance Fees	7,485,000	7,322,094	(162,906)	
Amortization of Advance Fees	(5,140,000)	(5,203,578)	(63,578)	
Other Cash Flows from Operations	5,349,000	3,423,662	(1,925,338)	(1)
Cash Flows from Investing Activities	578,000	178,721	(399,279)	
Net Sale (Purchase) of Investments	7,098,000	8,780,405	1,682,405	(2)
Purchase of Property and Equipment	(6,520,000)	(8,601,684)	(2,081,684)	(3)
Cash Flows from Financing Activities	(8,272,000)	(5,620,050)	2,651,950	
Net Proceeds from Line of Credit	(5,922,000)	(3,270,050)	2,651,950	(4)
Principal Payments on Long-Term Debt	(2,350,000)	(2,350,000)	0	
<b>NET CASH FLOW</b>	<b>0</b>	<b>100,849</b>	<b>100,849</b>	

### NOTES to Cash Flow Variances:

- (1) **Other Cash Flows from Operations.** As noted with the income statement variance, average census in higher levels of support (HLOS) impacted revenue by almost \$1M in 2023. In addition, operating expenses were higher due to continued price and wage pressures experienced across the organization. Most noteworthy, Carol Woods' employee group health insurance costs were significantly higher in 2023 than had been experienced in previous years.
- (2) **Net Sale of Investments.** As Carol Woods' investment portfolio experienced a rebound in 2023 -- appreciating by almost 14% -- Carol Woods withdrew \$10M in 3 installments. This prompted more sales activity than had been projected.
- (3) **Purchase of Property & Equipment.** In addition to negative pressures on operations from higher price and wage inflation, CW experienced similar pressures on costs of capital improvement projects in 2023. Some of the cash outflows for capital projects in 2023 were also carry-over from projects that had begun in 2022.
- (4) **Cash Flows from Investments and Financing Activities.** Between 2022 and 2023 Carol Woods has invested in almost \$19M in capital improvements, including purchase of 8 acres of land in 2022. When investments were down in 2022 Carol Woods only withdrew \$4M to help with cash flow, and its \$10M revolving line of credit ended 2022 with an outstanding balance of \$5.9M. The 2023 projections assumed that the full \$5.9M would be repaid. However, by withdrawing \$10M from investments in 2023, Carol Woods was able to cover \$2M more in capital improvements, while reducing the line of credit by \$2.6M.

**Actual December 31, 2023 Balance Sheet Compared to Pro Forma Projections**

	2023 Projected (2023 Disclosure)	2023 Audited	Variance Over (Under)	Notes
<b>BALANCE SHEET:</b>				
Assets Limited as to Use	9,467,000	10,043,049	576,049	
Current Assets Limited as to Use	1,838,000	1,968,049	130,049	
Long-Term Assets Limited as to Use	7,629,000	8,075,000	446,000	
Cash and Investments Not Limited as to Use	45,528,000	49,568,733	4,040,733	
Cash and Temporary Investments	3,663,000	3,178,892	(484,108)	
Long-Term Investments	41,865,000	46,389,841	4,524,841	(1)
Other Assets	62,565,000	64,916,285	2,351,285	
Property and Equipment, net	59,818,000	61,981,172	2,163,172	(1)
Interest Rate Swap Agreement	788,000	607,504	(180,496)	
Other Assets	1,959,000	2,327,609	368,609	
<b>TOTAL ASSETS</b>	<b>117,560,000</b>	<b>124,528,067</b>	<b>6,968,067</b>	<b>(1)</b>
Total Liabilities	85,967,000	88,361,728	2,394,728	
Line of Credit	0	2,651,624	2,651,624	(2)
Net Long-Term Debt, including Current Maturities	28,653,000	28,652,922	(78)	
Deferred Advance Fee Revenue	51,519,000	51,292,696	(226,304)	
Other Current & Long-Term Liabilities	5,795,000	5,764,486	(30,514)	
Total Net Assets	31,593,000	36,166,339	4,573,339	
Net Assets Without Donor Restrictions	30,164,000	34,372,468	4,208,468	(3)
Net Assets With Donor Restrictions	1,429,000	1,793,871	364,871	
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>117,560,000</b>	<b>124,528,067</b>	<b>6,968,067</b>	

**NOTES to Balance Sheet Variances:**

- (1) **Cash & Investments and Total Assets.** Total assets were \$7M more than projected primarily because long-term investments increased by \$4.5M, and net property and equipment increased by \$2M more than had been projected. CW's investment portfolio, which was projected to appreciate by 5.0% actually appreciated by almost 14%. \$10M was transferred from investments in 2023 to help cover higher capital expenditures, operating cash flows, and reduce the revolving line of credit by \$2.6M.
- (2) **Line of Credit.** In its annual financial projections CW assumes that it pays off its revolving line of credit to a balance of \$0. In reality, the balance on the line is not always taken to \$0 at year-end, but is a balance related to operational cash flow versus withdrawals from long-term investments. CW's major cash flows in 2023 included \$8.6M in capital expenditures versus \$7.5M in net entry fee receipts. Since investments appreciated by almost 14%, \$10M was withdrawn from investments, helping to reduce the balance on the revolving line of credit by \$2.6M. Withdrawals from investments are timed judiciously, with reliance upon temporary activity on the line of credit.
- (3) **Net Assets Without Donor Restrictions.** Unrestricted net assets were \$4.2M more than projected due in large part to long-term investments being \$4.5M higher, net property & equipment being \$2.1M higher, and reducing the outstanding balance on the revolving line of credit by \$2.6M.

## **APPENDIX A**

The following presents Carol Woods' 2023 Audited Financial Statements

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**



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**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
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YEARS ENDED DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Chapel Hill Residential Retirement Center, Inc.  
dba: Carol Woods Retirement Community and  
The Carol Woods Charitable Fund, Inc.  
Chapel Hill, North Carolina

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of The Chapel Hill Residential Retirement Center, Inc. dba: Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. (collectively the Center), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in net assets, functional expenses, 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 Center as of December 31, 2023 and 2022, and the results of its operations, changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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



Board of Directors  
The Chapel Hill Residential Retirement Center, Inc.  
dba: Carol Woods Retirement Community and  
The Carol Woods Charitable Fund, Inc.

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS, we:

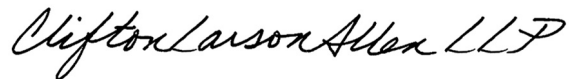
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center'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 Center's ability to continue as a going concern for a reasonable period of time.

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

Board of Directors  
The Chapel Hill Residential Retirement Center, Inc.  
dba: Carol Woods Retirement Community and  
The Carol Woods Charitable Fund, Inc.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 34-38 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
March 28, 2024

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,706,049	\$ 2,480,299
Temporary Investments	472,843	928,114
Assets Limited as to Use, Current Portion	1,968,049	2,092,950
Accounts Receivable, Net	1,465,103	1,049,591
Other Receivables	202,639	204,531
Prepaid Expenses and Inventory	534,470	553,084
Total Current Assets	7,349,153	7,308,569
<b>ASSETS LIMITED AS TO USE</b>		
Reserves Required by State Statute	8,075,000	7,591,000
Externally Restricted Under Bond Indenture Agreements	1,968,049	2,092,950
Subtotal	10,043,049	9,683,950
Less: Amounts Available for Current Liabilities	(1,968,049)	(2,092,950)
Total Assets Limited as to Use	8,075,000	7,591,000
<b>PROPERTY AND EQUIPMENT, NET</b>	61,981,172	58,079,367
<b>INVESTMENTS</b>	46,389,841	49,001,377
<b>INTEREST RATE SWAP AGREEMENT</b>	607,504	788,348
<b>OTHER LONG-TERM ASSETS</b>	125,397	145,689
Total Assets	\$ 124,528,067	\$ 122,914,350

See accompanying Notes to Consolidated Financial Statements.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED BALANCE SHEETS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ 2,651,624	\$ 5,921,674
Current Maturities of Long-Term Debt	2,450,000	2,350,000
Accounts Payable	1,356,932	1,190,176
Accrued Expenses	2,540,664	2,581,264
Total Current Liabilities	8,999,220	12,043,114
<b>LONG-TERM LIABILITIES, LESS CURRENT MATURITIES</b>	26,202,922	28,634,860
<b>REFUNDABLE FEES</b>	233,826	216,900
<b>DEFERRED REVENUE FROM ADVANCE FEES</b>	51,058,870	48,957,280
<b>PRIORITY LIST DEPOSITS</b>	1,866,890	1,814,290
Total Liabilities	88,361,728	91,666,444
<b>NET ASSETS</b>		
Without Donor Restrictions	34,372,468	29,703,224
With Donor Restrictions	1,793,871	1,544,682
Total Net Assets	36,166,339	31,247,906
Total Liabilities and Net Assets	\$ 124,528,067	\$ 122,914,350

See accompanying Notes to Consolidated Financial Statements.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>		
Resident Services:		
On Campus	\$ 20,006,315	\$ 19,447,582
Early Acceptance	1,500,903	1,250,729
Amortization of Advanced Fees:		
On Campus	4,826,490	5,017,043
Early Acceptance	377,088	333,578
Guests' Meals and Lodging	209,047	162,879
Health Center:		
Routine Services	3,618,905	3,316,781
Special Services	790,823	558,276
Total Resident Services	31,329,571	30,086,868
Miscellaneous	414,044	244,990
Investment Interest and Dividends	1,564,646	1,685,984
Net Assets Released from Restrictions Used for Operations	142,465	267,408
Total Revenue, Gains, and Other Support	33,450,726	32,285,250
 <b>EXPENSES</b>		
Health Center	10,066,806	9,302,834
Dietary Services	5,536,609	5,083,415
Facility Services	7,038,798	6,667,795
Early Acceptance	117,045	92,426
Administration	6,407,477	6,335,448
Depreciation	4,131,830	4,037,615
Interest	936,662	1,008,756
Total Expenses	34,235,227	32,528,289
 <b>OPERATING LOSS</b>	(784,501)	(243,039)
 <b>NONOPERATING INCOME (LOSS)</b>		
Net Realized Gains on Sale of Investments	2,281,300	733,758
Other Loss	-	(100,000)
Net Unrealized Gains (Losses) on Investments and Assets		
Limited as to Use	3,916,298	(14,670,790)
Change in Fair Value of Interest Rate Swap Agreement	(180,844)	3,639,101
Loss on Disposal of Property and Equipment	(568,049)	(1,022,510)
Undesignated Contributions	5,040	8,650
Total Nonoperating Income (Loss)	5,453,745	(11,411,791)
 <b>EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$ 4,669,244</b>	<b>\$ (11,654,830)</b>

See accompanying Notes to Consolidated Financial Statements.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
 DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
 THE CAROL WOODS CHARITABLE FUND, INC.  
 CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Excess (Deficit) of Revenues, Gains, and Other Support Over (Under) Expenses and Changes in Net Assets Without Donor Restrictions	\$ 4,669,244	\$ (11,654,830)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	391,654	238,592
Net Assets Released from Restrictions Used for Operations	<u>(142,465)</u>	<u>(267,408)</u>
Total Net Assets With Donor Restrictions	<u>249,189</u>	<u>(28,816)</u>
<b>CHANGE IN NET ASSETS</b>	4,918,433	(11,683,646)
Net Assets - Beginning of Year	<u>31,247,906</u>	<u>42,931,552</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 36,166,339</u></u>	<u><u>\$ 31,247,906</u></u>

*See accompanying Notes to Consolidated Financial Statements.*

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2023**

	Health Center	Early Acceptance	Dietary Services	Facility Services	Administration	Total
Salaries and Wages, Regular	\$ 7,268,290	\$ 117,045	\$ 2,471,317	\$ 3,284,316	\$ 1,918,669	\$ 15,059,637
Payroll Taxes and Employee Benefits	1,623,889	-	671,157	997,292	602,550	3,894,888
Retirement Benefits	195,296	-	51,474	93,910	53,031	393,711
Supplies	430,275	-	205,618	593,748	34,297	1,263,938
Purchased Services	18,238	-	2,027	333,778	170,351	524,394
Food Purchases	-	-	2,095,102	-	-	2,095,102
Professional Dues and Subscriptions	5,990	-	-	12,849	534,533	553,372
Professional and Consulting Fees	6,330	-	-	-	336,332	342,662
Maintenance and Repairs	42,721	-	-	660,829	114,997	818,547
Prescriptions	30,954	-	-	-	-	30,954
Oxygen	20,883	-	-	-	-	20,883
Equipment Purchases and Rentals	58,042	-	-	15,860	57,081	130,983
Physicians' Services	332,760	-	-	-	-	332,760
Laboratory	643	-	-	-	-	643
Property Taxes	-	-	-	-	196,053	196,053
Insurance	-	-	-	-	283,000	283,000
Telephone and Internet	-	-	-	-	342,836	342,836
Utilities	-	-	-	1,028,179	-	1,028,179
Advertising	-	-	-	-	56,368	56,368
Investment Fees	-	-	-	-	340,514	340,514
Gifts to Community	-	-	-	-	1,030,347	1,030,347
Depreciation	702,411	-	123,955	2,313,825	991,639	4,131,830
Interest	159,233	-	28,100	524,531	224,799	936,663
Miscellaneous	32,495	-	39,914	18,037	336,517	426,963
<b>Total Functional Expenses</b>	<b><u>\$ 10,928,450</u></b>	<b><u>\$ 117,045</u></b>	<b><u>\$ 5,688,664</u></b>	<b><u>\$ 9,877,154</u></b>	<b><u>\$ 7,623,914</u></b>	<b><u>\$ 34,235,227</u></b>

See accompanying Notes to Consolidated Financial Statements.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

	Health Center	Early Acceptance	Dietary Services	Facility Services	Administration	Total
Salaries and Wages, Regular	\$ 6,749,771	\$ 92,426	\$ 2,185,887	\$ 3,013,230	\$ 1,947,192	\$ 13,988,506
Payroll Taxes and Employee Benefits	1,475,305	-	455,907	830,942	636,063	3,398,217
Retirement Benefits	206,406	-	59,255	98,514	57,506	421,681
Supplies	328,720	-	212,126	486,139	38,211	1,065,196
Purchased Services	65,316	-	1,634	257,175	134,681	458,806
Food Purchases	-	-	2,130,994	-	-	2,130,994
Professional Dues and Subscriptions	4,570	-	-	17,952	525,946	548,468
Professional and Consulting Fees	6,215	-	-	-	348,399	354,614
Maintenance and Repairs	34,100	-	-	729,240	147,145	910,485
Prescriptions	16,804	-	-	-	-	16,804
Oxygen	15,972	-	-	-	-	15,972
Equipment Purchases and Rentals	29,706	-	-	26,285	29,328	85,319
Physicians' Services	342,034	-	-	-	-	342,034
Laboratory	1,919	-	-	-	-	1,919
Property Taxes	-	-	-	-	191,234	191,234
Insurance	-	-	-	-	285,376	285,376
Telephone and Internet	-	-	-	-	295,705	295,705
Utilities	-	-	-	1,169,687	-	1,169,687
Advertising	-	-	-	-	120,102	120,102
Investment Fees	-	-	-	-	372,796	372,796
Gifts to Community	-	-	-	-	960,591	960,591
Depreciation	686,395	-	121,128	2,261,064	969,028	4,037,615
Interest	171,489	-	30,263	564,903	242,101	1,008,756
Miscellaneous	25,996	-	37,612	38,631	245,173	347,412
<b>Total Functional Expenses</b>	<b><u>\$ 10,160,718</u></b>	<b><u>\$ 92,426</u></b>	<b><u>\$ 5,234,806</u></b>	<b><u>\$ 9,493,762</u></b>	<b><u>\$ 7,546,577</u></b>	<b><u>\$ 32,528,289</u></b>

See accompanying Notes to Consolidated Financial Statements.



**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 4,918,433	\$ (11,683,646)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Proceeds from Advance Fees, Net of Refunds	7,322,094	5,838,678
Depreciation	4,131,830	4,037,615
Amortization of Advance Fees	(5,203,578)	(5,350,621)
Amortization of Deferred Costs	18,062	18,063
Realized Gains on Sale of Investments	(2,281,300)	(733,758)
Loss on Disposal of Property and Equipment	568,049	1,022,510
Net Unrealized (Gains) Losses on Investments and Assets Limited as to Use	(3,916,298)	14,670,790
Change in Fair Value of Interest Rate Swaps	180,844	(3,639,101)
Change in Assets and Liabilities:		
Accounts Receivable	(415,512)	149,280
Other Receivables	1,892	297,191
Prepaid Expenses and Inventory	38,906	33,560
Accounts Payable	166,756	42,116
Accrued Expenses	(40,600)	26,777
Priority List Deposits	52,600	118,520
Net Cash Provided by Operating Activities	<u>5,542,178</u>	<u>4,847,974</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(8,601,684)	(10,210,031)
Proceeds from Investments and Assets Limited as to Use, Net	<u>8,780,405</u>	<u>2,695,655</u>
Net Cash Provided (Used) by Investing Activities	178,721	(7,514,376)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Long-Term Debt	(2,350,000)	(2,250,000)
Proceeds from Line of Credit	51,606,762	26,565,397
Payments on Line of Credit	<u>(54,876,812)</u>	<u>(21,464,947)</u>
Net Cash Provided (Used) by Financing Activities	<u>(5,620,050)</u>	<u>2,850,450</u>
<b>NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	100,849	184,048
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>4,573,249</u>	<u>4,389,201</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 4,674,098</u>	<u>\$ 4,573,249</u>

See accompanying Notes to Consolidated Financial Statements.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
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 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,706,049	\$ 2,480,299
Restricted Cash Included in Assets Limited as to Use	<u>1,968,049</u>	<u>2,092,950</u>
Total	<u>\$ 4,674,098</u>	<u>\$ 4,573,249</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Property and Equipment in Accounts Payable	<u>\$ 240,084</u>	<u>\$ -</u>
Cash Paid for Interest	<u>941,138</u>	<u>1,014,723</u>

*See accompanying Notes to Consolidated Financial Statements.*

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
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THE CAROL WOODS CHARITABLE FUND, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Chapel Hill Residential Retirement Center, Inc. dba: Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. (collectively, the Center), provides housing, health care and other related services to residents through the operation of a retirement community containing 149 apartments, 152 cottages, 14 townhomes, a 35-bed assisted living center, two 12-unit assisted living homes, and a 60-bed health center located in Chapel Hill, North Carolina.

In 2006, The Chapel Hill Residential Retirement Center, Inc. (Carol Woods) created an affiliated corporate entity, The Carol Woods Charitable Fund, Inc. (Charitable Fund). The Charitable Fund has been established as a separate 501(c)(3) charitable organization and has been organized as a “supporting” organization to Carol Woods. Under Internal Revenue Service (IRS) guidelines, a supporting organization is one that is treated as a charitable tax-exempt entity because its primary purpose is to support another charitable, tax-exempt entity. The Charitable Fund’s purpose as described in its Articles of Incorporation and Bylaws follows:

- Support the facilities, grounds, and services of Carol Woods to maintain its high quality and affordability.
- Support Carol Woods as a leader in research and development of innovative housing programs, health care services, technology applications and other needed support services in order to help elderly persons lead meaningful lives as they age.
- Support Carol Woods’ leadership role in the community, identifying and addressing potential gaps in the service delivery system, financial issues and other barriers to seniors being able to access needed services.
- Support Carol Woods’ assistance to elderly persons during periods in which the aging process may lead to personal loss, supporting seniors as long as possible in desired living arrangements and achieving smooth transition to other settings as needed.
- Support Carol Woods’ in promoting the care and service to seniors as a fulfilling career choice for students at high school, college, graduate school, and trade school levels, thereby, increasing the supply of qualified and dedicated personnel available to serve seniors.
- Support Carol Woods’ in its cooperation and collaboration with other public agencies and nonprofit corporations in the community, North Carolina, and the United States in efforts to determine the most satisfying and fulfilling methods of providing living accommodations and supportive services for elderly persons.

The Charitable Fund can accept charitable donations for which the donor may receive a tax deduction. To maintain sufficient control over the Charitable Fund, all members of the board of directors of the supporting organization are appointed by the Carol Woods Board, and a majority of the Charitable Fund Board must be current members of the Carol Woods Board; including the Center’s President/CEO and Vice-President of Finance, who serve as ex-officio voting members of the Charitable Fund Board.

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Principles of Consolidation**

The consolidated financial statements include the accounts of The Chapel Hill Residential Retirement Center, Inc. dba: Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. Significant intercompany balances and transactions between the consolidated entities have been eliminated.

**Early Acceptance Program**

In 2012, the Center received approval from the North Carolina Department of Insurance to offer a “continuing care without lodging” contract for persons to become residents of the Center while not taking residence at the Center initially. Under the Early Acceptance contract, residents who are living off-campus receive the same access to the Center’s campus amenities and the same health care services and future benefits that are afforded residents who are living on campus. North Carolina General Assembly Statute § 58-64-7(c) stipulates that the Center must account for the revenue and expenses related to the Early Acceptance program separate from revenue and expenses for on-campus services on financial statements and five-year forecasts. The Center had 139 residents and 109 residents under contract in the Early Acceptance program as of December 31, 2023 and 2022, respectively.

**Use of Estimates**

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

**Cash and Cash Equivalents**

Cash and cash equivalents, excluding those classified as assets limited as to use, include investments with original maturities of three months or less when purchased. At December 31, 2023 and 2022, a portion of these funds were in excess of federal deposit insurance limits.

Restricted cash included in assets limited as to use represents funds held by the trustee for future principal payments as required under the Center’s bond agreements.

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

**Investments**

Investments include money market funds, common stock, an exchange-traded fund, mutual funds, debt, and obligation securities (including U.S. Treasury and government obligations, municipal obligations, corporate obligations, and asset-backed obligations), which are carried at fair value. Investment interest and dividends are included with revenue, gains, and other support and are included in operating income (loss). Net realized and unrealized gains and losses are reported as nonoperating income (loss), and are included in excess (deficit) of revenues, gains, and other support over (under) expenses. The cost of securities sold is based on the first in, first out cost method.

**Deferred Bond Issuance Costs**

Deferred bond issuance costs are being amortized on the straight-line basis, which approximates the effective interest method, over the life of long-term debt and other credit instruments issued.

**Assets Limited as to Use**

Assets limited as to use are reported at fair value. Assets limited as to use needed for current liabilities have been classified as current assets on the consolidated balance sheets. Assets limited as to use include assets set aside for the following purposes:

- *Current Assets Limited as to Use* – Current assets limited as to use include funds held by trustee that are held in accordance with the trust and loan agreements. Under the terms of the trust and loan agreements between the Center and the North Carolina Medical Care Commission, these funds are deposited with the trustee. The assets are current because they will be used to repay the current portion of the Center's long-term debt on April 1 of the upcoming year.
- *Reserves Required by State Statute* – Assets limited as to use related to reserves required by state statute include funds held totaling 25% of the current year's total budgeted operating costs set aside to meet the operating reserve requirements of North Carolina General Assembly Statutes – Chapter 58, Article 64.
- *By Board Designation* – Assets limited as to use include funds designated by the board of directors. The board retains control over these assets and may, at its discretion, subsequently re-designate them for other purposes. At December 31, 2023 and 2022, there are no board designated assets limited as to use.

**Property and Equipment, Net**

Property and equipment is reported at cost less accumulated depreciation and include assets costing greater than \$1,000. Contributed property is reported at the estimated fair value at the date of receipt. Depreciation is computed under the straight-line method and is based on estimated useful lives from 3 to 50 years. The costs of routine maintenance and repairs are expensed as incurred.

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

**Property and Equipment, Net (Continued)**

The Center periodically assesses the realizable value of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of any asset may not be recoverable. Impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. At December 31, 2023 and 2022, the Center has determined that no impairment indicators exist.

**Interest Rate Swap Agreements**

The Center entered into an interest rate swap agreement to limit the effect of increases in the interest rates of floating rate debt. The interest rate swap agreement is reported in the accompanying consolidated balance sheets at estimated fair value at December 31, 2023 and 2022. The Center does not hold derivative instruments for any purpose other than limiting the effects of interest rate fluctuations and does not hold interest rate swap agreements for speculative or investment purposes.

**Deferred Revenue from Advance Fees**

Fees paid by each resident upon entering into a continuing care contract are reported as deferred revenue and amortized into net resident services revenue using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. When a contract is terminated, by death of last survivor or withdrawal, any unamortized advance fees, net of refundable amounts, are recognized as net resident services revenue. The total amount of deferred revenue from advance fees was \$51,058,870 and \$48,957,280 for the years ended December 31, 2023 and 2022, respectively.

**Obligation to Provide Future Services**

The Center enters into continuing care contracts with residents — both for those taking residence on campus and those becoming residents under the Early Acceptance program. A continuing care contract is an agreement between a resident and the Center specifying the services and facilities to be provided over the resident's remaining life. Under each contract, the Center has the ability to increase fees as deemed necessary. As of December 31 of each fiscal year, the Center calculates the present value of the estimated net cost of future services to be provided to current residents, including the cost of facilities, and compares the amount with the balance of 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 balance of deferred revenue from advance fees, a liability (obligation to provide future services) is recorded. No liability has been recorded as of December 31, 2023 or 2022 because the present value of the estimated net costs of future services and use of facilities is less than the balance of deferred revenue from advance fees.

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

**Net Assets**

The Center reports net assets using the following two classes: without donor restrictions, and with donor restrictions, depending on the presence and type of donor-imposed restrictions limiting the Center's ability to use or dispose of specific contributed assets or the economic benefits embodied in those assets. Net assets without donor restrictions include those whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Net assets with donor restrictions are those whose use by the Center has been limited by donors to a specific time period or purpose. The Center reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as contributed are reflected as contributions without donor restrictions in the accompanying consolidated statements of operations and changes in net assets.

Net assets with donor restrictions also includes those net assets which have been restricted by donors to be maintained by the Center in perpetuity. At December 31, 2023 and 2022, the Center did not hold any net assets restricted by donors to be maintained in perpetuity.

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

**Excess (Deficit) of Revenues, Gains, and Other Support Over (Under) Expenses**

The consolidated statements of operations include excess (deficit) of revenues, gains, and other support over (under) expenses. Changes in net assets without donor restrictions which are excluded from excess (deficit) of revenues, gains, and other support over (under) expenses, consistent with industry practice, would include permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

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

**Income Tax Status**

Carol Woods and the Charitable Fund are nonprofit corporations exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3). The Charitable Fund is exempt from federal and state income taxes by virtue of being organized and operated for the purpose of supporting the Center through its 501(c)(3) status.

Carol Woods and the Charitable Fund file as tax-exempt organizations. Management is not aware of any activities that would jeopardize the tax-exempt status of Carol Woods or the Charitable Fund. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for Carol Woods or the Charitable Fund.

**Community Benefit**

The Center provides various outreach programs and volunteer services to the community in addition to direct financial support. The recorded benefit for these services is based on management's assessment of the fair market value of services provided.

**Concentration of Credit Risk**

Concentrations of credit risk with respect to resident accounts receivable are limited due to the formalized agreements with third-party payors. The Center has significant accounts receivable (approximately 57% and 54% in 2023 and in 2022, respectively) whose collectability or realizability is dependent upon the performance of Medicare. Management does not believe there is significant credit risks associated with Medicare.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of operations. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and interest, which are allocated on a square footage basis.

**Accounts Receivable**

At the beginning of 2023, the Center adopted FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Center adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Center's consolidated financial statements but did change how the allowance for credit losses is determined.



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

**Accounts Receivable (Continued)**

Accounts receivable are reported net of an allowance for credit losses to represent the Center's estimate of expected losses at the balance sheet date. The adequacy of the Center's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. At December 31, 2023 and 2022, there was no allowance recorded for uncollectible accounts.

**Adoption of New Accounting Standards**

In March 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-04, *Reference Rate Reform (Topic 848)*. This new standard allows an entity to elect optional expedients and exceptions for applying United States Generally Accepted Accounting Principles (U.S. GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform upon the transition from the use of the London Interbank Offer Rate (LIBOR) to alternative reference rates. This standard provides this temporary election through December 31, 2022 (sunset date).

In December 2022, the Financial Accounting Standards Board (FASB) issued ASU 2022-06 to defer the sunset date of *Reference Rate Reform (Topic 848)*. This new standard allows an entity to elect not to apply certain modification accounting requirements to contracts affected by reference rate reform as entities transition from LIBOR to alternative reference rates. The standard provides this temporary election through December 31, 2024, and cannot be applied to contract modifications that occur after December 31, 2024.

The Center adopted the requirements of this guidance effective January 1, 2023, and has elected to apply the provisions of these standards to the beginning of the period of adoption.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs were \$56,000 and \$120,000 for the years ended December 31, 2023 and 2022, respectively.

**Subsequent Events**

The Center evaluated the effect subsequent events would have on the consolidated financial statements through March 28, 2024, the date the consolidated financial statements were available to be issued.

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**NOTE 2 RESIDENT SERVICE REVENUE**

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

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

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

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

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

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**NOTE 2 RESIDENT SERVICE REVENUE (CONTINUED)**

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

Medicare

The Center's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). On October 1, 2019, CMS finalized the Patient Driven Payment Model (PDPM) which replaced the Medicare Prospective Payment System (PPS), a per diem price-based system. Under PDPM, therapy minutes were removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient are used as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

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

Other

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care.

These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2023 or 2022.

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

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**NOTE 2 RESIDENT SERVICE REVENUE (CONTINUED)**

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

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

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

	<u>2023</u>	<u>2022</u>
Medicare	\$ 1,212,251	\$ 913,112
Medicare Advantage	370,436	221,253
Private	29,746,884	28,952,503
Total	<u>\$ 31,329,571</u>	<u>\$ 30,086,868</u>

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

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

	<u>2023</u>	<u>2022</u>
Service Lines:		
Independent Living	\$ 21,702,876	\$ 20,846,262
Assisted Living	1,045,252	1,135,867
Healthcare	3,377,865	2,754,118
Amortization of Advance Fees	5,203,578	5,350,621
Total	<u>\$ 31,329,571</u>	<u>\$ 30,086,868</u>
Method of Reimbursement:		
Monthly Service Fees	\$ 21,541,145	\$ 20,729,549
Amortization of Advance Fees	5,203,578	5,350,621
Fee for Service	4,584,848	4,006,698
Total	<u>\$ 31,329,571</u>	<u>\$ 30,086,868</u>
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	<u>\$ 31,329,571</u>	<u>\$ 30,086,868</u>

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**NOTE 2 RESIDENT SERVICE REVENUE (CONTINUED)**

**Financing Component**

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

The opening and closing contract balances were as follows:

	<u>Accounts Receivable</u>	<u>Deferred Revenue From Advance Fees</u>
Balance - December 31, 2021	\$ 1,198,871	\$ 48,312,727
Balance - December 31, 2022	1,049,591	48,957,280
Balance - December 31, 2023	1,465,103	51,058,870

**NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE**

The Center allocates its investment portfolios between investments and various categories of assets limited as to use. The allocation between assets limited as to use and investments is set forth in the following table at December 31:

	<u>2023</u>	<u>2022</u>
Assets Limited as to Use:		
Reserves Required by State Statute	\$ 8,075,000	\$ 7,591,000
Contractual Agreement, Including Current Portion	<u>1,968,049</u>	<u>2,092,950</u>
Total Assets Limited as to Use	10,043,049	9,683,950
Investments:		
Temporary Investments	472,843	928,114
Investments	<u>46,389,841</u>	<u>49,001,377</u>
Total	<u>\$ 56,905,733</u>	<u>\$ 59,613,441</u>

Investments and assets whose use is limited are summarized as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Investments and Assets Limited as to Use:		
Cash and Short-Term Investments	\$ 1,968,049	\$ 2,092,950
Money Market Funds	472,843	928,114
Common Stock	27,079,951	26,433,189
Mutual Funds	14,041,538	15,549,235
Debt and Obligation Securities	<u>13,343,352</u>	<u>14,609,953</u>
Total	<u>\$ 56,905,733</u>	<u>\$ 59,613,441</u>

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

Investment income consists of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Investment Interest and Dividends	\$ 1,564,646	\$ 1,685,984
Net Realized Gain on Sale of Investments	2,281,300	733,758
Net Unrealized Gain (Loss)	<u>3,916,298</u>	<u>(14,670,790)</u>
Total Investment Income (Loss)	<u>\$ 7,762,244</u>	<u>\$ (12,251,048)</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 4,453,189	\$ 4,453,189
Land Improvements	6,784,721	6,337,042
Buildings	93,037,284	87,821,367
Furniture and Fixtures	3,336,245	3,227,218
Equipment	10,578,202	10,760,571
Construction in Progress	<u>3,868,845</u>	<u>2,854,990</u>
Total	122,058,486	115,454,377
Less: Accumulated Depreciation	<u>(60,077,314)</u>	<u>(57,375,010)</u>
Property and Equipment, Net	<u>\$ 61,981,172</u>	<u>\$ 58,079,367</u>

Depreciation expense was \$4,131,830 and \$4,037,615 for the years ended December 31, 2023 and 2022, respectively. Construction in progress at December 31, 2023 and 2022 was related to apartment renovations, master planning for a new project, and other general improvement projects.

**NOTE 5 LONG-TERM DEBT AND LINE OF CREDIT**

Long-term debt consists of the following at December 31:

<u>Description</u>	<u>2023</u>	<u>2022</u>
2018 North Carolina Medical Care Commission Tax-Exempt Variable Rate Non-Bank-Qualified Bonds; payable on a predetermined payment schedule with payments through 2033.	\$ 28,820,000	\$ 31,170,000
Unamortized Deferred Bond Issuance Costs	(167,078)	(185,140)
Less: Current Maturities of Long-Term Debt	<u>(2,450,000)</u>	<u>(2,350,000)</u>
Total Long-Term Debt, Less: Current Maturities	<u>\$ 26,202,922</u>	<u>\$ 28,634,860</u>

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**NOTE 5 LONG-TERM DEBT AND LINE OF CREDIT (CONTINUED)**

Maturities of long-term debt computed under the 2018 Trust Agreement as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 2,450,000
2025	2,550,000
2026	2,650,000
2027	2,750,000
2028	2,850,000
Thereafter	<u>15,570,000</u>
Long-Term Debt as of December 31, 2023	<u><u>\$ 28,820,000</u></u>

**2018 Series Bonds**

On June 1, 2018, the Center entered into a debt agreement with the North Carolina Medical Care Commission (the Commission) pursuant to the Commission's \$39,570,000 bond offering (Series 2018 Bonds) for the purpose of refinancing the \$22,470,000 outstanding Series 2010 Bonds and the \$17,100,000 outstanding Series 2012 Bonds. Proceeds from this offering were placed in trust and distributed to pay off the existing debt. The Center's 2010 and 2012 bonds were retired on June 12, 2018. The Series 2018 Bonds are held by Branch Banking & Trust Company, now Truist Bank (Truist), under a Continuing Covenants Agreement dated June 1, 2018. Since Truist holds the Series 2018 Bonds, the Bonds are not remarketed in bond markets and credit enhancement of the Series 2018 Bonds is not required. In connection with the retirement of the Series 2010 and 2012 Bonds, the Center recognized a loss on extinguishment of approximately \$538,000 in 2018 related to the write-off of certain deferred costs.

Under the Continuing Covenants Agreement, Master Trust Indenture, and the Supplemental Indentures, the Center is required to comply with various covenants including, but not limited to, making monthly payments of interest to The Bank of New York Mellon Trust Company, (the Trustee) on behalf of Truist, making monthly payments to a Trustee-held bond sinking fund of one-twelfth of the annual scheduled bond principal amount, meeting minimum reporting requirements and limitations on incurrence of additional indebtedness and maintaining particular financial ratios at specified reporting dates. According to these agreements, the Center has the ability to remedy any covenant violation within thirty days after receiving written notification from the Commission without accelerating the debt payments. Security for the 2018 Series Bonds consists of a pledge and assignment to the Trustee of all rights, title, and interest in and to the Center's deed of trust dated July 2, 2001, which evidences the Center's obligation to repay the loan issued by the Commission. Under the deed of trust, the Commission assigned its rights as beneficiary to the Trustee, which granted the Trustee first priority deed of trust on the site and any buildings or improvements and assigned its rights as secured party with respect to its security interest.

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**NOTE 5 LONG-TERM DEBT AND LINE OF CREDIT (CONTINUED)**

**2018 Series Bonds (Continued)**

The Series 2018 Bonds are scheduled to amortize over a period of 15 years through April 1, 2033. For the full fifteen years, the bonds carry a blended fixed and variable interest rate of .6478% plus 79% of one-month London Interbank Offer Rate (LIBOR). The fixed portion of .6478% is fixed through April 1, 2033, which is the date when the last of the bonds will be redeemed. Since the interest paid to the bank is exempt from corporate income tax, the .6478% plus 79% of LIBOR rate was priced based upon the bank's corporate tax rate at the time of 21%. Should the corporate tax rate ever change within the 15 years of the term of the bonds, the rate is subject to change. However, the rate established with the 2018 interest rate swap, described in Note 6, would change as well, leaving the effective rate of 3.08% unchanged.

The Center's series 2018 bond agreements have LIBOR as a reference rate; however, the bond agreements also refer to an alternative reference rate that would be substituted should LIBOR be discontinued during the terms of the original bond agreement. During 2023, LIBOR was discontinued, and the bond agreement substituted LIBOR with the Secured Overnight Financing Rate (SOFR) as the new reference rate. No other changes were made to the original bonds as a result of this transaction.

The Center elected the practical expedient to account for the change as if the modification was not substantial (continuation of the current contract) and not as an extinguishment. This election did not have an impact on the balance sheets, statements of operations and changes in net assets, nor the statements of cash flows.

**Line of Credit**

On July 11, 2019, the Center entered into a revolving line of credit with Truist with a maximum limit of \$3,000,000 and maturity date of July 11, 2021. On June 1, 2021, this was renewed with a new maturity date of July 11, 2023. Interest is variable and calculated on a 365/360 basis, which was 5.67% as of December 31, 2023. During 2022, the revolving line of credit was amended to increase the maximum borrowing limit to \$10,000,000. During 2023, the agreement was extended with a new maturity date of July 11, 2024. The funds are used for short-term working capital needs. There was \$2,651,624 and \$5,921,674 outstanding on the line of credit as of December 31, 2023 and 2022, respectively.



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**NOTE 6 INTEREST RATE SWAP AGREEMENT**

On June 12, 2018, as part of the refinancing of the Series 2010 and Series 2012 Bonds, the Center terminated its two interest rate swaps that had been in place as hedges for the 2010 and 2012 bonds. On June 13, 2018, the Center entered into a new interest swap rate agreement with Truist as a counter party to reduce the volatility of interest rates on the variable rate 2018 bonds. The rates on the 2018 bonds and 2018 swap are such that they achieve an effective rate of 3.08% for the full 15-year term of the bonds. Should the corporate income tax rate change at any time during the 15-year period, the documents of both the bonds and the swap stipulate complementary changes in the bond and swap rates, such that the effective rate of 3.08% would remain. The difference between the fixed and floating rates for the 2018 interest rate swap is accrued monthly and recorded as interest expense in the accompanying consolidated statements of operations. The fair value of the swap agreement is recorded on the consolidated balance sheets as a long-term asset at December 31, 2023 and 2022.

The following schedule outlines the terms and fair market value of the derivative instrument on December 31:

	Truist Bank Swap
Notional Amount - Original	\$ 39,570,000
Notional Amount - December 31, 2023	28,820,000
Trade Date	6/12/2018
Effective Date	6/12/2018
Termination Date	4/1/2033
Fixed Rate	3.08 %
Floating Rate (Percentage of SOFR)	79 %
Fair Value - December 31, 2021	\$ (2,850,753)
Unrealized Gains	<u>3,639,101</u>
Fair Value - December 31, 2022	788,348
Unrealized Gains	<u>(180,844)</u>
Fair Value - December 31, 2023	<u><u>\$ 607,504</u></u>

By using an interest rate swap to hedge exposure to change in interest rates, the Center exposes itself to credit risk and market risk. Credit risk is the failure of the counter party 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. An analysis on the effectiveness of the swap was performed, causing the change in the fair value of the interest rate swap to be included within other changes in net assets without donor restrictions.

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**NOTE 6 INTEREST RATE SWAP AGREEMENT (CONTINUED)**

The Center's interest rate swap agreement has LIBOR as a reference rate; however, the interest rate swap agreement also refers to an alternative reference rate that would be substituted should LIBOR be discontinued during the terms of the original interest rate swap agreement. During 2023, LIBOR was discontinued, and the interest rate swap agreement substituted LIBOR with the Secured Overnight Financing Rate (SOFR) as the new reference rate. No other changes were made to the original interest rate swap as a result of this transaction.

The Center elected the practical expedient to account for the change as if the modification was not substantial (continuation of the current contract) and not as an extinguishment or termination. This election did not have an impact on the balance sheets, statements of operations and changes in net assets, nor the statements of cash flows.

**NOTE 7 NET ASSETS**

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

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for a Specific Purpose:		
Resident Assistance	\$ 842,072	\$ 654,430
Employee Development	210,192	209,471
Resident Life	175,282	167,757
Campus Enhancement	190,939	123,514
Community Mission Development	251,188	278,150
Employee Hardship	85,180	72,856
Other	39,018	38,504
Total Net Assets With Donor Restrictions	<u>\$ 1,793,871</u>	<u>\$ 1,544,682</u>

During the years ended December 31, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2023</u>	<u>2022</u>
Donor Restrictions Accomplished:		
Resident Assistance	\$ -	\$ 193,540
Employee Development	23,501	3,746
Resident Life	60,000	47,000
Campus Enhancement	10,590	2,310
Employee Hardship	8,774	11,086
Community Mission Development	39,600	9,726
Total Net Assets Released from Restrictions	<u>\$ 142,465</u>	<u>\$ 267,408</u>

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**NOTE 8 REFUNDABLE FEES**

Any resident who takes residency on the Center's campus, and subsequently withdraws before the expiration of the first 90 days of residency is entitled to a full refund of their advance fee. After the first 90 days of residency, the amount refundable upon withdrawal or death declines by 2% per month over the first 50 months of residency. Anyone who becomes a resident under the Early Acceptance program, which does not involve residency initially, the amount of their advance fee that is refundable upon death or withdrawal declines by 4% per month for the first 25 months of the Early Acceptance contract. If an Early Acceptance resident should subsequently move to an independent living unit on the Center's campus, which would involve payment of an additional advance fee for the unit, they would receive an additional 25 months added to any balance of months remaining from the original 25 months allotted during their time in Early Acceptance. The total number of months any advance fees would be refundable for an Early Acceptance resident is 50 months.

The estimated aggregate amount of advance fees that are expected to be refunded is derived actuarially, and shown on the consolidated balance sheets as refundable fees, totaling \$233,826 and \$216,900 at December 31, 2023 and 2022, respectively. The total amount of contractual refund obligations under existing contracts (that is, if all residents with a contractually refundable balance were to have withdrawn) totaled \$12,727,882 and \$10,739,569 at December 31, 2023 and 2022, respectively, and is included in deferred revenue from advance fees on the consolidated balance sheets. There were \$156,300 and \$83,916 of refunds as of December 31, 2023 and 2022, respectively.

**NOTE 9 FAIR VALUE OF ASSETS AND LIABILITIES**

**Fair Value Measurement**

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

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

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

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

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

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**NOTE 9 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

**Fair Value Measurement (Continued)**

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

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

The Fair Value Option Standard for Financial Assets and Financial Liabilities allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for eligible financial assets and liabilities on an instrument-by-instrument basis. The Center has not elected to measure any existing financial assets or financial liabilities at fair value under this option.

The Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

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**NOTE 9 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

**Fair Value Measurement (Continued)**

The following table presents the fair value hierarchy for the consolidated balances of the assets of the Center measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	2023			Total
	Level 1	Level 2	Level 3	
<b>ASSETS</b>				
Common Stock:				
Large Cap	\$ 13,427,941	\$ -	\$ -	\$ 13,427,941
Mid Cap	2,642,121	-	-	2,642,121
Small Cap	2,766,026	-	-	2,766,026
International	8,243,863	-	-	8,243,863
Total Common Stock	<u>27,079,951</u>	<u>-</u>	<u>-</u>	<u>27,079,951</u>
Mutual Funds:				
Global Allocation	5,458,974	-	-	5,458,974
Fixed Income	8,582,564	-	-	8,582,564
Total Mutual Funds	<u>14,041,538</u>	<u>-</u>	<u>-</u>	<u>14,041,538</u>
Debt and Obligation Securities:				
U.S. Treasury and Government	3,593,180	-	-	3,593,180
Municipal	2,075,216	-	-	2,075,216
Corporate	3,398,204	-	-	3,398,204
Asset-Backed	4,276,752	-	-	4,276,752
Total Debt and Obligation Securities	<u>13,343,352</u>	<u>-</u>	<u>-</u>	<u>13,343,352</u>
Money Market Funds	472,843	-	-	472,843
Interest Rate Swap Agreements	-	607,504	-	607,504
Total Assets	<u>\$ 54,937,684</u>	<u>\$ 607,504</u>	<u>\$ -</u>	<u>\$ 55,545,188</u>

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**NOTE 9 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

**Fair Value Measurement (Continued)**

The Center had \$1,968,049 of cash and cash equivalents included with investments and assets limited as to use as of December 31, 2023 which are not included in the fair value hierarchy.

	2022			Total
	Level 1	Level 2	Level 3	
<b>ASSETS</b>				
Common Stock:				
Large Cap	\$ 14,369,402	\$ -	\$ -	\$ 14,369,402
Mid Cap	2,276,449	-	-	2,276,449
Small Cap	3,433,588	-	-	3,433,588
International	6,353,750	-	-	6,353,750
Total Common Stock	<u>26,433,189</u>	-	-	<u>26,433,189</u>
Mutual Funds:				
Global Allocation	6,830,170	-	-	6,830,170
Fixed Income	8,719,064	-	-	8,719,064
Total Mutual Funds	<u>15,549,234</u>	-	-	<u>15,549,234</u>
Debt and Obligation Securities:				
U.S. Treasury and Government	2,627,755	-	-	2,627,755
Municipal	3,148,695	-	-	3,148,695
Corporate	4,371,261	-	-	4,371,261
Asset-Backed	4,462,242	-	-	4,462,242
Total Debt and Obligation Securities	<u>14,609,953</u>	-	-	<u>14,609,953</u>
Money Market Funds	928,115	-	-	928,115
Interest Rate Swap Agreements	-	788,348	-	788,348
Total Assets	<u>\$ 57,520,491</u>	<u>\$ 788,348</u>	<u>\$ -</u>	<u>\$ 58,308,839</u>

The Center had \$2,092,950 of cash and cash equivalents included with investments and assets limited as to use as of December 31, 2022 which are not included in the fair value hierarchy.

**NOTE 10 CHARITY CARE AND COMMUNITY BENEFITS**

The Center provides assistance to its residents who can no longer afford to provide for themselves financially. Assistance is provided in the form of subsidizing the resident's monthly fee due to the Center. The Center is also involved in the community through participation in various community outreach and educational programs, direct financial support, donated volunteer services and voluntary payments to government agencies. Charity care and community benefits, at cost, for the years ended December 31, 2023 and 2022 are as follows:

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**NOTE 10 CHARITY CARE AND COMMUNITY BENEFITS (CONTINUED)**

	2023	2022
Resident Assistance/Charitable Care	\$ -	\$ 193,540
Community Benefits:		
Community Benefit	97,663	70,031
Charitable Donations	992,207	725,894
Donated Volunteer Services	18,646	13,262
Unreimbursed Health Care	11,945	707
Total Community Benefits	1,120,461	809,894
Total Support	\$ 1,120,461	\$ 1,003,434

In addition to direct resident assistance and community charitable donations, the Center participates in the Medicare program, which provides payment based on established reimbursement guidelines rather than the Center's established fee for services. Participation in this program has resulted in unreimbursed costs averaging approximately \$400,000 annually in recent years.

**NOTE 11 RETIREMENT PLANS**

The Center sponsors retirement plans under IRC Section 401(a) and 403(b). The plan under IRC Section 401(a) provides for employer-only discretionary contributions for eligible employees. Employees are eligible if they are hired into a position that would normally work 1,000 hours during the plan year or worked at least 1,000 hours during the plan year and are still employed on December 31. The Center's discretionary contribution was based on 4% of eligible compensation for 2023 and 2022. Employees become fully vested after three years of service. Employer contributions to the plan were \$393,711 and \$421,680 for the years ended December 31, 2023 and 2022, respectively.

The plan under IRC Section 403(b) provides for employee-only contributions in accordance with IRS guidelines with employee balances being fully vested at all times.

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

The Center has occurrence-based insurance coverage for possible litigation in the ordinary course of business related to general and professional liability claims. Management believes that claims, if asserted, would be settled within the limits of coverage, with limits of \$1,000,000 per claim and \$3,000,000 in the aggregate.

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**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

On August 1, 2016, the Center changed from a fully insured health insurance plan for its employees to a self-insured arrangement. From the employee perspective, the elements of the self-insured plan are identical to what had been in place under the fully insured plan, but the risk for payment of all claims is now borne by the Center rather than an insurance company. The Center has engaged Blue Cross Blue Shield of North Carolina (BCBSNC) as Third-Party Administrator, giving employees access to the BCBSNC network and negotiated provider fees. The Center also has purchased specific stop loss protection from BCBSNC of \$125,000, and aggregate stop loss protection of 125% of expected losses.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, requirements for participation in governmental health care programs, reimbursement for patient services and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that they are in compliance with all applicable laws and regulations and are not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

**NOTE 13 LIQUIDITY**

The Center invests cash in excess of short-term requirements in short-term investments. In addition, the Center has long-term fixed income and equity investments which are liquid within one week. In addition, the Center has an available line of credit in which funds may be drawn for general expenditures. The Center's financial assets available within one year of the consolidated balance sheet date for general expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,706,049	\$ 2,480,299
Money Market Funds	472,843	928,114
Common Stock	27,079,951	26,433,189
Mutual Funds	14,041,538	15,549,235
Debt and Obligation Securities	<u>13,343,352</u>	<u>14,609,953</u>
Total	57,643,733	60,000,790
Accounts Receivable	1,465,103	1,049,591
Less: Net Assets With Donor Restrictions	<u>(1,793,871)</u>	<u>(1,544,682)</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 57,314,965</u>	<u>\$ 59,505,699</u>



**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2023**

<b>ASSETS</b>	<u>Carol Woods Retirement Community</u>	<u>The Carol Woods Charitable Fund, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 177,663	\$ 2,528,386	\$ -	\$ 2,706,049
Temporary Investments	472,843	-	-	472,843
Assets Limited as to Use, Current Portion	1,968,049	-	-	1,968,049
Accounts Receivable, Net	1,464,668	435	-	1,465,103
Other Receivables	202,639	-	-	202,639
Prepaid Expenses and Inventory	534,470	-	-	534,470
Total Current Assets	<u>4,820,332</u>	<u>2,528,821</u>	<u>-</u>	<u>7,349,153</u>
<b>ASSETS LIMITED AS TO USE</b>				
Reserves Required by State Statute	8,075,000	-	-	8,075,000
Externally Restricted Under Bond Indenture Agreements	<u>1,968,049</u>	<u>-</u>	<u>-</u>	<u>1,968,049</u>
Subtotal	10,043,049	-	-	10,043,049
Less: Amounts Available for Current Liabilities	<u>(1,968,049)</u>	<u>-</u>	<u>-</u>	<u>(1,968,049)</u>
Total Assets Limited as to Use	8,075,000	-	-	8,075,000
<b>PROPERTY AND EQUIPMENT, NET</b>	61,981,172	-	-	61,981,172
<b>INVESTMENTS</b>	46,389,841	-	-	46,389,841
<b>INTEREST RATE SWAP AGREEMENT</b>	607,504	-	-	607,504
<b>OTHER LONG-TERM ASSETS</b>	<u>125,397</u>	<u>-</u>	<u>-</u>	<u>125,397</u>
Total Assets	<u>\$ 121,999,246</u>	<u>\$ 2,528,821</u>	<u>\$ -</u>	<u>\$ 124,528,067</u>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2023**

<b>LIABILITIES AND NET ASSETS</b>	<u>Carol Woods Retirement Community</u>	<u>The Carol Woods Charitable Fund, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>CURRENT LIABILITIES</b>				
Line of Credit	\$ 2,651,624	\$ -	\$ -	\$ 2,651,624
Current Maturities of Long-Term Debt	2,450,000	-	-	2,450,000
Accounts Payable	1,354,232	2,700	-	1,356,932
Accrued Expenses	2,540,664	-	-	2,540,664
Total Current Liabilities	<u>8,996,520</u>	<u>2,700</u>	<u>-</u>	<u>8,999,220</u>
<b>LONG-TERM LIABILITIES, LESS CURRENT MATURITIES</b>	26,202,922	-	-	26,202,922
<b>REFUNDABLE FEES</b>	233,826	-	-	233,826
<b>DEFERRED REVENUE FROM ADVANCE FEES</b>	51,058,870	-	-	51,058,870
<b>PRIORITY LIST DEPOSITS</b>	<u>1,866,890</u>	<u>-</u>	<u>-</u>	<u>1,866,890</u>
Total Liabilities	88,359,028	2,700	-	88,361,728
<b>NET ASSETS</b>				
Without Donor Restrictions	33,585,267	787,201	-	34,372,468
With Donor Restrictions	54,951	1,738,920	-	1,793,871
Total Net Assets	<u>33,640,218</u>	<u>2,526,121</u>	<u>-</u>	<u>36,166,339</u>
Total Liabilities and Net Assets	<u>\$ 121,999,246</u>	<u>\$ 2,528,821</u>	<u>\$ -</u>	<u>\$ 124,528,067</u>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2023**

	Carol Woods Retirement Community	The Carol Woods Charitable Fund, Inc.	Eliminations	Consolidated
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>				
Resident Services:				
On Campus	\$ 20,006,315	\$ -	\$ -	\$ 20,006,315
Early Acceptance	1,500,903	-	-	1,500,903
Amortization of Advanced Fees:				
On Campus	4,826,490	-	-	4,826,490
Early Acceptance	377,088	-	-	377,088
Guests' Meals and Lodging	209,047	-	-	209,047
Health Center:				
Routine Services	3,618,905	-	-	3,618,905
Special Services	790,823	-	-	790,823
Resident Service Revenue	31,329,571	-	-	31,329,571
Miscellaneous	414,044	-	-	414,044
Investment Interest and Dividends	1,564,619	27	-	1,564,646
Net Assets Released from Restrictions Used for Operations	82,465	60,000	-	142,465
Total Revenue, Gains, and Other Support	33,390,699	60,027	-	33,450,726
<b>EXPENSES</b>				
Health Center	10,066,806	-	-	10,066,806
Dietary Services	5,536,609	-	-	5,536,609
Facility Services	7,038,798	-	-	7,038,798
Early Acceptance	117,045	-	-	117,045
Administration	6,345,029	62,448	-	6,407,477
Depreciation	4,131,830	-	-	4,131,830
Interest	936,662	-	-	936,662
Total Expenses	34,172,779	62,448	-	34,235,227
<b>OPERATING LOSS</b>	(782,080)	(2,421)	-	(784,501)
<b>NONOPERATING INCOME (LOSS)</b>				
Net Realized Gains on Sale of Investments	2,281,300	-	-	2,281,300
Net Unrealized Gains on Investments and Assets Limited as to Use	3,916,298	-	-	3,916,298
Change in Fair Value of Interest Rate Swap Agreement	(180,844)	-	-	(180,844)
Loss on Disposal of Property and Equipment	(568,049)	-	-	(568,049)
Undesignated Contributions	-	5,040	-	5,040
Total Nonoperating Income (Loss)	5,448,705	5,040	-	5,453,745
<b>DEFICIT OF REVENUES, GAINS, AND OTHER SUPPORT UNDER EXPENSES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>\$ 4,666,625</u>	<u>\$ 2,619</u>	<u>\$ -</u>	<u>\$ 4,669,244</u>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
SCHEDULE OF PROPERTY AND EQUIPMENT  
YEAR ENDED DECEMBER 31, 2023**

	Assets, at Cost				Balance December 31, 2023
	Balance December 31, 2022	Acquisitions	Retirements	Transfers	
Land	\$ 4,453,189	\$ -	\$ -	\$ -	\$ 4,453,189
Land Improvements	6,337,042	-	(35,138)	482,817	6,784,721
Buildings	87,821,367	23,932	(782,788)	5,974,773	93,037,284
Furniture and Fixtures	3,227,218	95,857	(264,252)	277,422	3,336,245
Equipment	10,760,571	735,589	(917,958)	-	10,578,202
Construction in Progress	2,854,990	7,758,952	(10,085)	(6,735,012)	3,868,845
Total	<u>\$ 115,454,377</u>	<u>\$ 8,614,330</u>	<u>\$ (2,010,221)</u>	<u>\$ -</u>	<u>\$ 122,058,486</u>

	Accumulated Depreciation			Balance December 31, 2023	Depreciated Cost December 31, 2023
	Balance December 31, 2022	Depreciation	Retirements		
Accumulated Depreciation	<u>\$ (57,375,010)</u>	<u>\$ (4,131,830)</u>	<u>\$ 1,429,526</u>	<u>\$ (60,077,314)</u>	<u>\$ 61,981,172</u>

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
DBA: CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.  
CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
WITHOUT DONOR RESTRICTIONS INFORMATION (ALTERNATIVE FORMAT)  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Resident Services	\$ 21,507,218	\$ 20,698,311
Guests' Meals and Lodging	209,047	162,879
Health Center:		
Routine Services	3,618,905	3,316,781
Special Services	<u>790,823</u>	<u>558,276</u>
Total Resident Services Revenue	26,125,993	24,736,247
Miscellaneous	414,044	244,990
Investment Interest and Dividends	1,564,646	1,685,984
Net Assets Released from Restrictions Used for Operations	<u>142,465</u>	<u>267,408</u>
Total Revenue	<u>28,247,148</u>	<u>26,934,629</u>
 <b>EXPENSES</b>		
Health Center	10,066,806	9,302,834
Dietary Services	5,536,609	5,083,415
Facility Services	7,038,798	6,667,795
Early Acceptance	117,045	92,426
Administration	6,407,477	6,335,448
Interest	<u>936,662</u>	<u>1,008,756</u>
Total Expenses	<u>30,103,397</u>	<u>28,490,674</u>
 <b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE AMORTIZATION OF ADVANCE FEES, INVESTMENT INCOME, DEPRECIATION, AND CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT</b>	 (1,856,249)	 (1,556,045)
Amortization of Advance Fees	5,203,578	5,350,621
Undesignated Contributions	5,040	8,650
Investment Income (Loss):		
Net Realized Gains on Sales of Investments	2,281,300	733,758
Net Unrealized Gains (Losses) on Investments	<u>3,916,298</u>	<u>(14,670,790)</u>
Total Investment Income (Loss)	6,197,598	(13,937,032)
Depreciation	(4,131,830)	(4,037,615)
Change in Fair Value of Interest Rate Swap Agreement	(180,844)	3,639,101
Other Loss	-	(100,000)
Loss on Disposal of Property and Equipment	<u>(568,049)</u>	<u>(1,022,510)</u>
 <b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	 <u>\$ 4,669,244</u>	 <u>\$ (11,654,830)</u>
 <b>SUPPLEMENTAL INFORMATION</b>		
Entrance Fee Proceeds	<u>\$ 7,322,094</u>	<u>\$ 5,838,678</u>
Capital Expenditures	<u>\$ 8,601,684</u>	<u>\$ 10,210,031</u>

## **APPENDIX B**

The following presents the 5-Year Projected Financial Statements for Carol Woods for the 5 years ending December 31, 2024 through December 31, 2028

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.**

**CONSOLIDATED FINANCIAL PROJECTION  
(WITH INDEPENDENT ACCOUNTANTS' COMPILATION  
REPORT THEREON)**

**FOR EACH OF THE FIVE YEARS ENDING  
DECEMBER 31, 2028**



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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
The Chapel Hill Residential Retirement Center, Inc.  
Chapel Hill, North Carolina

Management is responsible for the accompanying consolidated projected balance sheets, consolidated projected statements of operations and changes in net assets, and consolidated projected statements of cash flows of The Chapel Hill Residential Retirement Center, Inc. d/b/a Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. (collectively, the "Center") as of December 31, 2024 through 2028, and for each of the five years then ending (the "Projection Period"), including the related summary of significant projection assumptions and accounting policies, in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA") and the accounting principles generally accepted in the United States of America. 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 projected financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management ("Management"). Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these projected financial statements or the assumptions. Furthermore, even if the Center is able to achieve the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 5 (the "Hypothetical Assumptions"), the projected results may not be achieved, as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

*CliftonLarsonAllen LLP*

CliftonLarsonAllen LLP

Charlotte, North Carolina  
April 2, 2024

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.**

**PROJECTED CONSOLIDATED BALANCE SHEETS ASSUMING HYPOTHETICAL  
ASSUMPTIONS NOTED ON PAGE 5**

**AT DECEMBER 31,  
(IN THOUSANDS OF DOLLARS)**

	2024	2025	2026	2027	2028
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash & Cash Equivalents	\$ 2,761	\$ 2,686	\$ 2,611	\$ 2,536	\$ 2,461
Temporary Investments	473	473	473	473	473
Assets Limited as to Use, Current Portion	1,913	1,988	2,063	2,138	2,213
Accounts Receivable, Net	1,659	1,735	1,809	1,884	1,972
Prepaid Expenses and Inventory	591	613	641	669	700
<b>Total Current Assets</b>	<b>7,397</b>	<b>7,495</b>	<b>7,597</b>	<b>7,700</b>	<b>7,819</b>
<b>ASSETS LIMITED AS TO USE</b>					
Reserves Required by State Statute	8,058	8,329	8,674	9,035	9,414
<b>Total Assets Limited as to Use</b>	<b>8,058</b>	<b>8,329</b>	<b>8,674</b>	<b>9,035</b>	<b>9,414</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>63,535</b>	<b>64,841</b>	<b>65,209</b>	<b>65,309</b>	<b>65,468</b>
<b>INVESTMENTS</b>	<b>41,484</b>	<b>39,617</b>	<b>38,991</b>	<b>38,715</b>	<b>38,816</b>
<b>INTEREST RATE SWAP AGREEMENT</b>	<b>608</b>	<b>608</b>	<b>608</b>	<b>608</b>	<b>608</b>
<b>OTHER LONG-TERM ASSETS</b>	<b>105</b>	<b>85</b>	<b>65</b>	<b>44</b>	<b>24</b>
<b>Total Assets</b>	<b>\$ 121,187</b>	<b>\$ 120,975</b>	<b>\$ 121,144</b>	<b>\$ 121,411</b>	<b>\$ 122,149</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Current Maturities of Long-Term Debt	\$ 2,550	\$ 2,650	\$ 2,750	\$ 2,850	\$ 2,950
Accounts Payable	1,435	1,489	1,556	1,625	1,699
Accrued Expenses	2,701	2,802	2,928	3,060	3,198
<b>Total Current Liabilities</b>	<b>6,686</b>	<b>6,941</b>	<b>7,234</b>	<b>7,535</b>	<b>7,847</b>
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	<b>23,820</b>	<b>21,170</b>	<b>18,420</b>	<b>15,570</b>	<b>12,620</b>
LESS: Deferred Bond Issuance Costs	(149)	(131)	(113)	(95)	(77)
Long-Term Debt, Net	23,671	21,039	18,307	15,475	12,543
<b>REFUNDABLE FEES</b>	<b>316</b>	<b>321</b>	<b>313</b>	<b>328</b>	<b>361</b>
<b>DEFERRED REVENUE FROM ADVANCE FEES</b>	<b>52,030</b>	<b>53,788</b>	<b>56,138</b>	<b>58,770</b>	<b>61,810</b>
<b>PRIORITY LIST DEPOSITS</b>	<b>1,890</b>	<b>1,888</b>	<b>1,906</b>	<b>1,935</b>	<b>1,974</b>
<b>Total Long-Term Liabilities</b>	<b>77,907</b>	<b>77,036</b>	<b>76,664</b>	<b>76,508</b>	<b>76,688</b>
<b>Total Liabilities</b>	<b>84,593</b>	<b>83,977</b>	<b>83,898</b>	<b>84,043</b>	<b>84,535</b>
<b>NET ASSETS</b>					
Without Donor Restrictions	34,838	35,280	35,566	35,726	36,010
With Donor Restrictions	1,756	1,718	1,680	1,642	1,604
<b>Total Net Assets</b>	<b>36,594</b>	<b>36,998</b>	<b>37,246</b>	<b>37,368</b>	<b>37,614</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 121,187</b>	<b>\$ 120,975</b>	<b>\$ 121,144</b>	<b>\$ 121,411</b>	<b>\$ 122,149</b>

(2)

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

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.**

**PROJECTED CONSOLIDATED STATEMENTS OF OPERATIONS AND  
CHANGES IN NET ASSETS ASSUMING HYPOTHETICAL ASSUMPTIONS NOTED ON PAGE 5  
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31,  
(IN THOUSANDS OF DOLLARS)**

	2024	2025	2026	2027	2028
<b>REVENUE, GAINS AND OTHER SUPPORT</b>					
Resident Services					
On Campus	\$ 20,994	\$ 21,497	\$ 22,360	\$ 23,277	\$ 24,267
Early Acceptance	1,866	2,397	2,733	3,078	3,465
Amortization of Advance Fees					
On Campus	4,905	4,980	5,085	5,225	5,394
Early Acceptance	427	526	609	697	789
Guests' Meals and Lodging	220	230	241	252	263
Health Center:					
Routine Services	4,816	5,043	5,089	5,071	5,165
Special Services	970	1,014	1,060	1,108	1,158
Miscellaneous	365	375	384	399	418
Investment Interest and Dividends	1,751	1,642	1,611	1,608	1,617
Net Assets Released from Restrictions Used for Operations	38	38	38	38	38
<b>Total Revenue, Gains and Other Support</b>	<b>36,352</b>	<b>37,742</b>	<b>39,210</b>	<b>40,753</b>	<b>42,574</b>
<b>EXPENSES</b>					
Health Center	10,656	11,216	11,721	12,248	12,799
Dietary Services	5,745	6,003	6,273	6,556	6,851
Housekeeping and Laundry	2,100	2,195	2,294	2,397	2,505
Plant Operations, Maintenance, Security and Transportation	5,579	5,830	6,092	6,366	6,653
Early Acceptance	144	186	212	238	268
Administration	6,620	6,570	6,843	7,133	7,443
Depreciation	4,354	4,657	4,912	5,161	5,368
Interest Expense	849	753	672	588	501
Interest Expense - Deferred Bond Issuance Costs	18	18	18	18	18
<b>Total Operating Expenses</b>	<b>36,065</b>	<b>37,428</b>	<b>39,037</b>	<b>40,705</b>	<b>42,406</b>
<b>OPERATING INCOME</b>	<b>287</b>	<b>314</b>	<b>173</b>	<b>48</b>	<b>168</b>
<b>NONOPERATING INCOME (LOSS)</b>					
Loss on Disposal of Property & Equipment	(638)	(638)	(638)	(638)	(638)
Net Appreciation on Investments	817	766	751	750	754
Income from Operations and Change in Net Assets Without Donor Restrictions	466	442	286	160	284
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Net Assets Released from Restrictions Used for Operations	(38)	(38)	(38)	(38)	(38)
Change in Net Assets With Donor Restrictions	(38)	(38)	(38)	(38)	(38)
<b>CHANGE IN NET ASSETS</b>	<b>428</b>	<b>404</b>	<b>248</b>	<b>122</b>	<b>246</b>
<b>NET ASSETS</b>					
Beginning of the Year	36,166	36,594	36,998	37,246	37,368
End of the Year	\$ 36,594	\$ 36,998	\$ 37,246	\$ 37,368	\$ 37,614

(3)

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

**THE CHAPEL HILL RESIDENTIAL RETIREMENT CENTER, INC.  
D/B/A CAROL WOODS RETIREMENT COMMUNITY AND  
THE CAROL WOODS CHARITABLE FUND, INC.**

**PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS ASSUMING HYPOTHETICAL  
ASSUMPTIONS NOTED ON PAGE 5**

**FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31,  
(IN THOUSANDS OF DOLLARS)**

	2024	2025	2026	2027	2028
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in Net Assets	\$ 428	\$ 404	\$ 248	\$ 122	\$ 246
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:					
Proceeds from Advance Fees, Net of Refunds	6,428	7,269	8,036	8,569	9,256
Amortization of Advance Fees	(5,332)	(5,506)	(5,694)	(5,922)	(6,183)
Depreciation	4,354	4,657	4,912	5,161	5,368
Amortization of Deferred Bond Issuance Costs	18	18	18	18	18
Loss on Disposal of Property & Equipment	638	638	638	638	638
Change in Accounts Receivable, Prepaid Expenses, and Inventory	(48)	(98)	(102)	(103)	(119)
Change in Accounts Payable and Accrued Expenses	238	155	193	201	212
Net Cash Provided by Operating Activities	6,724	7,537	8,249	8,684	9,436
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net Change in Investments and Assets Limited as to Use	4,923	1,613	318	(36)	(422)
Purchase of Property and Equipment	(6,545)	(6,600)	(5,917)	(5,898)	(6,164)
Net Cash Used by Investing Activities	(1,622)	(4,987)	(5,599)	(5,934)	(6,586)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Principal Payments on Long-Term Debt	(2,450)	(2,550)	(2,650)	(2,750)	(2,850)
Principal Payments on Line of Credit	(2,652)	-	-	-	-
Net Cash Used by Financing Activities	(5,102)	(2,550)	(2,650)	(2,750)	(2,850)
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>					
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,674	4,674	4,674	4,674	4,674
Cash, Cash Equivalents, and Restricted Cash - End of Year	\$ 4,674	\$ 4,674	\$ 4,674	\$ 4,674	\$ 4,674
Cash and Cash Equivalents	\$ 2,761	\$ 2,686	\$ 2,611	\$ 2,536	\$ 2,461
Restricted Cash included in Assets Limited as to Use	1,913	1,988	2,063	2,138	2,213
Total	\$ 4,674	\$ 4,674	\$ 4,674	\$ 4,674	\$ 4,674

# **Summary of Significant Projection Assumptions and Accounting Policies**

## **Introduction and Background Information**

### **Nature of Business**

The accompanying consolidated financial projection presents, to the best knowledge and belief of the management (“Management”) of The Chapel Hill Residential Retirement Center, Inc., doing business as Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. (collectively, the “Center”), the expected consolidated financial position, changes in net assets and cash flows of the Center as of December 31, 2024, 2025, 2026, 2027, and 2028 and for each of the five years then ending. Accordingly, the projection reflects Management’s judgment of the expected conditions and its expected course of action as of April 2, 2024. The financial projection is based on Management’s assumptions concerning future events and circumstances. The assumptions disclosed herein are those which Management believes are significant to the projection as of the date of this report, or are key factors upon which the financial results depend.

Management has prepared its financial projection for inclusion in the Center’s annual disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective consolidated financial statements (herein referred to as “financial statements”). The Center recognizes that there will be differences between prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Management does not intend to revise this projection to reflect changes in present circumstances or the occurrence of unanticipated events.

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

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

- The Early Acceptance Program, which had 116 residents as of the end of 2023, will continue to be marketed successfully to the Center’s Priority List;
- The Early Acceptance Program will achieve the census projected;
- Adequate demand exists to support the projected program utilization and staffing; and
- Existing independent living units continue to be successfully marketed to sustain projected occupancy.

## **Summary of Significant Projection Assumptions and Accounting Policies**

### **Introduction and Background Information (continued)**

**Organization** – The Center provides housing, health care and other related services to residents through the operation of a retirement facility containing 315 independent living apartments, cottages and townhomes (collectively the “Existing Independent Living Units”); a 35-bed assisted living center; two 16-unit assisted living homes; and a 68-bed health center (collectively the “Health Center”) located in Chapel Hill, North Carolina. The Center provides care to residents over their remaining lives under terms it establishes for individual residents.

In 2006, The Chapel Hill Residential Retirement Center, Inc. (“Carol Woods”) created an affiliated corporate entity, The Carol Woods Charitable Fund, Inc. (“Charitable Fund”). The Charitable Fund has been established as a separate 501(c)(3) charitable organization and has been organized as a “supporting” organization to Carol Woods. Under IRS guidelines, a supporting organization is one that is treated as a charitable tax-exempt entity because its primary purpose is to support another charitable, tax-exempt entity. The Charitable Fund’s purpose as described in its Articles of Incorporation and Bylaws follows:

- Support the facilities, grounds and services of Carol Woods to maintain its high quality and affordability. Support Carol Woods as a leader in research and development of innovative housing programs, health care services, technology applications and other needed support services in order to help elderly persons lead meaningful lives as they age.
- Support Carol Woods’ leadership role in the community, identifying and addressing potential gaps in the service delivery system, financial issues and other barriers to seniors being able to access needed services.
- Support Carol Woods’ assistance to elderly persons during periods in which the aging process may lead to personal loss, supporting seniors as long as possible in desired living arrangements and achieving smooth transition to other settings as needed.
- Support Carol Woods in promoting the care and service to seniors as a fulfilling career choice for students at high school, college, graduate school and trade school levels, thereby, increasing the supply of qualified and dedicated personnel available to serve seniors.
- Support Carol Woods in its cooperation and collaboration with other public agencies and nonprofit corporations in the community, North Carolina and the United States in efforts to determine the most satisfying and fulfilling methods of providing living accommodations and supportive services for elderly persons.

The Charitable Fund can accept charitable donations for which the donor may receive a tax deduction. To maintain sufficient control over the Charitable Fund, all members of the Board of Directors of the supporting organization are appointed by the Carol Woods Board, and a majority of the Charitable Fund Board must be current members of the Carol Woods Board; including the Center’s President/CEO and Vice-President of Finance, who serve as ex-officio voting members of the Charitable Fund Board.

**Existing Independent Living Unit and Health Center Unit Configuration and Fees** – Table 1 summarizes the type, number, approximate square footage, baseline monthly service fees (“Monthly Fees”) and baseline entrance fees (“Entry Fees” or “Advance Fees”) for Existing Independent Living Units. Table 2 summarizes the type, number, approximate square footage, and the daily fees of the Health Center.

## Summary of Significant Projection Assumptions and Accounting Policies

### Introduction and Background Information (continued)

**TABLE 1**  
**EXISTING INDEPENDENT LIVING UNIT CONFIGURATION AND BASELINE FEES**

Type of Unit		Number of Units	Square Footage	Entry Fees <sup>(1)</sup>	Monthly Fees <sup>(2)</sup>
<b>Early Acceptance</b>					
Each Person		N/A	N/A	\$ 42,100	\$ 1,086
<b>Central Apartments</b>					
Central Studio	C-S	1	447	N/A	\$ 2,623
Central Studio, Expanded	C-SE	14	507	\$ 106,000	\$ 2,680
Central 1-BR, Small Expanded	C-1SE	7	671	\$ 177,900	\$ 3,519
Central 1-BR Expanded	C-1E	65	695	\$ 187,900	\$ 3,686
Central 1-BR Large	C-1L	3	758	\$ 213,200	\$ 3,815
Central 2-BR, Expanded	C-2E	35	910	\$ 262,500	\$ 4,629
Central 2-BR Large	C-2L	3	1,042	\$ 305,200	\$ 4,905
Central 2-BR Extra Large	C-2XL	6	1,160	\$ 334,500	\$ 5,108
Central 2-BR & Den	C-2D	12	1,292	\$ 381,500	\$ 5,406
Central 2-BR & Den Large	C-2DL	2	1,345	\$ 390,900	\$ 5,546
Central 2-BR & Den Extra Large	C-2DXL	1	1,390	\$ 404,000	\$ 5,620
<b>Apartment Totals / Weighted Averages</b>		<b>149</b>	<b>813</b>	<b>\$ 225,300</b>	<b>\$ 4,059</b>
<b>Garden Cottages</b>					
Garden 1-BR	G-1	14	678	\$ 183,400	\$ 3,630
Garden 1-BR & Den	G-1D	22	801	\$ 226,200	\$ 3,958
Garden 2-BR	G-2	19	957	\$ 272,800	\$ 4,559
Garden 1-BR, Den & Carolina Room	G-1DC	5	1,006	\$ 285,200	\$ 4,792
Garden 2 BR & Den	G-2D	11	1,078	\$ 310,100	\$ 4,974
Garden 2-BR & Carolina Room	G-2C	6	1,149	\$ 328,800	\$ 5,078
Garden 2-BR, Den & Carolina Room	G-2DC	13	1,280	\$ 369,200	\$ 5,336
Garden 1-BR Deluxe	G-1DXL	16	1,343	\$ 385,900	\$ 5,465
Garden 2-BR Deluxe	G-2DXL	34	1,538	\$ 449,000	\$ 5,725
Garden 2-BR Deluxe & Sunroom	G-2DXS	12	1,855	\$ 545,500	\$ 6,191
<b>Cottage Totals / Weighted Averages</b>		<b>152</b>	<b>1,196</b>	<b>\$ 344,200</b>	<b>\$ 4,996</b>
Townhomes (Average)		14	1,638	\$ 479,000	\$ 5,790
<b>ILU Totals / Weighted Averages</b>		<b>315</b>	<b>1,035</b>	<b>\$ 293,900</b>	<b>\$ 4,588</b>
Cottage Sunroom Additions <sup>(3)</sup>		19	60 to 240	\$ 33,000	\$ 309
Second Person Fees <sup>(4)</sup>				\$ 42,100	\$ 1,424
1st Person Fees upon move to LTC <sup>(5)</sup>					\$ 2,555

Source: Management

- (1) The Entry Fee pricing is effective April 1, 2024. Carol Woods offers only a declining refund option.
- (2) The Monthly Fee pricing is effective January 1, 2024.
- (3) There is an added Entry Fee and Monthly fee for cottage sunroom additions, depending upon square footage.
- (4) Second persons are charged the same Entry Fees and Monthly Fees regardless of where they are living.
- (5) When a single person or couple vacates an independent living residence, the single / 1<sup>st</sup> person monthly fee is reduced to a level amount which is less than the prevailing monthly fee for a studio apartment.

## ***Summary of Significant Projection Assumptions and Accounting Policies***

### **Introduction and Background Information (continued)**

<b>TABLE 2 HEALTH CENTER CONFIGURATION</b>				
<b>Type of Unit</b>	<b>Beds</b>	<b>Approximate Square Footage</b>	<b>Daily Fees <sup>(1)</sup></b>	<b>Type B Contract Percentage Discount <sup>(1)</sup></b>
<b>Assisted Living Units</b>				
Central-Private	35	350	\$ 245	
Garden-Private <sup>(2)</sup>	16	250	\$ 245	
<b>Total / Weighted Averages:</b>	<b>51</b>	<b>319</b>	<b>\$ 245</b>	<b>60%</b>
<b>Assisted Nursing Beds</b>				
Private <sup>(2)</sup>	30	280	\$ 381	
Semi-Private	8	140	\$ 366	
<b>Total / Weighted Averages:</b>	<b>38</b>	<b>251</b>	<b>\$ 378</b>	<b>70%</b>
<b>Skilled Nursing Beds</b>				
Private Room	22	280	\$ 422	
Semi-Private	8	140	\$ 407	
<b>Total / Weighted Averages:</b>	<b>30</b>	<b>243</b>	<b>\$ 418</b>	<b>70%</b>
<b>Total / Weighted Averages:</b>	<b>119</b>	<b>278</b>	<b>\$ 331</b>	<b>67%</b>

Source: Management

- (1) The "Daily Fees" shown are the non-resident rates effective January 1, 2024. The Center's residents receive a life care benefit in which they pay Daily Fees that are discounted approximately 60%-70% from the non-resident rates.
- (2) Two private 12-unit Garden Assisted Living facilities can support either Assisted Living or Assisted Nursing, depending upon the needs of the resident. For illustrative purposes in Table 2, 16 of the units are portrayed as private Assisted Living Units, and 8 are included in the 30 private Assisted Nursing Beds.



## **Summary of Significant Projection Assumptions and Accounting Policies**

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### **Summary of Significant Accounting Policies**

**Basis of Accounting** – The Center maintains its accounting and financial records according to the accrual basis of accounting.

**Principles of Consolidation** - The consolidated financial statements include the accounts of The Chapel Hill Residential Retirement Center, Inc. d/b/a Carol Woods Retirement Community and The Carol Woods Charitable Fund, Inc. Significant intercompany balances and transactions between the consolidated entities have been eliminated.

**Use of Estimates** – The preparation of prospective financial statements in accordance with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the prospective financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash and Cash Equivalents** – Cash and cash equivalents, excluding those classified as assets limited as to use, include investments with original maturities of three months or less when purchased.

**Assets Limited as to Use** – Assets Limited as to Use, Current Portion, represent monthly escrow of annual bond redemption requirements of the Center's bond covenants held by the bond trustee. Reserves required by State Statute are set aside to meet the operating reserve requirements of North Carolina General Statute Chapter 58, Article 64.

**Accounts Receivable** – Resident accounts receivable consist of resident Monthly Fees. The Center provides an allowance for expected credit losses using Management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. The adequacy of the Center's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

**Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation. Contributed property is recorded at the estimated fair value at the date of receipt. Depreciation is computed under the straight-line method and is based on estimated useful lives that range from 3 to 50 years. The cost of maintenance and repairs is expensed as incurred.

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

**Investments** – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the projected consolidated balance sheets. The fair values of investments are determined based upon quoted market prices. Contributed investments are stated at the fair market value at the date of receipt.

## **Summary of Significant Projection Assumptions and Accounting Policies**

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

**Fair Value Measurements** – Fair value as defined under generally accepted accounting principles 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. The Center utilizes market data or assumptions that market participants would use in pricing the asset or liability.

**Deferred Bond Issuance Costs** – Deferred bond issuance costs are being amortized on a straight-line basis, which approximates the effective interest method, over the life of long-term debt and other credit instruments. Deferred bond issuance costs are presented in the projected consolidated balance sheets as a deduction from the carrying amount of the related liability. Management has elected to show the interest expense – deferred bond issuance costs as its own line item on the Projected Consolidated Statements of Operations and Changes in Net Assets instead of as a component of interest expense.

**Derivatives** – Derivatives and hedging instruments are recorded at estimated fair value in the projected financial statements using the most recent audited valuations. The Center enters into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The Center does not hold or issue derivative instruments for trading purposes.

**Deferred Revenue from Advance Fees** – Fees paid by residents upon entering into a continuing care contract are recorded as deferred revenue and amortized into net resident services revenue using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. When a contract is terminated, by death of last survivor or withdrawal, any remaining balance of unamortized Advance Fees, net of refundable amounts, are recognized as net resident service revenue.

**Obligation to Provide Future Services** – The Center enters into continuing care contracts with residents. A continuing care contract is an agreement between a resident and the Center specifying the services and facilities to be provided over the resident's remaining life. Under each contract, the Center has the ability to increase fees as deemed necessary. At the end of each year, the Center calculates the present value of the estimated net cost of future services to be provided to current residents, including the cost of facilities, and compares the amount with the balance of 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 balance of deferred revenue from Advance Fees, a liability (obligation to provide future services) is recorded. No such liability is expected over the span of the projected financial statements.

**Net Assets – With Donor Restrictions** – Net assets with donor restrictions are those whose use by the Center has been limited by donors to a specific time period or purpose. The Center reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the projected consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as received are reflected as unrestricted contributions in the accompanying projected financial statements. The Center's net assets with donor restrictions are comprised of net assets that are temporarily restricted in nature either due to a time or purpose restriction. The Center does not project any donor restricted net assets that are permanent in nature. In 2024 through 2028, the Center has projected that approximately \$38,000 of donor restricted net assets will meet its purpose or time restriction each year, as noted on the projected consolidated statements of operations and changes in net assets.

The Center reports contributions of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions

## **Summary of Significant Projection Assumptions and Accounting Policies**

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

of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Income Tax Status** – The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying projected consolidated financial statements do not reflect a provision or liability for federal and state income taxes.

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

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

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

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

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

## **Summary of Significant Projection Assumptions and Accounting Policies**

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

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

#### Medicare

The Center's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). On October 1, 2019, CMS finalized the Patient Driven Payment Model (PDPM) which replaced the Medicare Prospective Payment System (PPS), a per diem price-based system. Under PDPM, therapy minutes are removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient are used as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

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

#### Other

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care.

These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Management has projected that any adjustments arising from a change in an implicit price concession impacting transaction price will not be significant during the Projection Period.

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

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

## **Summary of Significant Projection Assumptions and Accounting Policies**

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

#### **Financing Component**

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

**Community Benefit** – The Center provides various outreach programs and volunteer services to the community in addition to direct financial support. The recorded benefit for these services is based on Management assessment of the fair market value of services provided.

**Concentration of Credit Risk** – Concentrations of credit risk with respect to resident accounts receivable are limited due to the formalized agreements with third-party payers. The Center has significant accounts receivable whose collectability is dependent upon the performance of Medicare. Management does not believe there are significant credit risks associated with Medicare.

**Early Acceptance Program** – In 2010, the North Carolina General Assembly enacted a new statute (§ 58-67-7) that permits Continuing Care Retirement Communities (CCRCs) licensed in the State of North Carolina to offer “continuing care services without lodging.” In February 2012, the Center received approval from the North Carolina Department of Insurance to offer its Early Acceptance program. As of December 2023, the Center had 116 residents in the program, and will continue to add residents to the program over the course of the next few years as noted in Table 3.

The core elements of the program are as follows:

1. Since the Center has an extensive priority list of persons waiting to move to campus, this program is offered exclusively to persons who have already joined the priority list.
2. Admission to the Early Acceptance program is identical to admissions to the Center’s campus, requiring health screening and financial screening. The only difference is that the Early Acceptance candidate does not reserve a residential unit on campus nor is looking to move to campus in the immediate future.
3. Upon acceptance, the person becomes a “Resident” of the Center, but remains living in their current home. They sign an early Acceptance Agreement providing the Resident equal access to all of the campus amenities, as well as to the same access and financial protections for the prospect of needing future health care.
4. They pay an Entry Fee and Monthly Fees that cover the costs of current amenities and future access to health care.
5. Early Acceptance Residents remain on the Center’s priority list, and will be offered opportunity to move to the Center in the future – either to a desired independent living residence or to a health care facility. If they subsequently move to an independent living residence on campus, the Entry Fee that they paid originally for Early Acceptance will be applied in full to the Entry Fee for the residence to which they are moving.
6. Other in-home services that might be needed over time might be provided either by the Center or by other area providers on a fee-for-service basis.

## ***Summary of Significant Projection Assumptions and Accounting Policies***

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

Revenue and expenses related to the Early Acceptance program are reported separately on the projected consolidated financial statements for this projection, as is required by the North Carolina Department of Insurance. The current Entry Fees for Early Acceptance are \$42,100 per person, and the current Monthly Fees are \$1,086 per person.

**Summary of Significant Projection Assumptions and Accounting Policies**

**Basis for Projection of Revenue, Expenses, and Other Items**

**Revenues**

Projected revenue from Monthly Fees and from health care per diems are based on available independent living and health care units, projected average census, and projected fees as are presented in Table 1, and in the following Tables 4, 5, and 6. Monthly Fees and health care per diems are assumed to increase an average of 4.5% annually. The increases may be greater or less than those projected based on the increased costs to operate the Center because of inflation and other factors. Residents of the Center who have vacated a previous independent living unit and made a permanent move to assisted living or to the health center will pay a discounted per diem, and their Monthly Fee will decrease to a lower rate.

In addition, revenue is recognized for residents who have contracts under the Early Acceptance Program (as described previously). Amortization of Advance Fees is also recognized for those residents under the Early Acceptance Program.

Management’s census assumption for the Early Acceptance Program is as follows:

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**TABLE 3**

**EARLY ACCEPTANCE PROGRAM PROJECTED CENSUS**

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Year	Program Census
2024	149
2025	176
2026	192
2027	207
2028	223

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Source: Management

## Summary of Significant Projection Assumptions and Accounting Policies

### Management's Basis for Projection of Revenues, Expenses and Other Items (continued)

**TABLE 4**  
**INDEPENDENT LIVING UNIT CONFIGURATION AND PROJECTED AVERAGE CENSUS, 2024 THROUGH 2028**

Type of Unit	2024		2025		2026		2027		2028		
	Units	Ave Census	Units	Ave Census	Units	Ave Census	Units	Ave Census	Units	Ave Census	
<b>Percent Occupancy - Central Apartments</b>											
Central Studio <sup>(1)</sup>	C-S	1	2	1	1	0	0	0	0	0	0
Central Studio, Expanded <sup>(1)</sup>	C-SE	14	10	14	11	15	12	15	12	15	12
Central 1-BR, Small Expanded	C-1SE	7	7	7	7	7	7	7	7	7	7
Central 1-BR Expanded	C-1E	65	62	65	62	65	62	65	62	65	62
Central 1-BR Large	C-1L	3	3	3	3	3	3	3	3	3	3
Central 2-BR, Expanded	C-2E	35	34	35	34	35	34	35	34	35	34
Central 2-BR Large	C-2L	3	3	3	3	3	3	3	3	3	3
Central 2-BR Extra Large	C-2XL	6	6	6	6	6	6	6	6	6	6
Central 2-BR & Den	C-2D	12	12	12	12	12	12	12	12	12	12
Central 2-BR & Den Large	C-2DL	2	2	2	2	2	2	2	2	2	2
Central 2-BR & Den Extra Large	C-2DXL	1	1	1	1	1	1	1	1	1	1
<b>Percent Occupancy - Garden Cottages</b>											
Garden 1-BR	G-1	14	13	14	13	14	13	14	13	14	13
Garden 1-BR & Den	G-1D	22	22	22	22	22	22	22	22	22	22
Garden 2-BR	G-2	19	19	19	19	19	19	19	19	19	19
Garden 1-BR, Den & Carolina Room	G-1DC	5	4	5	4	5	4	5	4	5	4
Garden 2 BR & Den	G-2D	11	10	11	10	11	10	11	10	11	10
Garden 2-BR & Carolina Room	G-2C	6	5	6	5	6	5	6	5	6	5
Garden 2-BR, Den & Carolina Room	G-2DC	13	13	13	13	13	13	13	13	13	13
Garden 1-BR Deluxe	G-1DXL	16	16	16	16	16	16	16	16	16	16
Garden 2-BR Deluxe	G-2DXL	34	34	34	34	34	34	34	34	34	34
Garden 2-BR Deluxe & Sunroom	G-2DXS	12	12	12	12	12	12	12	12	12	12
Townhomes (Average)		14	14	14	14	14	14	14	14	14	14
<b>Total ILU's / Average Occupancy</b>		<b>315</b>	<b>304</b>	<b>315</b>	<b>304</b>	<b>315</b>	<b>304</b>	<b>315</b>	<b>304</b>	<b>315</b>	<b>304</b>
<b>Percent Occupancy</b>			<b>96.5%</b>		<b>96.5%</b>		<b>96.5%</b>		<b>96.5%</b>		<b>96.5%</b>
Cottage Sunroom Additions <sup>(2)</sup>		19		19		19		19		19	
<b>Average Census</b>											
Number of Persons in EA <sup>(3)</sup>			149		176		192		207		223
Number of 1st Persons in IL			304		304		304		304		304
Number of 2nd Persons in IL			88		82		76		71		67
Number of Persons in LTC			80		80		82		84		86
<b>Total Average Census</b>			<b>621</b>		<b>642</b>		<b>654</b>		<b>666</b>		<b>680</b>

Source: Management

- (1) Since 2003, as Studio, 1-BR, and 2-BR central apartments turnover, they are expanded to include an enclosed sunroom and expanded kitchen and laundry facilities. Currently two studio units remain unexpanded.
- (2) Selected cottages have sunroom additions for which there is an additional Monthly Fee charged based upon square footage of the sunroom addition.
- (3) The Center began accepting residents to the Early Acceptance program in late-2012 and had 116 in the program as of the end of 2023. It is assumed that others will be added to the program as needed, to maintain an overall census of 621 in Year 1 – on campus and Early Acceptance combined. Management has projected an increase in the overall campus and Early Acceptance as noted above due to the growth projected in the Early Acceptance Program noted in Table 3 and to longer-term stays for PACE participants in semi-private rooms, and private pay in private rooms.



## Summary of Significant Projection Assumptions and Accounting Policies

### Management's Basis for Projection of Revenues, Expenses and Other Items (continued)

**TABLE 5**  
**PROJECTED HEALTH CENTER PER DIEM CHARGES, 2024 THROUGH 2028 <sup>(1)(2)</sup>**

Type of Unit	2024		2025		2026		2027		2028	
	Private Per Diems	CCRC Per Diems	Private Per Diems	CCRC Per Diems	Private Per Diems	CCRC Per Diems	Private Per Diems	CCRC Per Diems	Private Per Diems	CCRC Per Diems
<b>Projected Per Diem Fees</b>										
Central Assisted Living, Private	\$ 245	\$ 97	\$ 256	\$ 101	\$ 268	\$ 106	\$ 280	\$ 111	\$ 293	\$ 116
Garden Assisted Living, Private	\$ 245	\$ 97	\$ 256	\$ 101	\$ 268	\$ 106	\$ 280	\$ 111	\$ 293	\$ 116
Assisted Nursing, Semi-Private	\$ 366	\$ 107	\$ 382	\$ 112	\$ 399	\$ 117	\$ 417	\$ 122	\$ 436	\$ 127
Assisted Nursing, Private	\$ 381	\$ 117	\$ 398	\$ 122	\$ 416	\$ 127	\$ 435	\$ 133	\$ 455	\$ 139
Skilled Nursing, Semi-Private	\$ 407	\$ 117	\$ 425	\$ 122	\$ 444	\$ 127	\$ 464	\$ 133	\$ 485	\$ 139
Skilled Nursing, Private	\$ 422	\$ 127	\$ 441	\$ 133	\$ 461	\$ 139	\$ 482	\$ 145	\$ 504	\$ 152
Skilled Nursing, Medicare <sup>(3)</sup>	\$ 543	\$ -	\$ 543	\$ -	\$ 543	\$ -	\$ 543	\$ -	\$ 543	\$ -

Source: Management

- (1) The Center assumes 4.5% annual increases in private pay per diems, and 4.5% annual increases in CCRC per diems.
- (2) Under the terms of its Residence and Services and Early Acceptance Agreements, residents of the Center are charged a per diem amount that is discounted from the private pay per diem.
- (3) The Medicare per diem is derived using historic weighted averages of rates per day. Conservatively, Medicare rates are assumed to stay constant throughout the Projection Period.

**TABLE 6**  
**ASSISTED LIVING AND NURSING FACILITY LICENSED CAPACITY AND AVERAGE PROJECTED CENSUS, 2024 THROUGH 2028**

Type of Unit	2024		2025		2026		2027		2028	
	Beds	Average Census <sup>(1)</sup>	Beds	Average Census <sup>(1)</sup>	Beds	Average Census <sup>(1)</sup>	Beds	Average Census <sup>(1)</sup>	Beds	Average Census <sup>(1)</sup>
<b>Projected Average Census</b>										
Central Assisted Living, Private	35	32.5	35	32.5	35	32.5	35	32.5	35	32.5
Garden Assisted Living, Private <sup>(2)</sup>	16	15.6	5	3.6	4	2.9	6	5.8	8	6.2
Assisted Nursing, Semi-Private	8	3.2	8	7.5	8	7.5	8	7.5	8	7.5
Assisted Nursing, Private	22	20.1	22	21.5	22	21.5	22	21.5	22	21.5
Garden Assisted Nursing, Private <sup>(2)</sup>	8	8.0	19	8.0	20	7.0	18	5.0	16	4.0
Skilled Nursing, Semi-Private (CW Resident)	0	0.0	2	0.0	2	0.9	2	0.9	2	0.3
Skilled Nursing, Medicare (2)	6	6.0	4	4.0	4	4.0	4	4.0	4	4.0
Skilled Nursing, Semi-Private (PACE)	2	1.5	2	2.0	2	2.0	2	2.0	2	2.0
Skilled Nursing, Private Room (Private Pay)	3	2.5	3	2.5	3	2.5	3	2.5	3	2.5
Skilled Nursing, Private (CW Resident)	19	9.4	19	7.0	19	7.0	19	7.0	19	9.0
<b>Total Capacity / Average Census</b>	<b>119</b>	<b>98.8</b>	<b>119</b>	<b>88.6</b>	<b>119</b>	<b>87.8</b>	<b>119</b>	<b>88.7</b>	<b>119</b>	<b>89.5</b>
		<b>83.0%</b>		<b>74.5%</b>		<b>73.8%</b>		<b>74.5%</b>		<b>75.2%</b>

Source: Management

- (1) Average census is derived from open group population simulations of an actuarial software program that the Center leases for actuarial planning of long-term capacity needs in its assisted living and nursing facilities.
- (2) Two private 12-unit Garden facilities can support either Assisted Living or Assisted Nursing, depending upon the needs of the resident.
- (3) Center residents use Medicare in skilled nursing, when applicable. Also, when some excess capacity is projected in skilled nursing, it is assumed that the Center will seek outside referrals to semi-private rooms for short-term rehabilitative care under Medicare.

## **Summary of Significant Projection Assumptions and Accounting Policies**

### **Management's Basis for Projection of Revenues, Expenses and Other Items (continued)**

Entry Fees are amortized into revenue based on the actuarially-determined remaining life expectancy of the single resident or couple. The rate of annual amortization assumes that the remaining balance of deferred Advance Fees on the projected consolidated balance sheets cover an additional 11.2 to 12.8 years, depending upon cohort. New Entry Fees are projected to increase an average of 3.0% annually.

Total investment earnings, which is based upon Management's historical investment return experience, is comprised of interest and dividends and net appreciation on investments on the projected consolidated statements of operations and changes in net asset, and is projected on an average yield of 5.0% on temporary cash investments and long-term investments annually.

Other revenue sources are projected to increase at a rate of 4.5% annually.

## **Summary of Significant Projection Assumptions and Accounting Policies**

### **Management's Basis for Projection of Revenues, Expenses and Other Items (continued)**

#### **Expenses**

Baseline operating expenses for 2024 are taken from budgeted amounts and thereafter are assumed to increase an average of 4.5% annually. Operating expenses are adjusted in years 2025 through 2028 to reflect Management's assumptions of the additional costs of the Early Acceptance program.

Depreciation and amortization is based on current depreciation and amortization tables, factoring in capital additions. Table 7 presents projected capital additions and retirements for 2024 through 2028.

**TABLE 7  
SCHEDULE OF PROPERTY AND EQUIPMENT  
(IN THOUSANDS)**

<b>Years Ending December 31,</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Property and Equipment, Cost Beginning Balance	\$ 122,058	\$ 127,217	\$ 132,431	\$ 136,962	\$ 141,474
Capital Additions	6,545	6,600	5,917	5,898	6,164
Capital Retirements	(1,386)	(1,386)	(1,386)	(1,386)	(1,386)
Property and Equipment, Cost	127,217	132,431	136,962	141,474	146,252
Accumulated Depreciation	(63,682)	(67,590)	(71,753)	(76,165)	(80,784)
Property and Equipment, Net Ending Balance	\$ 63,535	\$ 64,841	\$ 65,209	\$ 65,309	\$ 65,468

Source: Management

The Center plans for robust annual additions to capital over the projection period in aggregate amounts that invest proactively in keeping older facilities competitive; causing net property and equipment to increase in order to be proactive in maintaining its facilities.

## **Summary of Significant Projection Assumptions and Accounting Policies**

### **Management's Basis for Projection of Revenues, Expenses and Other Items (continued)**

#### **Other Items**

##### *Long-Term Debt*

For purposes of this financial projection, it has been assumed that the historical carrying value of long-term debt equals the fair value of such debt. Long-term debt consists of one series of tax-exempt variable-rate bonds hedged with one interest rate swap instrument, as follows:

1. \$39,570,000 in North Carolina Medical Care Commission bonds issued in 2018 (the "Series 2018 Bonds"), which have a variable rate with predetermined annual principal payments scheduled through 2033. The Series 2018 Bonds are held by Truist Bank (Truist); therefore, no credit enhancement or remarketing fees have been assumed. The Series 2018 Bonds have an outstanding balance of \$28,820,000 as of December 31, 2023.
2. The Center holds an interest rate swap agreement (the "2018 Interest Rate Swap") with Truist that became effective on June 13, 2018. Between the variable interest on the Series 2018 Bonds and the floating-to-fixed rates on the 2018 Interest Rate Swap, the Center pays an effectively fixed rate of 3.08% on an original notional amount of \$39,570,000. The notional amount declines by a predetermined annual schedule commensurate with the amortization schedule of the Series 2018 Bonds, as noted in Table 8. The Series 2018 Bonds will be fully retired, and the 2018 Interest Rate Swap will mature, on April 1, 2033.

Table 8 presents the amortization schedules for the Series 2018 Bonds and the declining notional amounts of the 2018 Interest Rate Swap.

The Center records the value of its interest rate swap agreement at market value at the end of each year. As of December 31, 2023 the value of the interest rate swap agreement was recorded on the balance sheet as an asset of approximately \$607,500. The Center makes no assumptions about changes in the market value of its interest rate swap agreements, so that the mark-to-market valuations remain unchanged.

Management is projecting the balance on the Center's line of credit to be \$0 as of December 31 of each year during the projection period; assuming that funds are withdrawn from long-term investments each year to pay down the outstanding line of credit to \$0. In actuality, Management will likely manage short-term cash flow fluctuations with the line of credit and only withdraw from long-term investments as needed. Management has projected payment of approximately \$2,652,000 on the line of credit during 2024.

Amortization expense of bond issuance costs is derived based upon the amortization schedule of each credit instrument.

## ***Summary of Significant Projection Assumptions and Accounting Policies***

### **Management's Basis for Projection of Revenues, Expenses and Other Items (continued)**

**TABLE 8  
PROJECTED BOND AND SWAP AMORTIZATION SCHEDULES  
(IN THOUSANDS)**

		Series 2018 Bonds to be Redeemed	2018 Interest Rate Swap Notional Amount		
Bond Maturities and Swap Notional Amortization Schedules	2024	\$ 2,450	\$ 2,450		
	2025	2,550	2,550		
	2026	2,650	2,650		
	2027	2,750	2,750		
	2028	2,850	2,850		
	2029-2033	15,570	15,570		
Total Bonds / Swaps		\$ 28,820	\$ 28,820		
	2024	2025	2026	2027	2028
Annual Interest, Series 2018 Bonds Plus Net 2018 Interest Rate Swap Payments (in thousands)	\$ 849	\$ 753	\$ 672	\$ 588	\$ 501
Effective Annual Interest Rate, Bonds + Swap	3.08%	3.08%	3.08%	3.08%	3.08%

Source: Management

- (1) Between the quasi-variable rate on the Series 2018 Bonds and the floating-to-fixed terms on the 2018 Interest Rate Swap, an effective annual interest rate of 3.08% is projected to be achieved for the full 15-year term of the bonds and swap.

**Summary of Significant Projection Assumptions and Accounting Policies**

**Management’s Basis for Projection of Revenues, Expenses and Other Items  
(continued)**

**Current Assets and Current Liabilities**

Current assets limited as to use represent 9/12<sup>ths</sup> of the upcoming year’s bonds that are scheduled to be redeemed, since those amounts are escrowed with the bond trustee at a rate of 1/12<sup>th</sup> per month (the “Bond Sinking Funds”). Current maturities of long-term debt are taken from the predetermined amortization schedule of the Series 2018 Bonds (refer to Table 8).

Table 9 presents the assumptions related to adjustments to other current assets and current liabilities from 2024 through 2028.

**TABLE 9  
WORKING CAPITAL - DAYS ON HAND**

Accounts Receivable, Net	21 Days operating revenues <sup>(1)</sup>
Prepaid Expenses and Inventory	7 Days operating expenses <sup>(2)</sup>
Accounts Payable	17 Days operating expenses <sup>(2)</sup>
Accrued Expenses	32 Days operating expenses <sup>(2)</sup>

Source: Management

- (1) Included in days operating revenues are Resident Services Revenues, Guests' Meals and Lodging, and Health Center Revenues.
- (2) Included in days operating expenses is total operating expenses less depreciation, interest expense and interest expense - deferred bond issuance costs.

**Operating Reserve Requirement**

North Carolina General Statute § 58-64-33 requires CCRCs to maintain an operating reserve (refer to “Reserves Required by State Statute”) equal to 50 percent of the total operating costs in a given year, or to 25 percent of such total operating costs if occupancy exceeds 90 percent of the independent living and assisted living unit capacity. This law provides security to residents that the CCRC is able to meet its contractual obligations to provide continuing care. The Center’s occupancy is projected to exceed 90 percent for each of the five projected years, such that its reserve requirements are 25 percent of total operating costs over the entire span of time. Management’s projections show sufficient cash and investment balances to comply with the Reserves Required by State Statute throughout the projection period. Table 10 presents the estimated annual reserves required of the Center at year-end 2024 through 2028.

## Summary of Significant Projection Assumptions and Accounting Policies

### Management's Basis for Projection of Revenues, Expenses and Other Items (continued)

TABLE 10  
NC DEPARTMENT OF INSURANCE  
PROJECTED RESERVES REQUIRED BY STATE STATUTE  
(IN THOUSANDS)

Years Ending December 31,	2024	2025	2026	2027	2028
<b>Reserves Required, Year-end</b>					
Total Operating Expenses	\$ 36,065	\$ 37,428	\$ 39,037	\$ 40,705	\$ 42,406
PLUS: Principal Payment on Long-Term Debt	2,450	2,550	2,650	2,750	2,850
LESS: Depreciation Expense	(4,354)	(4,657)	(4,912)	(5,161)	(5,368)
LESS: Amortization Expense	(18)	(18)	(18)	(18)	(18)
LESS: Bond Sinking Funds (as of 12/31)	(1,913)	(1,988)	(2,063)	(2,138)	(2,213)
Adjusted Expenses	32,230	33,315	34,694	36,138	37,657
Apply 25% Factor	\$ 8,058	\$ 8,329	\$ 8,674	\$ 9,035	\$ 9,414

Source: Management

### Potential Future Events

The Center has initiated a campus master planning process which could result in additional independent living residences, and additional assisted living or nursing capacity. The Board of Directors has established a master planning task force which includes members of the Board, senior management, and residents. A market study was commissioned in 2023 which indicates strong demand from the Center's priority list. Recently an architectural firm was retained to guide the task force in its master planning process. As of the date of this report, the key elements of the future plans are not known.

Each time that the Center has done similar campus expansions in the past, it has resulted in serving more persons from its growing priority list, while strengthening the Center financially. Management expects that any upcoming expansion would produce similar results.



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## **APPENDIX C**

The following presents Carol Woods' contracts and agreements, including:

- (1) Priority List Agreement
  
- (2) Reservation Agreements
  - a. Early Acceptance Reservation Agreement
  - b. On-Campus Reservation Agreement
  - c. On-Campus Reservation Agreement Following Early Acceptance
  
- (3) Residence and Services Agreement
- (4) Early Acceptance Agreement, and
- (5) Residence and Services Agreement Following Early Acceptance



# CAROL WOODS

## PRIORITY LIST AGREEMENT

*Thank you for your interest in becoming a part of Carol Woods. Everyone in our community plays a compassionate and supportive role as we work together to create an environment of inclusion and belonging. We are a dementia-inclusive community, without a separate memory care unit, and are committed to living well together.*

**PRIMARY APPLICANT'S NAME** \_\_\_\_\_

*(The primary applicant will be the person contacted with offers.)*

Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ ZIP code \_\_\_\_\_

Home phone \_\_\_\_\_  preferred? Cell phone \_\_\_\_\_

*preferred?*

One email address: \_\_\_\_\_

Date of birth \_\_\_\_\_ Marital status \_\_\_\_\_

Current or former occupation \_\_\_\_\_

Community service/volunteerism, interests, hobbies: \_\_\_\_\_

**CO-APPLICANT'S NAME** \_\_\_\_\_

Cell phone \_\_\_\_\_

One email address: \_\_\_\_\_

Date of birth \_\_\_\_\_ Marital status \_\_\_\_\_

Current or former occupation \_\_\_\_\_

Community service/volunteerism, interests, hobbies: \_\_\_\_\_

**Please complete all pages, sign, include a \$1,500 deposit and mail this form to:**

**Attn: Admissions Department  
Carol Woods Retirement Community  
750 Weaver Dairy Road, Chapel Hill, NC 27514**

*(Deposits are processed once a month. You will receive a confirmation letter in one to four weeks.)*

The admissions requirements for residence at Carol Woods are nondiscriminatory with respect to race, creed, religion, gender, sexual orientation and gender expression.



# CAROL WOODS PRIORITY LIST AGREEMENT

This Priority Agreement is made with the understanding that Admission to Carol Woods is not guaranteed at this time. This Agreement secures the option for you to go through the admissions process at a later date.

1. Upon entering into the Priority Agreement, you are asked to make a deposit of \$1,500.00, made payable to Carol Woods. This deposit is refundable, less a \$500 Administrative Fee, should you elect not to proceed. The Priority Deposit is non-interest bearing. Applicants will be considered for admission in the order of their Priority Deposits. The Priority Agreement does not establish the amount of the Entrance Fee.

**2. At the time of formal admission to Carol Woods, applicants must be physically and cognitively capable of living independently without reliance on support from others. They must have a reasonable expectation of an active lifestyle of participation in the retirement community for three to five years.**

3. When the decision to reserve a specific accommodation is made, the applicant will be asked to complete an Application for Admission packet that includes information on family, personal history, finances and health. Once Admissions has received the completed forms, the Admission Committee will review and, if appropriate, interviews will be scheduled with staff.

4. As part of the admission process, Carol Woods may conduct a background check, including checking the online national sex offender registry.

5. After final review by the Admissions Committee, the applicant will be notified in writing of the decision of the Committee. The decision to admit or not to admit an applicant is made by Carol Woods in the exercise of its sole discretion. The applicant agrees to accept such decisions as binding and final in all respects.

6. At the time of formal acceptance to Carol Woods, you will be asked to make an Acceptance Deposit equal to 10% of the Entrance Fee for the residence you have selected. The balance of the Entrance Fee will be due within 90 days of the approval of the Admissions Committee or move-in, whichever occurs first. Your \$1,000 Priority List Deposit will be applied toward this amount.

7. You may terminate this Agreement for any reason prior to execution of the Residence and Services Agreement by giving written notice to Carol Woods. A refund of the Priority Deposit, less the \$500 Administrative Fee, will be made to you within 60 days of such notification.

8. The rights of applicants under this Agreement are personal to you and may not be transferred or assigned by you to heirs or personal representatives.

**9. It is your responsibility to keep us updated to changes in your address, telephone and email address. Notice of upcoming available homes are mostly made through email and sometimes telephone.**

**We will send you the most recent Disclosure Statement concurrent with receiving your \$1,500 deposit. You do not need to confirm receipt of this document. Please indicate your preferred method of receiving the 200-page Disclosure Statement:**

- I have already received the Disclosure Statement.
- Email (This is our preferred method of contact.): \_\_\_\_\_
- Mail (Check here to receive a hard copy.)

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Director of Admissions & Public Relations

\_\_\_\_\_  
Date

Mark the accommodations you would like to be contacted about when we get to your name(s). Only mark the accommodations you will consider taking at this time. You can always make changes to your selections in the future if your needs change.

APARTMENTS		sq. ft.
	Studio (15 - number of homes)	507
	One-Bedroom (65)	695
	or One-Bedroom, Small (7)	671
	or One-Bedroom, Large (3)	758
	Two-Bedroom (35)	910
	Two-Bedroom, Large (3)	1,042
	or Two-Bedroom, Extra-Large (6)	1,160
	Two-Bedroom with Den (12)	1,292
	or Two-Bedroom with Den, Large (2)	1,345
	or Two-Bedroom with Den, Extra-Large (1)	1,405

ORIGINAL COTTAGES (Historic District)		
	One-Bedroom (14)	678
	One-Bedroom with Den (22)	801
	or One-Bedroom with Den & Carolina Room (4)	1,006
	Two-Bedroom (18)	957
	or Two-Bedroom with Carolina Room (7)	1,149
	Two-Bedroom with Den (12)	1,078
	or Two-Bedroom with Den & Carolina Room (12)	1,280

DUPLEX COTTAGES (Lower, Middle, Upper Loops)		
	One-Bedroom with Den Duplex (16)	1,343
	Two-Bedroom with Den Duplex (34)	1,538
	Two-Bedroom with Den & Sunroom Duplex (12)	1,855
<i>Some cottages have sunrooms that add 60-240 sq. ft. You will be contacted for homes with and without a sunroom.</i>		

TOWNHOMES (Coventry)		
	Townhome (14)	1,097-1,894

EARLY ACCEPTANCE		
	Carol Woods' off-campus program	n/a

*We group floor plans that are similar. For example, we have three sizes of one-bedroom apartments that all fall under the one-bedroom list, and we will contact you if we get to your name for any of those three one-bedroom sizes. The blocking to the left of the floor plan types indicates how we group similar floor plans.*

**Important!**

**Please check one of the boxes below so we know when to start contacting you:**

I will be ready to move in the year \_\_\_\_\_.

or

I will contact Carol Woods when I am ready to move.

**Notes about accommodation preferences:**

**How do you know about Carol Woods?**

Please list a person we might contact if we are unable to reach you:

Name \_\_\_\_\_ Relationship \_\_\_\_\_

Address \_\_\_\_\_ Telephone \_\_\_\_\_

Please list name(s), address and telephone number of your children, if any:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Explanation of the Carol Woods Priority List

Joining the Priority List is the first step toward possible future residency at Carol Woods. The formal admission process takes place at the time when a specific apartment or cottage is reserved.

When you join the Carol Woods Priority List, you may put your name on multiple lists for different accommodations. There is an overall Priority List, as well as separate lists for each type of accommodation, and Priority List members can make changes to the types of accommodations they prefer.

The Priority List assures that when vacancies occurs, people on specific lists are contacted in the order in which deposits were received. Even if you are the next person on the relevant list, you will not be contacted about an available residence if one of the following exceptions applies: (1) You are not age eligible for residency; (2) you have said *you* will contact Carol Woods at the point in time when you are interested in receiving offers; (3) you have indicated that you want to be contacted at a later date; or (4) you have indicated accommodation preferences that restrict your choices (such as only wanting to be contacted for ground-floor apartments). If you are not offered a newly available residence for one of the above reasons, you will retain your position on the Priority List and will be contacted when the first residence for which you are eligible becomes available.

You may move between lists if you decide by choice or circumstance that you now prefer a different type of accommodation. In this event, your name will be inserted on the new list in the order of your original deposit. This frequently happens when a spouse dies and the surviving person wants a smaller accommodation.

There is no penalty for declining an offer. If you decline, your name remains in the same place on the list(s), and we contact the next person. If you say that you have no interest in moving, we ask that you contact us when you are closer to being ready to move.

It is impossible to foresee when accommodations will become available because of the many unpredictable factors involved. Any estimate of waiting time can only be a guess based on the number of people currently on the Priority List, and on our past experience. Some situations that affect the waiting period are:

- 1) The inability to predict when a unit will be vacated by a current resident;
- 2) The inability to predict when people ahead of you who were not ready to move in the past will activate their place on the list;
- 3) The inability to predict when people ahead of you decline an offer;
- 4) The inability to predict when people ahead of you make changes to the types of accommodations they prefer; and
- 5) The inability to predict how many residents will make internal transfers as their needs change (internal needs-based transfers are always given priority).

The assurance we give is that we will always contact Priority List members in the order in which deposits were received.

---

## Priority List Volunteer Program

Carol Wood is a community of volunteers where residents help one another. We have a program where that spirit of volunteerism extends to members of the Priority List. Our Priority List Volunteer Program is a way Priority List members can share time and friendship with our Carol Woods residents living in our higher levels of support. Together, we can help enrich the lives of residents who have physical, cognitive, and/or social challenges, and help keep them connected with the Carol Woods community at large.

If you are interested in learning more about our Priority List Volunteer Program, reach out to Life Enrichment Specialist and Volunteer Coordinator Devon Wilson at [dwilson@carolwoods.org](mailto:dwilson@carolwoods.org) or 919-918-2602.

**EARLY ACCEPTANCE RESERVATION AGREEMENT  
CAROL WOODS RETIREMENT COMMUNITY  
CHAPEL HILL, NORTH CAROLINA**

**PRELIMINARY RESERVATION AGREEMENT**

**This Agreement is Preliminary in nature and in no way represents acceptance or approval on the part of Carol Woods. Acceptance to Carol Woods under the Early Acceptance program is rendered by the Admissions Committee, whose decision shall be binding.**

This Reservation Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between The Chapel Hill Residential Retirement Center, Inc. d/b/a Carol Woods, a North Carolina not-for-profit corporation, and \_\_\_\_\_.

On this date, you desire to reserve a slot offered to you by Carol Woods to become a Resident of Carol Woods under the Early Acceptance program. If accepted, you agree to pay an Entry Fee in the amount of \$\_\_\_\_\_. In addition to the Entry Fee, you agree to pay the Monthly Service Fee in effect on the date that you sign the Early Acceptance Agreement.

The projected Date of Financial Responsibility for your acceptance under the Early Acceptance program is estimated to be \_\_\_\_\_, \_\_\_\_\_. The actual date shall be determined in the Early Acceptance Agreement.

**ADMISSION PROCEDURE**

Application for Admission. Carol Woods requests that you complete and return the Application for Admission package within Thirty (30) Days of this Reservation.

Personal Interviews. Once the application package has been completed and returned to the Director of Admissions, the Admissions Committee will review at the next scheduled meeting and, if appropriate, will schedule interviews. Interviews are with the President/CEO, Vice President of Finance & Planning, Social Worker and Geriatric Nurse Practitioner. A meeting with the Early Acceptance Coordinator also will be scheduled. When deemed appropriate, the applicant may be interviewed by the Medical Director.

Admission Review. Final acceptance for admission to Carol Woods' Early Acceptance program is contingent upon the Admissions Committee's approval following all interviews. You will be notified in writing by the Director or Manager of Admissions of the Committee's decision. You agree that the decision of the Admissions Committee will be final and uncontested. If the Application for Admission is not approved, you will receive a refund of your Priority List Deposit, less the Administrative Fee.



Assuming Financial Responsibility. Upon receiving formal notification of acceptance to Carol Woods under the Early Acceptance program, you are expected to take financial responsibility by signing an Early Acceptance Agreement within 10 days of receiving formal notification of acceptance. The full amount of the Entry Fee that is noted above, less \$1,000 of your original Priority List Deposit, is payable when the Early Acceptance Agreement is signed. 2% of the Entry Fee that you pay shall be an Acceptance Fee in the amount of \$ \_\_\_\_\_. The 2% Acceptance Fee is non-refundable unless Carol Woods rescinds acceptance or exercises its right to terminate the Early Acceptance Agreement within the first 30 days of the Agreement due to a change in health status by a prospective resident or death of a spouse within that time period.

Pets, smoking and firearms. By signing this form you agree that, if accepted, you will move to campus with no more than two pets. And you will disclose to us if you smoke or own firearms.

Vaccination. Carol Woods requires all new residents to be up to date with their vaccines against Covid-19 prior to signing the Early Acceptance Agreement, subject to a documented exemption that would have to be approved by Carol Woods. If you are not currently up to date with your vaccines according to the CDC recommendations for your age and health status, you must communicate your plans and progress for obtaining up to date vaccination to the manager or director of admissions so that they know if you will be up to date in time for signing your Early Acceptance Agreement. Failure to become up to date with your vaccines prior to your signing date will result in the cancelation of this Early Acceptance Reservation Agreement.

**TERMINATION AND REFUND**

You or Carol Woods may terminate this Early Acceptance Reservation Agreement prior to the execution of an Early Acceptance Agreement for any reason by giving written notice. Carol Woods shall refund all Deposits, less the Administrative Fee portion of your Priority List Agreement and the 2% Acceptance Fee, unless the Agreement is terminated due to a change in your health status during the period between acceptance and the signing of an Early Acceptance Agreement. Any refunds owed to you will be reduced by any amount that you owe to Carol Woods.

**This Early Acceptance Reservation Agreement is preliminary in nature and precedent to the Early Acceptance Agreement.**

\_\_\_\_\_  
Prospective Resident

\_\_\_\_\_  
Director/Manager,  
Admissions & Public Relations  
Carol Woods Retirement Community

\_\_\_\_\_  
Prospective Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

10-08-2021



**RESERVATION AGREEMENT**  
**CAROL WOODS RETIREMENT COMMUNITY**  
**750 Weaver Dairy Road**  
**Chapel Hill, NC 27514**

**A**

**PRELIMINARY RESERVATION AGREEMENT**

**This Agreement is preliminary in nature and in no way represents acceptance or approval on the part of Carol Woods. Approval for residency is rendered by the Admissions Committee, whose decision shall be binding.**

This Reservation Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ between Chapel Hill Residential Retirement Center, Inc., d/b/a/ Carol Woods, a North Carolina not-for-profit corporation, and \_\_\_\_\_.

On this date, you desire to reserve the residence number \_\_\_\_\_, a \_\_\_\_\_ type of residence within the Community. You agree to pay Carol Woods an Entry Fee in the amount of \$\_\_\_\_\_. In addition to the Entry Fee, you agree to pay the Monthly Service Fee in effect on the date you sign the Residence and Services Agreement.

The projected Date of Financial Responsibility for your residence is estimated to be \_\_\_\_\_, 2\_\_\_\_. The actual date shall be determined in the Residence and Services Agreement.

**ADMISSION PROCEDURE**

Application for Admission. Carol Woods requests that you complete and return the Application for Admission package within Thirty (30) Days of this Reservation Agreement.

Personal Interviews. Once the application package has been completed and returned to the Manager or Director of Admissions, the Admissions Committee will review at the next scheduled meeting and, if appropriate, will schedule interviews. Interviews are with the President/CEO, Vice President of Finance & Planning, Social Worker and Geriatric Nurse Practitioner. When deemed appropriate, the applicant may be interviewed by the Medical Director.

Admission Review. Final acceptance for admission to Carol Woods is contingent on the Admissions Committee's approval following all interviews. You will be notified in writing by the Director or Manager of Admissions of the Committee's decision. You agree that the decision of the Admissions Committee will be final and uncontested. If the Application for Admission is not approved, you will receive a refund of your original Priority List Deposit, less the Administrative Fee.





Ten Percent (10%) Deposit. Within 10 days of receiving formal notification of acceptance to Carol Woods, You agree to pay 10 percent (\$ \_\_\_\_\_ ) of the Entry Fee. This includes a 2% Acceptance Fee in the amount of \$ \_\_\_\_\_ and an 8% Acceptance Deposit in the amount of \$ \_\_\_\_\_, for a total of 10% of the Entry Fee. The 2% Acceptance Fee is non-refundable unless Carol Woods rescinds acceptance or exercises its right to terminate the Residence and Services Agreement within the first 90 days of occupancy or the prospective resident has a change in health status or death of a spouse prior to move-in. The 8% Acceptance Deposit is refundable should You elect to cancel the Reservation Agreement prior to taking occupancy or terminate Your Residence and Services Agreement within 90 days of occupancy.

Assuming Financial Responsibility. The exact date of your move will be coordinated with the Manager or Director of Admissions. However, You are expected to take financial responsibility for your unit within 90 days of acceptance. The Ninety Percent (90%) balance of the Entry Fee, less \$1,000 of Your original Priority List Deposit, is payable when the Residence and Services Agreement is signed and You take possession of Your unit.

Pets, smoking and firearms. By signing this form you agree that, if accepted, you will move to campus with no more than two pets. And you will disclose to us if you smoke or own firearms.

Vaccination. Carol Woods requires all new residents to be up to date with their vaccines against Covid-19 prior to signing the Residence and Services Agreement, subject to a documented exemption that would have to be approved by Carol Woods. If you are not currently up to date with your vaccines according to the CDC recommendations for your age and health status, you must communicate your plans and progress for obtaining up to date vaccination to the manager or director of admissions so that they know if you will be up to date in time for signing your Residence and Services Agreement. Failure to become up to date with your vaccines prior to your signing date will result in the cancelation of this Reservation Agreement.

**TERMINATION AND REFUND**

You or Carol Woods may terminate this Reservation Agreement prior to the execution of the Residence and Services Agreement for any reason by giving written notice. Carol Woods shall refund all Deposits, less the Administrative Fee portion of your Priority List Deposit and the 2% Acceptance Fee, unless the Agreement is terminated due to a change in Your health status during the 90 days between Acceptance and taking financial responsibility of your unit. Any refunds owed to You will be reduced by any amount that You owe to Carol Woods.

**This Reservation Agreement is preliminary in nature and precedent to the Residence and Services Agreement.**

\_\_\_\_\_  
Prospective Resident

\_\_\_\_\_  
Director/Manager  
Admissions & Public Relations  
Carol Woods Retirement Community

\_\_\_\_\_  
Prospective Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



**RENOVATION SELECTIONS TIMELINE,  
PAYMENT OF NON-STANDARD RENOVATION OPTIONS  
and RECEIPT OF RENOVATION GUIDELINES**

You must take financial responsibility for your new home 90 calendar days from acceptance to Carol Woods or 90 days from your initial meeting with the Renovation Specialist (whichever is later). Assuming financial responsibility means that you sign your contract with Carol Woods, pay the entry fee and start paying the monthly service fee.

It is understood that all of your selections must be finalized within 10 business days after your acceptance or within 10 business days of your initial meeting with the Renovation Specialist (whichever is later). Any selection delays or selection changes beyond this date will delay your move-in date but will not change your date of Financial Responsibility.

Upgrades also will delay your move-in-date but will not change your date of Financial Responsibility. The upgrade process involves deciding what you want, having the Renovation Specialist communicate that information to the contractor and requesting pricing, sometimes refining the scope of work and getting updated pricing multiple times, and finally approving the scope of work and pricing for the upgrade.

It is understood and agreed to that any modifications made to your apartment or cottage that you have requested and that are outside of Carol Woods' normal renovations will be your financial responsibility.

It is understood and agreed to that, should you terminate the Reservation Agreement prior to taking possession of your apartment or cottage, you will be responsible for all costs specifically incurred by Carol Woods associated with personal modifications made to the unit. You agree to remit payment in full within 60 days of termination of the Reservation Agreement. Carol Woods, at its sole discretion, may withhold any amounts owed out of any refund due to you to cover any costs incurred for such personal modifications.

You acknowledge receipt of the Renovation Guidebook: Version \_\_\_\_\_

\_\_\_\_\_  
Prospective Resident

\_\_\_\_\_  
Director/Manager, Admissions & Public Relations

\_\_\_\_\_  
Prospective Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

3/21/2023



**RESERVATION AGREEMENT  
FOLLOWING EARLY ACCEPTANCE  
CAROL WOODS RETIREMENT COMMUNITY  
750 Weaver Dairy Road  
Chapel Hill, NC 27514**

**A**

**RESERVATION AGREEMENT FOLLOWING EARLY ACCEPTANCE**

**This Agreement is for persons who previously have become Residents of Carol Woods under the Early Acceptance program. Approval for residency to the residence listed below is rendered by the Admissions Committee, whose decision shall be binding.**

This Reservation Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ between Chapel Hill Residential Retirement Center, Inc., d/b/a/ Carol Woods, a North Carolina not-for-profit corporation, and \_\_\_\_\_.

On this date, you desire to reserve the residence number \_\_\_\_\_, a \_\_\_\_\_ type of residence within the Community. You agree to pay Carol Woods an Entry Fee in the amount of \$\_\_\_\_\_. 100% of the \$\_\_\_\_\_ Entry Fee that you paid previously under the Early Acceptance program is hereby applied to this new Entry Fee. In addition to the Entry Fee, you agree to pay the Monthly Service Fee in effect on the date you sign the Residence and Services Agreement Following Early Acceptance.

The projected Date of Financial Responsibility for your residence is estimated to be \_\_\_\_\_, 2\_\_\_\_. The actual date shall be determined in the Residence and Services Agreement following Early Acceptance.

**RESIDENCY PROCEDURE**

Application for Residency and Personal Interviews. If You have been a Resident under the Early Acceptance program for more than one year, Carol Woods will require that you complete an updated financial and medical review, including a cognitive screen, within Ten (10) Days of this Reservation Agreement. Carol Woods reserves the right to schedule additional interviews with members of the Admissions Committee, and perhaps other persons on Carol Woods' health care interdisciplinary team to evaluate whether the chosen unit and/or level of support is appropriate given physical and/or cognitive function. The purpose of gathering this updated information shall be to determine the appropriateness of the reserved residence for You from a financial and health perspective. You can be reassured that you are still a Carol Woods resident no matter the outcome of this review.

Admission Review. Final acceptance for residence to the reserved unit at Carol Woods is contingent on the Admissions Committee's approval following all interviews, when applicable. You will be notified in writing by the Director or Manager of Admissions of the Committee's decision. You agree that the decision of the Admissions Committee will be final and uncontested. If the Application for Residence is not approved, You will remain a resident of Carol Woods under the Early Acceptance program.



Ten Percent (10%) Deposit. Within 10 days of receiving formal notification of acceptance to the reserved residence at Carol Woods, You agree to pay a 2% Acceptance Fee in the amount of \$ \_\_\_\_\_ and an 8% Acceptance Deposit in the amount of \$ \_\_\_\_\_, for a total of 10% (\$ \_\_\_\_\_) of the Entry Fee for the reserved residence. The 2% Acceptance Fee is non-refundable unless Carol Woods rescinds acceptance or exercises its right to terminate the Residence and Services Agreement within the first 90 days of occupancy or the prospective resident has a change in health status or death of a spouse prior to move-in. The 8% Acceptance Deposit is refundable should You elect to cancel the Reservation Agreement prior to taking occupancy or terminate Your Residence and Services Agreement Following Early Acceptance within 90 days of occupancy.

Assuming Financial Responsibility. The exact date of your move will be coordinated with the Director of Admissions. However, You are expected to take financial responsibility for your unit within 90 days of acceptance. The remaining balance of the Entry Fee, less Your original Early Acceptance Entry Fee, is payable when the Residence and Services Agreement Following Early Acceptance is signed and You take possession of Your unit.

Pets, smoking and firearms. By signing this form you agree that, if accepted, you will move to campus with no more than two pets. And you will disclose to us if you smoke or own firearms.

Vaccination. Carol Woods requires all new residents to be up to date with their vaccines against Covid-19 prior to signing the Residence and Services Agreement Following Early Acceptance, subject to a documented exemption that would have to be approved by Carol Woods. If you are not currently up to date with your vaccines according to the CDC recommendations for your age and health status, you must communicate your plans and progress for obtaining up to date vaccination to the manager or director of admissions so that they know if you will be up to date in time for signing your Residence and Services Agreement Following Early Acceptance. Failure to become up to date with your vaccines prior to your signing date will result in the cancelation of this Reservation Agreement.

## **TERMINATION AND REFUND**

You or Carol Woods may terminate this Reservation Agreement prior to the execution of the Residence and Services Agreement Following Early Acceptance for any reason by giving written notice. Carol Woods shall refund the 8% Acceptance Deposit, but not the 2% Acceptance Fee, unless the Agreement is terminated due to a change in Your health status during the 90 days between Acceptance and taking financial responsibility of your unit. Any refunds owed to You will be reduced by any amount that You owe to Carol Woods.

Termination of the Reservation Agreement will terminate Your reservation of the particular residence on Carol Woods' campus, but will not terminate your Early Acceptance Agreement. As such, You will remain a Resident of Carol Woods despite terminating reservation of a particular residence on campus.



**This Reservation Agreement is preliminary in nature and precedent to the Residence and Services Agreement Following Early Acceptance.**

\_\_\_\_\_  
Early Acceptance Resident

\_\_\_\_\_  
Director, Admissions & Public Relations  
Carol Woods Retirement Community

\_\_\_\_\_  
Early Acceptance Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



**RENOVATION SELECTIONS TIMELINE,  
PAYMENT OF NON-STANDARD RENOVATION OPTIONS  
and RECEIPT OF RENOVATION GUIDELINES**

You must take financial responsibility for your new home 90 calendar days from acceptance to Carol Woods or 90 days from your initial meeting with the Renovation Specialist (whichever is later). Assuming financial responsibility means that you sign your contract with Carol Woods, pay the entry fee and start paying the monthly service fee.

It is understood that all of your selections must be finalized within 10 business days after your acceptance or within 10 business days of your initial meeting with the Renovation Specialist (whichever is later). Any selection delays or selection changes beyond this date will delay your move-in date but will not change your date of Financial Responsibility.

Upgrades also will delay your move-in-date but will not change your date of Financial Responsibility. The upgrade process involves deciding what you want, having the Renovation Specialist communicate that information to the contractor and requesting pricing, sometimes refining the scope of work and getting updated pricing multiple times, and finally approving the scope of work and pricing for the upgrade.

It is understood and agreed to that any modifications made to your apartment or cottage that you have requested and that are outside of Carol Woods' normal renovations will be your financial responsibility.

It is understood and agreed to that, should you terminate the Reservation Agreement prior to taking possession of your apartment or cottage, you will be responsible for all costs specifically incurred by Carol Woods associated with personal modifications made to the unit. You agree to remit payment in full within 60 days of termination of the Reservation Agreement. Carol Woods, at its sole discretion, may withhold any amounts owed out of any refund due to you to cover any costs incurred for such personal modifications.

You acknowledge receipt of the Renovation Guidebook: **Version**

\_\_\_\_\_  
Prospective Resident

\_\_\_\_\_  
Director/Manager, Admissions & Public Relations

\_\_\_\_\_  
Prospective Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

3/21/2023



**RESIDENCE AND SERVICES AGREEMENT  
CAROL WOODS RETIREMENT COMMUNITY  
CHAPEL HILL, NORTH CAROLINA**

This Residence and Services Agreement (referred to as the "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ between The Chapel Hill Residential Retirement Center, Inc., d/b/a Carol Woods (referred to as "Carol Woods" or "We or "Us"), a North Carolina non-profit corporation and \_\_\_\_\_ (referred to as "You" or "Your"). If two persons sign this Agreement as Residents, the words, "You" and "Your" apply to both persons unless the context requires otherwise. You agree to take financial responsibility for Your residence on the \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ (the "Date of Financial Responsibility").

**WHEREAS**, Carol Woods owns and operates a retirement community located at 750 Weaver Dairy Road, Chapel Hill, North Carolina; and

**WHEREAS**, the retirement community (referred to as the Community) consists of independent living apartments in mid-rise buildings, single-story garden cottages, two-story townhomes, a Community Center with common areas and amenities, and on-campus facilities for outpatient healthcare services and 24/7 assisted living and skilled nursing care ("Higher Levels of Support"); and

**WHEREAS**, You desire to enter into this Agreement for residence in the Community, and whereas You have applied for admission to Carol Woods and Your application has been accepted;

**NOW THEREFORE**, subject to the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, You and Carol Woods agree as follows:

**I. RESIDENCE, COMMON AREAS, AND GENERAL SERVICES**

**A. Residential Services and Amenities Included in Monthly Fees.** The following residential services and amenities shall be made available to You and are included in the monthly fees that You are charged pursuant to Section V.B. of this Agreement.

1. **Residence.** Subject to the terms and conditions set forth in this Agreement, Carol Woods agrees to provide You a personal, exclusive, non-transferrable right to reside, use, and enjoy residence number \_\_\_\_\_ a \_\_\_\_\_ type of residence located within Carol Woods, or such other residence or accommodation within Carol Woods to which You may be transferred in accordance with this Agreement (referred to as the "Residence").

2. **Furnishings.** Carol Woods will provide floor covering, window coverings, kitchen and laundry appliances, and other furnishings as described in the current literature. You will provide all other furnishings and decorations, which shall be purchased and maintained by You at Your risk.
3. **Maintenance and Repair Service.** Carol Woods will perform and provide repairs, maintenance, and replacement of property and equipment owned by Carol Woods. The maintenance, repair, and replacement of Your personal property is Your responsibility. Any change or replacement by You of the property or equipment provided by Carol Woods in Your Residence gives title in the changed or replaced property or equipment to Carol Woods unless otherwise agreed to in writing in advance. Carol Woods may decline to repair, maintain, or replace any property or equipment that You change, modify, or replace. You will be responsible for the cost of repairing any damage to property of Carol Woods caused by Your negligence and/or that of any guest of Yours, ordinary wear and tear excepted.
4. **Grounds.** Carol Woods will furnish basic grounds-keeping care, including lawn service and snow removal. With Carol Woods' approval, You may elect to plant and maintain a specifically defined area adjacent to Your Residence. Title to such plantings is vested in Carol Woods unless otherwise agreed to in writing.
5. **Meals.** Carol Woods will offer three meals a day, with a selective menu, in the dining rooms. Meal credits equal to the number of days in the month are included in Your basic monthly fee.
6. **Clinic Authorized Meal Service.** Meal service will be provided to Your residence during short-term illness, when ordered by one of Carol Woods' authorized health service personnel. When authorized, meal service includes the delivery and pick-up of selected meals to You at Your Residence.
7. **Community Common Areas and Amenities.** We will provide common areas and amenities for the use and benefit of all Residents. These facilities currently include the main dining room, private dining rooms, lobbies, assembly hall, library, social, and recreational facilities (indoor and outdoor), and craft facilities. Some common areas may require advance reservation. All common areas are tobacco-free environments.
8. **Health Care and Higher Levels of Support.** Carol Woods will provide or arrange admission to the facilities necessary for the health care and support services specified in this Agreement. In this Agreement, the term "Higher Levels of Support" includes care provided in all of Carol Woods' 24/7 licensed health care facilities. Carol Woods is a restraint-free, dementia-inclusive community and does not embrace the concept of a segregated unit for residents living with dementia. Residents living in all

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*Initials*



levels of support are welcome to dine throughout campus and participate in all events and activities.

9. **Security.** We will use reasonable care in providing security on the premises of Carol Woods. Carol Woods will provide twenty-four (24) hour security staffing on-site, in the community, as well as emergency call devices and smoke detectors in each residence. You are responsible for locking your Residence and taking appropriate security measures to protect yourself and your personal property. We are not responsible for loss or damage to Your personal property.
10. **Parking.** Carol Woods will provide and maintain parking areas for Residents and guests. Parking areas will be unassigned except for those for the townhomes.
11. **Linens.** Carol Woods will furnish and launder bed and bath linens on a regular basis. Carol Woods will also provide washers and dryers for Your personal laundry in each residence or apartment building as well as common laundry facilities in Higher Levels of Support.
12. **Housekeeping.** Carol Woods will provide housekeeping services on a regular basis to each residence.  
  
You must maintain Your Residence in a clean, safe and sanitary condition. If not, Carol Woods, after providing written notice to You, will maintain the Residence and charge such cost to You.
13. **Utilities.** Carol Woods will furnish heating, air conditioning, water, electricity and/or gas, as appropriate, sewage disposal, and garbage and trash removal from collection points. Carol Woods provides local telephone and internet service and supplies connection for standard television service. You will be responsible for the cost of long distance telephone calls, which will be billed to You on a monthly basis. If You choose to arrange other television streaming, internet or telephone services beyond what is provided, You may do so at Your own expense and receive no credit.
14. **Local Transportation.** Carol Woods will provide limited local, scheduled transportation for Residents.
15. **Taxes.** Carol Woods will pay all property taxes assessed on Carol Woods' real property. You will be responsible for all taxes owed by you, including, without limitation, all personal income taxes and taxes assessed on Your personal property.
16. **Storage.** Additional storage space is provided for each apartment in the central apartment buildings. Garden cottages and townhomes include additional storage areas inside and/or outside of each unit.

17. **Activities.** Social, recreational, educational, and cultural activities are provided through an active Resident-directed program.

**B. Residential Services and Amenities Available for an Additional Charge.**

Carol Woods shall provide other residential services and amenities which are NOT included in Your monthly fees, which shall be available to You for an additional charge. Fee schedules for these services shall be made available to You and updated from time to time as the services and fees may change. The following provides a non-exhaustive, illustrative list of services available on a fee-for-service basis.

1. **Meals.** Optional meal plans for double or triple the number of monthly meal credits may be arranged in full calendar month increments, and must be made in advance. Residents who exhaust their monthly meal credits may purchase additional meals, which shall be billed on a monthly basis at prevailing resident additional meal charges. Guests are welcome in the dining room. Guest meals may be charged to You at guest meal rates or You may purchase a meal ticket at the reception desk.
2. **Guest House.** A 4-room Guest House is available on campus for Residents' out-of-town visitors. Rooms are available on a first-come basis, and reservations must be made ahead of time through the reception desk.
3. **Personal Services.** Carol Woods offers a variety of personal services, including special requests for maintenance needs, private duty gardening, special home modifications, decluttering and deep cleaning, and personal computer & in-home technology support.

You may not engage third parties, including private duty nurses and companions, for services rendered on Carol Woods's campus without prior notification to and written authorization by Carol Woods' management. You agree to hold Carol Woods harmless for any claims, damages or other harm arising out of Resident's private employment or contracting with any individual(s), or otherwise related to the provisions of such outside services. At any point in time, Carol Woods may revoke its authorization for other services provided should Carol Woods determine such third party poses a risk to You or other residents, or such third party fails to comply with any applicable rule or policy issued by Carol Woods. Such revocation shall be in writing and effective immediately or as specified in the written notice.

## **II. HEALTH CARE SERVICES**

**A. Health Care Services Included in Monthly Fees and Health Care Per Diems.** The following health care services are available to You and covered in Your monthly fees or per diem charges.

1. Medical services provided by primary care physicians and geriatric-trained nurse practitioners who are part of Carol Woods' group practice, and who see You at the Carol Woods' on-site clinic; and which are not billable to Your Medicare or Medicare Advantage insurance (see Section II.B.1).
2. Physical, Occupational, and Speech Therapy when provided at Carol Woods Outpatient Rehabilitation department or in an inpatient setting in Higher Levels of Support; and which are not billable to Your Medicare or Medicare Advantage insurance (see Section II.B.2).
3. 24/7 availability of Carol Woods' Security and Nursing staff to respond in an emergency in Your Residence or elsewhere on campus.
4. Assisted Living, Assisted Nursing and Skilled Nursing care provided in Carol Woods' licensed 24/7 Higher Levels of Support. For every day that You are admitted to one of Carol Woods' accommodations in Higher Levels of Support, You shall be charged a per diem according to the level of support needed, and the type of accommodation. The per diem is charged in addition to Your prevailing monthly fee. Your per diem shall be discounted from the prevailing market rate per diem, as established through written per diem fee schedules, by virtue of Your being a Carol Woods Resident, pursuant to Section V.C. The following outlines the services and supplies provided in Higher Levels of Support that are included in Your discounted per diem charge.
  - a. Support from certified Resident Life Specialists for assistance that You need in Your personal care and Activities of Daily Living. Carol Woods provides strong daily staffing levels for Residents in all Higher Levels of Support to provide this support. However, staff must be available to support various Residents over the course of each shift. If one-on-one support is needed for more extended periods of time, that support is arranged on a fee-for-service basis as outlined in Section II.B.5.
  - b. Support from certified Medication Technicians and licensed nursing staff for administration of prescribed medications.
  - c. Support from licensed Registered Nurses for treatments and other services within their professional Scope of Practice provided in properly licensed facilities.

- d. Three meals per day in the facility in which You reside, or any other resident dining areas on campus. Nutritional snacks provided between meals.
  - e. Private or semi-private furnished accommodations, all utilities, with daily housekeeping, and regular maintenance.
  - f. In Assisted Nursing and Skilled Nursing levels of support, the applicable per diem includes most routine “ancillary” supplies provided by Carol Woods’ purchasing department, including personal care items, incontinence products, routine and non-routine medical supplies, non-prescription medications, and minor pieces of medical equipment such as standard manual wheelchairs, and walkers (In Assisted Living, these ancillaries are billed to You).
5. General nursing and personal care provided in similarly licensed personal care and nursing facilities when space is not available at Carol Woods, and when coordinated by Carol Woods’ medical and nursing staff. Carol Woods shall arrange for Your return to an appropriate accommodation on campus as soon as one is available. While at another facility, Carol Woods shall be responsible to pay for Your care, and charge You Carol Woods’ prevailing monthly fees and discounted per diems.

**B. Health Care Services Available for an Additional Charge.** Carol Woods shall provide other health care services which are NOT included in Your monthly fees or discounted per diems, which shall be available to You for an additional charge. Fee schedules for these services shall be made available to You and updated from time to time as the services and fees may change. The following provides a non-exhaustive, illustrative list of health care services available on a fee-for-service basis.

1. Medical services provided by primary care physicians and licensed nurse practitioners who are part of Carol Woods’ group practice, for services that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. Carol Woods shall accept the Allowable rate established by the Insurer, and shall bill You whatever deductibles and co-payments Your Insurer imposes
2. Physical, Occupational, and Speech Therapy provided at Carol Woods’ Outpatient Rehabilitation department or in an inpatient setting in Higher Levels of Support, that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. Carol Woods shall accept the Allowable rate established by the Insurer, and shall bill You whatever deductibles and co-payments Your Insurer imposes.
3. Any non-emergency visit by a Registered Nurse to Your residence.

4. Other services provided or offered by other Practitioners in Carol Woods' Clinic and Higher Levels of Support including Podiatry and Audiology services, Integrative Health, Massage Therapy, etc.
5. Personal shopping services and one-on-one companionship services provided in Carol Woods 24/7 licensed Higher Levels of Service, since these are beyond what is covered in the discounted per diem charges.

**C. Community's Physicians.** Carol Woods will appoint a Medical Director and physicians as needed. If You choose to use Carol Woods' providers, they will be responsible for Your medical care, including office visits, medical review, visits in Higher Levels of Support, and referral to hospitalists and other specialists. If You choose a physician who is not part of Carol Woods' group practice, a Carol Woods physician will be responsible for your care if You are admitted to Carol Woods' Higher Levels of Support.

**D. Hospitalization.** When one of Carol Woods' physicians determines that it has become necessary to hospitalize You, the Physician will have the authority to arrange such hospitalization. When the conditions necessitating such hospitalization no longer exist, the Physician will have the authority to arrange for Your discharge and transfer or return to Carol Woods.

**E. Medical Referrals.** Carol Woods will be responsible for coordinating and following Your medical, surgical and other health care services when such services either (i) are provided by Carol Woods, or (ii) are provided by licensed outside providers to whom You have been referred in writing by one of Carol Woods' physicians for treatment or consultation. Such responsibility will be limited to the specific condition for which referral was made. Carol Woods will not be responsible for secondary referrals or for follow-up visits unless approved in advance in writing by one of Carol Woods' physicians.

Carol Woods cannot be responsible for filing for insurance reimbursement for services provided by other Providers of Your choice. However, Carol Woods will supply the referral provider with Your insurance policy information upon request, and will assist You in overseeing that other Providers are filing with Your insurance diligently, in order to help maximize Your Medicare and supplemental insurance benefits.

**F. Health Care Insurance Requirements.** You shall be responsible for carrying both Medicare Part A and Medicare Part B or Medicare Advantage insurance coverage, or a substitute policy approved in writing by Carol Woods. You shall also carry a supplemental insurance policy, approved in writing by Carol Woods, which adequately covers the hospital, medical, and skilled nursing deductibles and co-payments required of Your primary insurance plan. Both Your primary and supplemental health insurance policies must recognize Carol Woods as a health care provider; or You assume the financial responsibility for services provided that otherwise could be covered.

You shall be responsible for ensuring that the health insurance coverage that was approved does not lapse, and You shall provide Carol Woods with evidence of such coverage upon request. If Your health insurance coverage should lapse, Carol Woods may require that You reapply for suitable coverage. If You are unable to obtain adequate new coverage, Carol Woods shall charge You for any costs of medical and other health care services provided that otherwise would have been covered by an approved policy.

**G. Carol Woods' Filing for and Rights to Insurance Benefits.** Carol Woods shall be responsible for filing for reimbursement from Your Medicare, Medicare Advantage and supplemental health insurance plans for covered medical, skilled nursing, and outpatient therapy services when provided by Carol Woods. Carol Woods has a right to the benefits payable under the insurance You carry for services provided by Carol Woods as required in this Agreement, except where costs of care were borne solely by You and not Carol Woods. You hereby authorize Carol Woods to file claims for benefits to which You are entitled under this Agreement and to execute all documents necessary to enable Carol Woods to collect or enforce such claims. If, for any reason, Carol Woods cannot apply directly for benefits payable under insurance required by this Agreement, You agree to make such application and to pay Carol Woods the proceeds received that are due for services provided by Carol Woods.

**H. Automobile Accident Insurance.** If You are a licensed driver, You are responsible for maintaining automobile accident insurance to cover medical costs from automobile accidents causing injury.

**I. Carol Woods' Rights in Case of Injury Caused by a Third Party.** You hereby grant Carol Woods an irrevocable power of attorney to act in Your behalf to recover any claims for compensation from injuries caused by a third party.

After Carol Woods has been reimbursed for all costs, expenses, and damages incurred by Carol Woods on Your behalf (including reasonable costs of care Carol Woods may furnish You because of such accident or injury), the balance of any amount recovered on Your behalf from all sources will be paid to You or credited to Your account; or, in the event of Your death, will be paid to Your estate.

### **III. MEDICAL AND OTHER HEALTHCARE SERVICES EXCLUDED IN THIS AGREEMENT**

**A. Use of Medical Practitioners and Facilities Not Referred by Carol Woods.** You may engage the services of primary care physicians other than those who are part of the Carol Woods practice, and seek care at other hospital, specialty medical, surgical or allied health services with whom Carol Woods' does not have referral relationships. However, if You do so, it is at Your own expense. Further, Carol Woods will not be liable for any

subsequent expenses resulting from such care including, but not limited to, the cost of medical, surgical, hospital or nursing care provided, ordered, prescribed or occasioned by any such practitioner or such facilities.

In situations when Carol Woods' medical staff is not involved in the referral to a physician or other health care provider from whom You seek services, it is Your responsibility to require those providers to furnish Carol Woods, promptly in writing and in confidence, with medical information regarding Your condition, diagnosis, medications, and treatment.

You may not engage third parties for medical or other health-related services to be rendered at Carol Woods without prior notification to and written authorization by Carol Woods' management.

**B. Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Community is not designed to care for persons who have an active psychiatric illness, who have a dangerous communicable disease or who are involved with drug or alcohol abuse. Should Carol Woods determine that Your physical or psychiatric illness, or that Your condition as a result of drug or alcohol abuse, is such that Your continued presence is either dangerous or detrimental to Your life, health, safety or peace, or the life, health, safety, or peace of others in the Community, then Carol Woods may transfer You to another facility of Your choosing.

You will continue to be responsible for payment of the Monthly Fee as if You were at Carol Woods. You will also be responsible for payment of any additional amount needed for Your care at any other such facility. Carol Woods will pay a portion of the cost of Your care in that facility up to an amount equal to Your Monthly Fee. You must pay Your Monthly Fee each month before Carol Woods will take responsibility for its share of the costs of Your care in the other facility.

**C. Other Excluded Services.** Carol Woods will not be responsible for any services not described in Section II.A. These excluded services include, but are not limited to payment for prescription and non-prescription medications, refractions, eye-glasses, contact lenses, audiological tests, hearing aids, dentistry, dentures, dental inlays, incontinent and other personal hygiene supplies, orthopedic appliances, podiatry, chiropractic services, organ transplants, renal dialysis, treatment for alcohol and drug abuse, and diagnosis and therapy for psychiatric disorders.

**D. Illness or Accident Away from the Community.** If You have an accident or are ill while You are away from Carol Woods, We will have no responsibility to pay for costs resulting from such accident or illness until You return to Carol Woods and become subject to the care of one of Carol Woods' physicians.

#### IV. TERMS OF RESIDENCY

- A. Rights of Resident.** If You are 65 years of age, and the second person who may be party to this Agreement is at least 55 years of age, You have the right during Your lifetime to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of Carol Woods, as provided in this Agreement, unless this Agreement is terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by Carol Woods other than the rights and privileges as described in this Agreement.
- B. Policies and Procedures.** You will abide by Carol Woods' policies and procedures and such amendments, modifications, and changes of the policies and procedures as may hereafter be adopted by Carol Woods.
- C. Relationships Between Residents and Staff.** Carol Woods is built on mutual respect and instructs its staff to be cordial and helpful to You. The relationship is to remain professional. Employees must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. You will not employ Carol Woods' employees nor hire former Carol Woods' employees without the prior written consent of management.
- D. Modifications to Residence.** Modifications to any Residence by You will require prior written approval by Carol Woods of both the plans for the modifications and the firm or individual retained to make such modifications. The firm or individual retained to make the modifications shall be licensed appropriately, and shall carry insurance that adequately protects Carol Woods against the risks of injury or liability occasioned by the work being done on Carol Woods' property. Such modifications will be at Your expense. Approval of such modifications may be conditioned upon Your payment to Carol Woods of a sum sufficient to restore the Residence to its original condition at a later date.
- E. Changes in the Residence.** Carol Woods has the right to change the Residence to meet requirements of any applicable statutes, law, regulation or ordinance. The Residence may not be used in any manner that violates any zoning ordinances or other governmental law or regulation.
- F. Visitors.** Except for short-term guests, no person other than You may reside in the Residence without the written approval of Carol Woods.
- G. Loss of Property.** Carol Woods will not be responsible for the loss of or damage to any property belonging to You due to theft, mysterious disappearance, fire, employee accident, or any other cause. It is understood that You have the responsibility of providing any desired insurance protection covering any such loss.





As part of the Entry Fee and Monthly Fee, each Resident accrues Fifteen (15) "Free Days" each year, which may be used to cover the additional, discounted per diem charged to You; at either the semi-private or private rate, depending upon Your particular accommodation at the time. Unused Free Days may accumulate over time, with no limit. No credit, however, is provided for Free Days that are never used; nor can Free Days be transferred to another resident.

- D. Adjustments in the Monthly Fee and Other Charges.** Carol Woods may adjust the Monthly Fee, Per Diems in Higher Levels of Support, and other charges from time to time on the basis of experience or to reflect changes in the cost of achieving the mission or purposes of Carol Woods. Carol Woods agrees that, in the exercise of its discretion, which will be binding on You, Carol Woods will endeavor to maintain all fees and charges at the lowest feasible amounts which, in the judgment of the Board of Directors of Carol Woods, is consistent with sound financial operation and maintenance of the quality of facilities, programs and services provided. Carol Woods shall provide You written notice of changes in fees prior to the effective date of the change.

## **VI. TRANSFERS, MOVES, RELOCATION, AND CHANGES IN RESIDENCE**

- A. Transfers.** All transfers or moves between Residences are at Carol Woods' sole discretion. Transfers are subject to availability and legal requirements. The terms of payment for refunds resulting from such transfers or moves are described in Section VIII. H.
- B. Refurbishing Expenses.** If You make a preference move as defined in Section VI.E. from one Residence to another, and have lived in the previous residence for 5 full years or less, You will be responsible for the cost of refurbishing the Residence vacated. If you make a need-based move, or a preference move after more than 5 years in the previous residence, or if You move permanently to Higher Levels of Support, an outside facility under III. B., or the hospital, You are only responsible for reversal of Residence Modifications made under IV.D.
- C. Transfer to a Larger Residence.** If You move to a larger Residence, You will pay an additional Entry Fee amount based on the difference between the Entry Fee of the Residence You are leaving and the Entry Fee of the one into which You are moving. The Entry Fees used in the calculations will be the ones in effect at the time of Your move to the larger residence. Either the Single or Two Person Entry Fees will be applied in the calculations depending upon the number of people that are party to this Agreement at the date of Your move. You will pay the applicable Monthly Fee for the new Residence effective the date of Your move.

- D. Transfer to a Smaller Residence.** If You move to a smaller Residence during the first fifty (50) months of occupancy, You may receive a refund of a portion of Your Entry Fee. The current Entry Fee of the smaller residence will be amortized in accordance with VIII.H.1. The Entry Fee that was in effect at the date You occupied the Residence You are leaving will be amortized in the same manner. You will be refunded the difference between the two unamortized balances in accordance with VIII.H.2. You will pay the applicable Monthly Fee for the new Residence effective the date of Your move. After 50 months of occupancy there is no longer a refund of any portion of Your original Entry Fee.
- E. Preference Versus Need-Based Moves.** Carol Woods considers a move as “need-based” if the move is conditioned by a change in Your health status or marital status, permanent transfer of a spouse to a higher level of support, or by financial need; and that change creates a sense of urgency to move. If the move is made to another Residence for any other reason, it is considered a “preference move.” For any preference move, not only will Your Monthly Fee will be adjusted effective the date of the move to the new Residence as outlined in Sections VI.C. and VI.D., but You will also be charged an additional amount equal to three (3) full months’ Monthly Fee for the residence being vacated to cover partially the costs to Carol Woods of the preference move.
- F. Sharing Occupancy With a New Resident.** If a non-resident is joining You as a resident, the additional Entry Fee due is the difference in the amount actually paid by You for the current Residence and the total Entry Fee due for the same Residence at the double occupancy rate effective at the time double occupancy commences.

A non-resident must apply for admission as a Resident and be approved. If the non-resident is not approved as a Resident, Carol Woods may grant admission with limited rights.

- G. Permanent Transfer to Assisted Living, the Health Center, a Special Service Facility, or a Hospital.** All decisions regarding Your permanent transfer to Higher Levels of Support, a special service facility, or to a hospital will be made after consultation with You and, when appropriate, with Your Health Care Power of Attorney. Carol Woods’ decision will be binding. No Entry Fee adjustment is made with these types of transfers. If You are a member of a couple, and the other person remains in Your Independent Residence, the Monthly Fee will continue to reflect the two-person rate of the Independent Residence. For single residents, or when both members of a couple make a permanent transfer, the Monthly Fee shall be reduced to the prevailing rate comparable to other singles or couples who have made such a permanent transfer. The lower Monthly Fee takes effect on the date that You release Your previous Residence to Carol Woods for remarketing.

You will remove all personal belongings from the Independent Residence within Thirty (30) Days of transfer and within Two (2) Days of transfer from

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*Initials*

another residence in Higher Levels of Support. If You or Your designee is unable to arrange for the removal, Carol Woods has the authority to make the necessary arrangements, place belongings in storage and bill all costs related to such a move to You or Your estate.

If Carol Woods subsequently determines that You can resume occupancy in an Independent Residence or an accommodation comparable to the one occupied by You prior to such transfer, You will have priority to such accommodation as soon as one becomes available.

## **VII. FINANCIAL ASSISTANCE**

**A. Carol Woods' Policy.** Carol Woods' policy is that, if the sole reason for non-payment of Your financial obligations to Carol Woods is insufficient funds or other financial circumstances beyond Your control, Carol Woods will review the matter with You, provided, however, this policy shall not change the right of Carol Woods to expect payment from You or to terminate this Agreement for Your failure to pay, under the terms of this Agreement.

If special financial consideration is determined by Carol Woods to be warranted, Carol Woods may, in its sole discretion, partly or wholly subsidize Your fees provided that such subsidy will not impair Carol Woods' sound financial operation and maintenance of the quality of service provided. Carol Woods may request that You make every effort to obtain assistance from all available resources both private and public.

All determinations regarding financial assistance will be final and binding on You and will be handled as a confidential transaction except for reports required to financial institutions providing credit to Carol Woods or to regulatory or governmental bodies.

**B. Transfer of Property.** You hereby represent that You have not made and will not make any gift or other transfer of money or personal property, nor pledge Your money or personal property as collateral for another who is not party to this Agreement, to the degree to which the amount transferred or pledged would impair Your ability or Your estate's ability to satisfy financial obligations under this Agreement. If Your fees are subsidized by Carol Woods, You may not sell or otherwise transfer or pledge property without Carol Woods' written consent. Carol Woods may request updated financial information from time to time and/or copies of Your tax returns.

**C. Recovery of Subsidies Provided by Carol Woods.** When You die, if Your fees have been subsidized wholly or partly by Us, Your estate, if any, will be liable to Carol Woods for the full amount of the subsidy You received for the entire time of residency. This paragraph will apply whether or not You are in residence at the Community at the time of death. This Agreement will operate as a lifetime assignment, transfer, and conveyance to Carol Woods of so much of Your property as is necessary to cover such liability. Any amount

due Carol Woods under this paragraph may be deducted from any refund payable to You or to Your estate.

## **VIII. TERMINATION AND REFUNDS**

**A. Termination by Resident Prior to Occupancy.** This Agreement may be terminated by You for any reason after the Date of Financial Responsibility, but prior to occupancy, by giving written notice to Carol Woods. In the event such termination is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee paid less the Administrative Fee (as defined in Your Priority Agreement) and any nonstandard costs that have been incurred by Carol Woods at Your request. If You terminate the Agreement for any reason other than a change in health status, You will receive refund of the Entry Fee, less an acceptance fee equal to 2% of the Entry Fee (the 2% "Acceptance Fee") which shall be retained by Carol Woods to cover the costs of the termination.

If You die before occupying Your unit, or if illness, injury, incapacity, or change in marital status occur prior to taking occupancy of Your unit, this Agreement shall be cancelled automatically, and You or Your estate shall receive a full refund of the Entry Fee that You have paid.

**B. Trial Period.** The first Ninety (90) Days of residency at Carol Woods will be considered to be on a trial basis. During this Ninety (90) Day period, You will have the right to terminate this Agreement by serving Carol Woods with written notice. If the termination is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee paid less the Administrative Fee and any nonstandard costs that have been incurred by Carol Woods at Your request. If You terminate the Agreement for any reason other than a change in health status, You will receive a refund of the Entry Fee less the Administrative Fee and any nonstandard costs that have been incurred by Carol Woods at Your request, and less the 2% Acceptance Fee which shall be retained by Carol Woods to cover the costs of the termination.

During the same Ninety (90) Day Trial Period, Carol Woods also has the right to terminate this Agreement based on its judgment that Your physical condition or emotional adjustment will not permit adaptation to Carol Woods' lifestyle. In such event, Carol Woods will refund the full Entry Fee following termination during the Ninety (90) Day trial period, less the Administrative Fee and any nonstandard costs that have been incurred by Carol Woods at Your request.

The refund will be made within Thirty (30) Days after the residence is vacated. The Ninety (90) Day Trial Period begins with the Date of Financial Responsibility.

- C. Voluntary Termination After Occupancy.** After the Trial Period, this Agreement may be terminated by You at any time by serving Carol Woods Sixty (60) Days advanced written notice of such termination. If termination occurs within the first Fifty (50) Months of residency, You will be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII. H.
- D. Termination Upon Death.** In the event of Your death at any time after the Date of Financial Responsibility, this Agreement will terminate upon the date of death or the date Your Residence is vacated, whichever is later. Your estate may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.H.
- E. Termination by Carol Woods.** Carol Woods may terminate this Agreement at any time if there has been any material misrepresentation or omission made by You in the application forms; if a material change in Your health takes place before the Date of Financial Responsibility; or if You fail to make payment to Carol Woods and Carol Woods gives notice provided for in Section V.B. In such events, You may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.H. Carol Woods also reserves the right to terminate the Agreement if You fail to abide by Carol Woods' policies and procedures, breach the terms of this Agreement, or if Your continued presence is considered by Carol Woods to be a serious disruption or threat to the life, health or safety of others. Carol Woods will provide timely advance written notice of termination that is in compliance with prevailing laws, regulations and Carol Woods' policies.
- F. Termination by One of Two Residents Sharing a Residence.** In the event that two (2) Residents occupy a Residence under the terms of this Agreement, upon the permanent transfer to a Health Center or the death of one (1) of such Residents, or in the event of the termination of this Agreement with respect to one (1) of such Residents, the Agreement will continue in effect as to the remaining or surviving Resident and there will be no refund of any portion of the Entry Fee. In the event of one or both Residents transferring to a residence in Higher Levels of Support, the monthly fee continues to reflect the double occupancy rate. Upon death of one (1) Resident, the surviving Resident will pay the single person rate of the associated residence.
- G. Condition of Residence.** Upon termination of this Agreement, You will vacate the Residence and will leave it in good condition except for normal wear and tear. You or Your estate will be liable to Carol Woods for any cost incurred in restoring the Residence to good condition except for normal wear and tear.

## **H. Calculation for Pro-Rated Refunds.**

- 1. Calculation of Refund.** If termination of this Agreement occurs during the first Fifty (50) Months from the Date of Financial Responsibility, You or Your estate will be entitled to a partial refund of the Entry Fee. You will receive a refund in the amount equal to the Entry Fee less Two Percent (2%) for each month or portion of a month for up to Fifty (50) Months. After Fifty (50) Months, there is no refund of the Entry Fee. Residency begins on the Date of Financial Responsibility.
- 2. Payment.** Other than terminations during the Trial Period in Section VIII.B. and exercise of the Right of Rescission (Section IX), payment of any refund due of an Entry Fee may be made only when a new Entry Fee has been paid for Your Residence by a subsequent Resident.

## **IX. RIGHT OF RESCISSION**

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by You giving written notice of such rescission to Carol Woods within Thirty (30) Days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1 et. seq. of the North Carolina General Statutes. In the event of such rescission, if it is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee, less the Administrative Fee. If the rescission is for a reason other than change in Your health status, You will receive a refund of the Entry Fee less the Acceptance Fee which will be retained to cover the costs to Carol Woods of Your rescission following acceptance. You will not be required to move to Carol Woods before the expiration of such Thirty (30) Day period. Any such refund will be paid by Carol Woods within Sixty (60) Days following receipt of written notice of rescission pursuant to this Section.

X. **GENERAL**

- A. **Assignment.** The rights and privileges for You under this Agreement to the Residence, common areas and amenities, and services and programs of Carol Woods are personal to You and may not be transferred or assigned by You or otherwise.
- B. **Management of the Community.** The absolute rights of management are reserved by Carol Woods and its Board of Directors. Carol Woods reserves the right to accept or reject any person for residency. Residents do not have the right to determine admission or terms of admission of any Resident.
- C. **Entire Agreement.** This Agreement constitutes the entire Agreement between Carol Woods and You. Carol Woods will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent Carol Woods, unless such statements, representations, or promises are set forth in this Agreement.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of Carol Woods and Your heirs, executors, administrators, and assigns.
- E. **Rights Subordinate to Mortgage.** Pursuant to the requirements of any lender, You agree that Your rights under this Agreement are Subordinate to the right of the lender under any mortgage now or in the future executed by The Chapel Hill Residential Retirement Center, Inc.
- F. **Durable Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** You agree to execute a Durable Power of Attorney designating a competent person as attorney-in-fact. You agree to execute a Will, Living Will, and designate a Durable Health Care Power of Attorney. You will provide Carol Woods with copies of Durable Power of Attorney, Living Will, and Health Care Power of Attorney as well as the location of the Will upon execution, and within ninety (90) days of assuming financial responsibility.
- G. **Resident Contracted Employees.** If you wish to employ outside assistance privately for any reason, your contracted employee must adhere to all Carol Woods policies, and You must obtain the prior written approval of Carol Woods to hire such individual. You agree to hold Carol Woods harmless for any claim, damages or other harm arising out of Resident's private employment or contracting with any individual(s) or otherwise related to the provisions of such outside services. Carol Woods has the right to require that the Resident terminate immediately the employment or contract with such a person at any time upon written notice to Resident.

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- H. Uncontrollable Interruption of Services.** No breach of Carol Woods' obligations under this Agreement and no liability for injury to You or Your property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Carol Woods, specifically including strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather, pandemic or Your acts. Carol Woods shall make every effort to continue to provide the usual services in such event.
- I. Confidentiality.** Carol Woods has the responsibility to keep all of the personal, medical and financial information You have supplied to it confidential. You agree that Carol Woods can disclose such information to those who have a need, in its judgment, or right to know (e.g., to provide information for transfer to a hospital).
- J. Indemnity.** You agree to indemnify, defend and hold Carol Woods harmless from claims, damages or 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 those of Your guests, including private duty nurses. This Section X.J. shall survive the termination of this Agreement.
- K. Affiliated Corporation.** In compliance with N.C.G.S. § 58-64-25(b)(8), Carol Woods hereby discloses that it has a close affiliation with The Carol Woods Charitable Fund, Inc. ("Charitable Fund"). The Charitable Fund was created by Carol Woods as a Supporting Corporation, whose purpose is to support Carol Woods in its charitable mission. The full Board of the Charitable Fund is appointed by the Board of Carol Woods, and at least half of the Charitable Fund Board is comprised of current members of the Carol Woods Board, as well as Carol Woods' President/CEO and Vice President of Finance/CFO. The Charitable Fund has no responsibility for the financial and contractual obligations of this Agreement. Carol Woods is solely responsible for the financial and contractual obligations of this Agreement.
- L. Notice Provisions.** Any notices, consents, or other communications to Carol Woods hereunder (collectively "notices") will be in writing and addressed as follows:
- The Chapel Hill Residential Retirement Center, Inc.  
750 Weaver Dairy Road  
Chapel Hill, North Carolina 27514-1502
- Your address for the purpose of giving notice is the address appearing after Your signature below.

XI. MEDIATION AND ADHERENCE TO APPLICABLE LAW FOR DISPUTES

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A. **Mediation.** You and Carol Woods hereby agree that any claim or dispute relating to this Agreement, or any other matters, disputes, or claims between the two parties shall be subject to non-binding mediation within thirty (30) days of either party making a request in writing to the other. The mediation sessions shall be held at a place agreed upon by both parties, or in the absence of such agreement, at Carol Woods, and shall be conducted according to the mediation rules of the National Arbitration Forum. This Section XI.A. shall survive termination of this Agreement.

B. **Applicable Law.** If the Parties cannot agree to the terms and conditions of private mediation, then the Parties can seek the appropriate remedy by filing a lawsuit in the jurisdiction specified in this Agreement. This Agreement shall be governed by, and construed in accordance with the internal laws of the State of North Carolina without regard to principles of conflict of laws. Any controversy or dispute arising out of or relating to this Agreement shall be settled exclusively in the courts (federal and state) situated in the North Carolina, Orange County jurisdiction. As a condition for filing a lawsuit to settle any claims, a Party must first give thirty (30) days prior notice of such claim to the other Party in order to determine whether such matter can be resolved through private mediation.

This Section XI.B. shall survive the termination of this Agreement.

I hereby acknowledge the receipt of the Carol Woods Retirement Community's Disclosure Statement dated \_\_\_\_\_. I acknowledge that the Disclosure Statement was received prior to the execution of this contract and the payment of the Entry Fee to Carol Woods.

IN WITNESS WHEREOF, Carol Woods has executed this Agreement and You have read and understand this Agreement and have executed this Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

**Your Address**

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State & Zip Code

\_\_\_\_\_  
Date

**The Chapel Hill Residential Retirement Center, Inc.**

\_\_\_\_\_  
Signature, President & CEO

\_\_\_\_\_  
Date

**EARLY ACCEPTANCE AGREEMENT  
CAROL WOODS RETIREMENT COMMUNITY  
CHAPEL HILL, NORTH CAROLINA**

This Early Acceptance Agreement (referred to as the "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ between The Chapel Hill Residential Retirement Center, Inc., d/b/a Carol Woods (referred to as "Carol Woods" or "We, Our or "Us"), a North Carolina non-profit corporation and \_\_\_\_\_ (referred to as "You" or "Your"). If two persons sign this Agreement as Residents, the words, "You" and "Your" apply to both persons unless the context requires otherwise. You agree to take financial responsibility for this Agreement on the above date (the "Date of Early Acceptance")

**WHEREAS**, Carol Woods owns and operates a retirement community located at 750 Weaver Dairy Road, Chapel Hill, North Carolina; and

**WHEREAS**, the retirement community (referred to as the Community) consists of independent living apartments in mid-rise buildings, single-story garden cottages, and two-story townhomes, a Community Center with common areas and amenities, and on-campus facilities for outpatient healthcare services and 24/7 assisted living and skilled nursing care ("Higher Levels of Support"); and

**WHEREAS**, You desire to enter into this Agreement for acceptance in the Community, and whereas You have applied for admission to Carol Woods and Your application has been accepted; and

**WHEREAS**, You desire to enter into this Agreement as a resident of the Community ("Resident") without lodging to access some of the services provided by Carol Woods until a residence becomes available to You;

**NOW THEREFORE**, subject to the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, You and Carol Woods agree as follows:

**I. EARLY ACCEPTANCE AS CAROL WOODS RESIDENT**

**A. General.** You have gone through the admission process, and Carol Woods has accepted You as a Resident of Carol Woods. As a Resident of Carol Woods, you are hereby entitled to the general services provided on the Carol Woods campus, as outlined in this Agreement. If there is a fee related to particular services provided to You as a Resident, You will be charged the fee that corresponds to being a Resident of Carol Woods rather than a guest.

During the time that You are a Carol Woods Resident, but not yet residing on campus, Carol Woods will provide an opportunity for an annual check-in with Carol Woods staff either on campus or in your home. If more frequent in-

home visits are required of Carol Woods' staff, those visits will be provided to You on a fee-for-service basis.

As a Resident of Carol Woods, You will remain on Our Priority List. Your Priority List Date will remain \_\_\_\_\_, which is the date on which You joined Our Priority List originally. As a member of Our Priority List, You will have the same rights as other members of Our Priority List and will be offered on-campus accommodations as described in the then current Carol Woods' Priority List Policy.

At the time You choose to reserve an apartment, cottage, or townhome on Carol Woods' campus, although having already been accepted as a Carol Woods Resident, depending upon the span of time that has passed, Carol Woods reserves the right to seek updated medical, cognitive and financial information in order to determine Your ability to live independently and to afford the additional entry fee and higher monthly service fees required for residency in the particular reserved unit. Your acceptance as a Carol Woods Resident, however, will continue in full force.

**B. Execution of the Residence and Services Agreement Following Early Acceptance.** Prior to taking occupancy and financial responsibility for a particular residential unit on Carol Woods' campus, You agree to execute the Residence and Services Agreement Following Early Acceptance then in effect. Your occupancy of a residence shall be expressly conditioned upon your execution of such agreement. The executed Residence and Services Agreement Following Early Acceptance shall supersede and replace this Agreement in its entirety.

If the Residence and Services Agreement Following Early Acceptance is subsequently terminated, as outlined in that Agreement, this Early Acceptance Agreement may be re-executed, allowing You to remain a Resident of Carol Woods who does not reside on campus -- as long as the reason for termination of the Residence and Services Agreement Following Early Acceptance does not preclude continuation of a contractual relationship.

## II. GENERAL SERVICES PROVIDED ON CAMPUS

A. **Community Common Areas and Amenities.** We will provide common areas and amenities for the use and benefit of all Residents. These facilities currently include the main dining room, private dining rooms, lobbies, assembly hall, library, social, and recreational facilities (indoor and outdoor), and craft facilities. Some common areas may require advance reservation. All common areas are smoke free environments.

Initials

B. **Health Care and Higher Levels of Support.** Carol Woods will provide or arrange admission to the facilities necessary for the health care and support services specified in this Agreement. In this Agreement, the term "Higher Levels of Support" includes care provided in all of Carol Woods' 24/7 licensed health care facilities. Carol Woods is a restraint-free, dementia-inclusive community and does not embrace the concept of a segregated unit for residents living with dementia. Residents living in all levels of support are welcome to dine throughout campus and participate in all events and activities.

C. **Parking.** Carol Woods will provide and maintain unassigned parking areas for Residents and guests.

D. **Activities.** Social, recreational, educational, and cultural activities are provided through an active Resident-directed program.

E. **Meals.** You may eat in the Carol Woods dining rooms, and be charged the prevailing Resident additional meal charge and be billed monthly.

F. **Security.** We will use reasonable care in providing security on the premises of Carol Woods. Carol Woods will provide twenty-four (24) hour security staffing on-site in the Community. You are responsible for taking appropriate security measures to protect yourself and your personal property at the Community. We are not responsible to provide security to You in Your lodging nor for loss or damage to your personal property.

## III. HEALTH CARE SERVICES

A. **Health Care Services Included in Monthly Service Fees and Health Care Per Diems.** The following health care services are available to You and covered in Your monthly fees or per diem charges.

1. Medical services provided by primary care physicians and geriatric-trained nurse practitioners who are part of Carol Woods' group practice, and who see You at the Carol Woods' on-site clinic; and which are not billable to Your Medicare or Medicare Advantage insurance (see Section III.B.1).
2. Physical, Occupational, and Speech Therapy when provided at Carol Woods Outpatient Rehabilitation department or in an inpatient setting in

Higher Levels of Support; which are not billable to Your Medicare or Medicare Advantage insurance (see Section III.B.2).

3. Assisted Living, Assisted Nursing and Skilled nursing care provided in Carol Woods' licensed 24/7 Higher Levels of Support. For every day that You are admitted to one of Carol Woods' accommodations in Higher Levels of Support, You shall be charged a per diem according to the level of support needed, and the type of accommodation. The per diem is charged in addition to Your prevailing monthly fee. Your per diem shall be discounted from the prevailing market rate per diem, as established through written per diem schedules, by virtue of You being a Carol Woods Resident, pursuant to Section VI.C. The following outlines the services and supplies provided in Higher Levels of Support that are included in Your discounted per diem charge.
  - a. Support from Resident Life Specialists for assistance that You need in Your personal care and Activities of Daily Living. Carol Woods provides strong staffing levels for Residents in all Higher Levels of Support to provide this support. However, staff must be available to support various Residents over the course of each shift. If one-on-one support is needed for extended periods of time, that support is arranged on a fee-for-service basis as outlined in Section III.B.4.
  - b. Support from certified Medication Technicians and licensed nursing staff for administration of prescribed medications.
  - c. Support from licensed Registered Nurses for treatments and other services within their Scope of Practice provided in properly licensed facilities.
  - d. Three meals per day in the facility in which You reside, or any other resident dining areas on campus. Nutritional snacks provided between meals.
  - e. Private or semi-private furnished accommodations, all utilities, with daily housekeeping, and regular maintenance.
  - f. In Assisted Nursing and Skilled Nursing levels of support, the applicable per diem includes most routine "ancillary" supplies provided by Carol Woods' purchasing department, including personal care items, incontinence products, routine and non-routine medical supplies, non-prescription medications, and minor pieces of medical equipment such as standard wheelchairs and walkers (In Assisted Living, these ancillaries are billed to You).
4. General nursing and personal care provided in a similarly licensed nursing facility when space is not available at Carol Woods, and when coordinated by Carol Woods' medical and other care management staff. While at another facility, Carol Woods shall be responsible to pay for Your care,

and charge You Carol Woods' prevailing monthly fees and discounted per diems.

**B. Health Care Services Available for an Additional Charge.** Carol Woods shall provide other health care services which are NOT included in Your monthly fees or discounted per diems, which shall be available to You for an additional charge. Fee schedules shall be made available to You and updated from time to time as the services and fees may change. The following provides a non-exhaustive, illustrative list of health care services available on a fee-for-service basis.

1. Medical services provided by primary care physicians and licensed nurse practitioners who are part of Carol Woods' group practice, for services that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. Carol Woods shall accept the Allowable rate established by the Insurer, and shall bill You whatever deductibles and copayments Your Insurer imposes.
2. Physical, Occupational, and Speech Therapy when provided at Carol Woods Outpatient Rehabilitation department or in an inpatient setting in Higher Levels of Support, that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. Carol Woods shall accept the Allowable rate established by the Insurer, and shall bill You whatever deductibles and copayments Your Insurer imposes.
3. Other services provided or offered by other Practitioners in Carol Woods' Clinic and Higher Levels of Support including Podiatry and Audiology services, Integrative Health, Massage Therapy, etc.
4. Personal shopping services and on-on-one companionship services provided in Carol Woods' 24/7 Higher Levels of Support, since those are beyond what is covered in the discounted per diem charges.

For those services provided by Carol Woods that are covered by Medicare, We will accept Medicare Assignment, billing Medicare first and accepting Medicare's allowable reimbursement rates as payment in full. You shall be responsible for amounts allowed by Medicare that are treated as deductibles, co-payments or other cost-sharing amounts imposed by Medicare or Your supplemental insurance.

**C. Community's Physicians.** Carol Woods will appoint a Medical Director and physicians as needed. They will be responsible for Your medical care, including office visits, medical review, visits in Higher Levels of Support, and referral to hospitalist and other specialists.

**D. Hospitalization.** When one of Carol Woods' physicians determines that it has become necessary to hospitalize You, the Physician will have the



authority to arrange such hospitalization. When the conditions necessitating such hospitalization no longer exist, the Physician will have the authority to arrange for Your discharge and transfer or return to Your home, or to Higher Levels of Support at Carol Woods if that is needed.

- E. Medical Referrals.** Carol Woods will be responsible for coordinating and following Your medical, surgical and other health care services when such services either (i) are provided by Carol Woods, or (ii) are provided by licensed outside providers to whom You have been referred in writing by one of Carol Woods physicians for treatment or consultation. Such responsibility will be limited to the specific condition for which referral was made. Carol Woods will not be responsible for secondary referrals or for follow-up visits unless approved in advance by one of Carol Woods' physicians.

Carol Woods cannot be responsible for filing for insurance reimbursement for services provided by other Providers of Your choice. However, Carol Woods will supply the referral provider with Your policy information upon request, and will assist You in overseeing that other Providers are filing with Your insurance diligently, in order to help maximize Your Medicare and supplemental insurance benefits.

- F. Care Management for Transfer to Carol Woods' Higher Levels of Support, a Special Service Facility, or a Hospital.**

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Carol Woods shall furnish Care Management services to You by qualified staff to assist in decisions related to transfers to Carol Woods' Higher Levels of Support, a Special Service Facility, or a Hospital. Staff members may assist with (i) assessing your needs; (ii) developing a plan of care with You to address needs that are identified; (iii) helping identify reputable providers in the area to whom You can be referred for services to meet those needs; and (iv) following up to ensure that those services are meeting Your needs and the goals of Your care plan.

You hereby acknowledge and agree that Carol Woods is not responsible for furnishing You or causing to be furnished to You medical or other personal care services in your home. All decisions regarding Your Care Management plan, including the prospect of Your need for support services in Your home, temporary or permanent transfer to Carol Woods' Higher Levels of Support, a special service facility, or to a hospital will be made after consultation with You and, when appropriate, with Your Health Care Power of Attorney.

If it is determined by Carol Woods' staff that Your needs require temporary or permanent transfer to Carol Woods' Higher Levels of Support, and if You choose not to make the move to those facilities, then You must agree to sufficient services to provide for appropriate care and safety in Your home. If, in Our sole judgment, the services You elect to receive are insufficient for appropriate care and safety in Your home, You must move to an appropriate level of support at Carol Woods, or We will have the right to terminate this Agreement. Carol Woods' decision will be binding.

No Entry Fee adjustment is made with permanent transfer from Your Home to Carol Woods' Higher Levels of Support or to another special service facility. If You are a member of a couple, and the other Resident remains in Your home, the Monthly Fee for the Resident remaining in the home will continue to reflect the single rate, and the Monthly Fee for the Resident making the permanent move shall reflect the prevailing 1<sup>st</sup> Person Monthly Fee for Residents who have made a permanent move to Higher Levels of Support. For single Residents, or when both members of a couple make a permanent transfer, the Monthly Fee shall be charged at the prevailing rate comparable to other singles or couples who have made such a permanent transfer. The new Monthly Fee takes effect on the date that You make such a permanent transfer.

**G. Health Care Insurance Requirements.** You shall be responsible for carrying both Medicare Part A and Medicare Part B or Medicare Advantage insurance coverage, or a substitute policy approved in writing by Carol Woods. You shall also carry a supplemental insurance policy, approved in writing by Carol Woods, which adequately covers the hospital, medical, and skilled nursing deductibles and co-payments required of Your primary insurance plan. Both Your primary and supplemental health insurance policies must recognize Carol Woods as a health care provider; or You assume the financial responsibility for services provided that otherwise could be covered.

You shall be responsible for ensuring that the health insurance coverage that was approved does not lapse, and You shall provide Carol Woods with evidence of such coverage upon request. If Your health insurance coverage should lapse, Carol Woods may require that You reapply for suitable coverage. If You are unable to obtain adequate new coverage, Carol Woods shall charge You for any costs of medical and other health care services provided to You that otherwise would have been covered by an approved policy.

**H. Carol Woods' Filing for and Rights to Insurance Benefits.** Carol Woods shall be responsible for filing for reimbursement from Your Medicare, Medicare Advantage and supplemental health insurance plans for covered medical, skilled nursing, and outpatient therapy services when provided by Carol Woods. Carol Woods has a right to the benefits payable under the insurance You carry for services provided by Carol Woods as required in this Agreement, except where costs of care were borne solely by You and not Carol Woods. You hereby authorize Carol Woods to file claims for benefits to which You are entitled under this Agreement and to execute all documents necessary to enable Carol Woods to collect or enforce such claims. If, for any reason, Carol Woods cannot apply directly for benefits payable under insurance required by this Agreement, You agree to make such application and to pay Carol Woods the proceeds received that are due for services provided by Carol Woods.

- I. **Automobile Accident Insurance.** If You are a licensed driver, You are responsible for maintaining automobile accident insurance to cover medical costs from automobile accidents causing injury.
- J. **Carol Woods' Rights in Case of Injury Caused by a Third Party.** You hereby grant Carol Woods an irrevocable power of attorney to act in Your behalf to recover any claims for compensation from injuries caused by a third party.

After Carol Woods has been reimbursed for all costs, expenses and damages incurred by Carol Woods on Your behalf (including reasonable costs of care Carol Woods may furnish You because of such accident or injury), the balance of any amount recovered on Your behalf from all sources will be paid to You or credited to Your account; or, in the event of Your death, paid to Your estate.

#### IV. **MEDICAL, HEALTHCARE, AND OTHER SERVICES EXCLUDED IN THIS AGREEMENT**

- A. **Use of Medical Practitioners and Facilities Not Referred by Carol Woods.** You may engage the services of primary care physicians other than those who are part of the Carol Woods practice, and seek care at other hospital, specialty medical, surgical or allied health services with whom Carol Woods' does not have referral relationships. However, if You do so, it is at Your own expense. Further, Carol Woods will not be liable for any subsequent expenses resulting from such care including, but not limited to, the cost of medical, surgical, hospital or nursing care provided, ordered, prescribed or occasioned by any such practitioner or such facilities.

In situations when Carol Woods' medical staff is not involved in the referral to a physician or other health care provider from whom You seek services, it is Your responsibility to require those providers to furnish Carol Woods, promptly in writing and in confidence, with medical information regarding Your condition, diagnosis, medications, and treatment.

You may not engage third parties for medical or other health-related services to be rendered at Carol Woods without prior notification to and written authorization by Carol Woods' management.

- B. **Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Community's facilities and services are not designed to care for persons who have an active psychiatric illness, who have a dangerous communicable disease or who are involved with drug or alcohol abuse. Should Carol Woods determine that Your physical or psychiatric illness, or that Your condition as a result of drug or alcohol abuse, is such that Your continued stay in Your home or use of the Community facilities is either dangerous or detrimental to Your life, health, safety or peace, or the life, health, safety, or peace of others in Your home or in the Community, then

Carol Woods may transfer You to another facility of Your choosing. Carol Woods may terminate this Agreement if You refuse to make the recommended transfer.

You will continue to be responsible for payment of the Monthly Fee as if You were at home. You will also be responsible for payment of any additional amount needed for Your care at any other such facility. Carol Woods will pay a portion of the cost of Your care in that facility up to an amount equal to Your Monthly Fee. You must pay Your Monthly Fee each month before Carol Woods will take responsibility for its share of the costs of Your care in the other facility.

- C. Transportation.** Carol Woods will not be responsible for providing any type of transportation to You during this Agreement, including but not limited to any transportation to or from the Carol Woods campus and emergency transportation to any hospital or other health care facility.
- D. Security.** Carol Woods will not be responsible for providing any type of security, staff emergency response, emergency call devices, smoke detectors or the like to Your home or personal residence during this Agreement.
- E. Housekeeping and Grounds Keeping.** Carol Woods will not be responsible for providing any type of laundry or housekeeping services to Your home or personal residence during this Agreement. Carol Woods will not be responsible for providing any type of grounds keeping care to Your home or personal residence during this Agreement.
- F. Utilities.** Carol Woods will not be responsible for furnishing any type of utilities, including but not limited to heating, air conditioning, water, electricity and/or gas, sewage disposal, trash removal, television service, internet service and telephone service, to You during this Agreement.
- G. Taxes.** Carol Woods will not be responsible for paying any taxes owed by you, including, without limitation, any income taxes or personal or real property taxes assessed on Your personal or real property during this Agreement. You are solely responsible for all taxes, owed by you, including, without limitation, all personal income taxes and all taxes assessed on Your personal and real property.
- H. Other Excluded Services.** Carol Woods will not be responsible for payment for any services not described in Section III.A. These excluded services include, but are not limited to prescription and non-prescription medications, refractions, eye-glasses, contact lenses, audiological tests, hearing aids, dentistry, dentures, dental inlays, incontinent and other personal hygiene supplies, orthopedic appliances, podiatry, chiropractic services, organ transplants, renal dialysis, treatment for alcohol and drug abuse, and diagnosis and therapy for psychiatric disorders.

- I. **Illness or Accident.** If You have an accident or if You are ill, We will have no responsibility to pay for costs resulting from such accident or illness until You become subject to the care of one of Carol Woods' physicians.

V. **TERMS OF BEING A CAROL WOODS RESIDENT**

- A. **Rights of Resident.** As a Resident, You have the right to use and enjoy the common areas, amenities, programs, and services of Carol Woods, as provided in this Agreement, during Your lifetime unless this Agreement is terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by Carol Woods other than the rights and privileges as described in this Agreement.
- B. **Policies and Procedures.** You will abide by Carol Woods' policies and procedures and such amendments, modifications, and changes of the policies and procedures as may hereafter be adopted by Carol Woods.
- C. **Relationships Between Residents and Staff.** Carol Woods is built on mutual respect and instructs its staff to be cordial and helpful to You. The relationship is to remain professional. Employees must not be delayed or deterred by residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. You will not employ Carol Woods' employees nor hire former Carol Woods' employees without the prior written consent of the management of Carol Woods.
- D. **Loss of Property.** Carol Woods will not be responsible for the loss of or damage to any property belonging to You due to theft, mysterious disappearance, fire, employee accident, or any other cause. It is understood that You have the responsibility of providing any desired insurance protection covering any such loss.
- E. **Representations.** You affirm that the representations made in the Application for Admission, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by Carol Woods as the basis for entering into this Agreement. You agree to provide updates of this information in a timely way to Us upon request. As one of those representations, You affirm that You are at least 65 years old and that your spouse, if a party to this Agreement, is at least 55 years old.



**D. Adjustments in the Monthly Fee and Other Charges.** Carol Woods may adjust the Monthly Fee, Per Diems in Higher Levels of Support, and other charges from time to time on the basis of experience or to reflect changes in the cost of achieving the mission or purposes of Carol Woods. Carol Woods agrees that, in the exercise of its discretion, which will be binding on You, Carol Woods will endeavor to maintain all fees and charges at the lowest feasible amounts which, in the judgment of the Board of Directors of Carol Woods, is consistent with sound financial operation and maintenance of the quality of facilities, program and services provided. Carol Woods shall provide You written notice of changes in fees prior to the effective date of the change.

## **VII. FINANCIAL ASSISTANCE**

**A. Carol Woods' Policy.** Carol Woods' policy is that, if the sole reason for non-payment of Your financial obligations to Carol Woods is insufficient funds or other circumstances beyond Your control, Carol Woods will review the matter with You, provided, however, this policy shall not change the right of Carol Woods to expect payment from You or to terminate this Agreement for Your failure to pay, under the terms of this Agreement.

If special financial consideration is determined by Carol Woods to be necessary, Carol Woods may, in its sole discretion, partly or wholly subsidize Your fees provided that such subsidy will not impair Carol Woods' sound financial operation and maintenance of the quality of service provided. Carol Woods may request that You make every effort to obtain assistance from all available resources both private and public.

All determinations regarding financial assistance will be final and binding on You and will be handled as a confidential transaction except for reports required to financial institutions lending moneys to Carol Woods or to regulatory or governmental bodies.

**B. Transfer of Property.** You hereby represent that You have not made and will not make any gift or other transfer of money or personal property, nor pledge Your money or personal property as collateral for another who is not party to this Agreement, to the degree to which the amount transferred or pledged would impair Your ability to satisfy financial obligations under this Agreement. If Your fees are subsidized by Carol Woods, You may not sell or otherwise transfer or pledge property without Carol Woods' prior written consent. Carol Woods may request updated financial information from time to time and/or copies of Your tax returns.

**C. Recovery of Subsidies Provided by Carol Woods.** When You die, if Your fees have been subsidized wholly or partly by Us, Your estate, if any, will be liable to Carol Woods for the full amount of the subsidy You received for the entire time of this Agreement. This Agreement will operate as a lifetime assignment, transfer, and conveyance to Carol Woods of so much of Your

property as is necessary to cover such liability. Any amount due Carol Woods under this paragraph may be deducted from any refund payable to You or to Your estate.

## VIII. TERMINATION AND REFUNDS

- A. Voluntary Termination After Date of Early Acceptance.** This Agreement may be terminated by You at any time by providing Carol Woods sixty (60) days advanced written notice of such termination. You may be entitled to a prorated refund of the Entry Fee pursuant to Section VIII.E.
- B. Termination Upon Death.** In the event of Your death at any time after the Date of Early Acceptance, this Agreement will terminate upon the date of death. Your estate may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.E.
- C. Termination by Carol Woods.** Carol Woods may terminate this Agreement at any time (i) pursuant to Section III.F or to Section IV.B. of this Agreement, (ii) if there has been any material misrepresentation or omission made by You in the application forms, (iii) if You fail to make payment to Carol Woods and Carol Woods gives notice provided for in Section VI. B., (iv) if You fail to abide by Carol Woods' policies and procedures, or (v) if You breach the terms of this Agreement. In such events, You may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.E. Carol Woods will provide timely advance written notice of termination that is in compliance with prevailing laws, regulations and Carol Woods' policies.
- D. Termination by One of Two Residents to the Agreement.** In the event that two (2) individuals are party to the terms of this Agreement, upon the termination of this Agreement for any reason with respect to one (1) of the individuals, the Agreement will continue in effect as to the remaining individual, there will be no refund of any portion of the Entry Fee and the remaining individual will pay the single Monthly Fee.
- E. Calculation for Pro-Rated Refunds.** If termination of this Agreement occurs during the first Twenty-Five (25) Months of this Agreement, You or Your estate will be entitled to a partial refund of the Entry Fee. You will receive a refund in the amount equal to: (i) the Entry Fee; less (ii) Four Percent (4%) for each month that this Agreement has been in effect for up to Twenty-Five (25) Months; less (iii) any amounts due to Carol Woods. After Twenty-Five (25) Months there is no refund of the Entry Fee. The Twenty-Five (25) Month period begins with the Date of Early Acceptance. Payment, if any, shall be made within Sixty (60) Days of written notice of termination.



**IX. RIGHT OF RESCISSION**

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by You giving written notice of such rescission to Carol Woods within Thirty (30) Days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1 et. seq. of the North Carolina General Statutes. In the event of such rescission, if it is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee, less the Application Fee. If the rescission is for a reason other than change in Your health status, You will receive a refund of the Entry Fee less an "Acceptance Fee" equal to two percent (2%) of the Entry Fee, which will be retained to cover the costs to Carol Woods of Your rescission following acceptance. Any such refund will be paid by Carol Woods within Sixty (60) Days following receipt of written notice of rescission pursuant to this Section.

**X. GENERAL**

- A. Assignment.** The rights and privileges for You under this Agreement to the common areas, amenities, and services and programs of Carol Woods are personal to You and may not be transferred or otherwise assigned by You.
- B. Management of the Community.** The absolute rights of management are reserved by Carol Woods and its Board of Directors. Carol Woods reserves the right to accept or reject any person as a Resident. Residents do not have the right to determine admission or terms of acceptance of any other Resident.
- C. Entire Agreement.** This Agreement constitutes the entire Agreement between Carol Woods and You. Carol Woods will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent Carol Woods, unless such statements, representations, or promises are set forth in this Agreement.
- D. Successors and Assigns.** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of Carol Woods and Your heirs, executors, administrators, and assigns.
- E. Rights Subordinate to Mortgage.** Pursuant to the requirements of any lender, You agree that Your rights under this Agreement are subordinate to the right of the lender under any mortgage executed now or in the future by The Chapel Hill Residential Retirement Center, Inc.
- F. Durable Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** You agree to execute a Durable Power of Attorney designating some competent person as attorney-in-fact. You agree to execute a Will, Living Will, and designate a Durable Health Care Power of Attorney. Within ninety (90) days of the Date of Early Acceptance, You will provide Carol

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*Initials*

Woods with copies of Your Durable Power of Attorney, Living Will, and Health Care Power of Attorney as well as the location of Your executed Will.

- G. Uncontrollable Interruption of Services.** No breach of Carol Woods' obligations under this Agreement and no liability for injury to Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Carol Woods, specifically including strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of the Resident. Carol Woods shall make every effort to continue to provide the usual services in such event.
- H. Confidentiality.** Carol Woods has the responsibility to keep all of the personal, medical and financial information You have supplied confidential. You agree that Carol Woods can disclose such information to those who have a need, in Our judgment, or right to know (e.g., to provide information for transfer to a hospital).
- I. Indemnity.** You agree to indemnify, defend and hold Carol Woods harmless from claims, damages or 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 those of Your guests, including private duty nurses or any other third party service contracted by You. This Section X.I. shall survive termination of this Agreement.
- J. Affiliated Corporation.** In compliance with N.C.G.S. § 58-64-25(b)(8), Carol Woods hereby discloses that it has a close affiliation with The Carol Woods Charitable Fund, Inc. ("Charitable Fund"). The Charitable Fund was created by Carol Woods as a Supporting Corporation, whose purpose is to support Carol Woods in its charitable mission. The full Board of the Charitable Fund is appointed by the Board of Carol Woods, and at least half of the Charitable Fund Board is comprised of current members of the Carol Woods Board, as well as Carol Woods' President/CEO and Vice President of Finance/CFO. The Charitable Fund has no responsibility for the financial and contractual obligations of this Agreement. Carol Woods is solely responsible for the financial and contractual obligations of this Agreement
- K. Notice Provisions.** Any notices, consents, or other communications to Carol Woods hereunder (collectively "notices") will be in writing and addressed as follows:

The Chapel Hill Residential Retirement Center, Inc.  
750 Weaver Dairy Road  
Chapel Hill, North Carolina 27514-1502

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

L. **No Guarantee of Residence.** Carol Woods' execution of this Agreement does not guarantee that any apartment or cottage will become available for Your occupancy during Your lifetime or prior to the termination of this Agreement for any reason.

XI. **MEDIATION AND ADHERENCE TO APPLICABLE LAW FOR DISPUTES**

*Initials* \_\_\_\_\_  
A. **Mediation.** You and Carol Woods hereby agree that any claim or dispute relating to this Agreement, or any other matters, disputes, or claims between the two parties shall be subject to non-binding mediation within thirty (30) days of either party making a request in writing to the other. The mediation sessions shall be held at a place agreed upon by both parties, or in the absence of such agreement, at Carol Woods, and shall be conducted according to the mediation rules of the National Arbitration Forum. This Section XI.A. shall survive termination of this Agreement.

B. **Applicable Law.** If the Parties cannot agree to the terms and conditions of private mediation, then the Parties can seek the appropriate remedy by filing a lawsuit in the jurisdiction specified in this Agreement. This Agreement shall be governed by, and construed in accordance with the internal laws of the State of North Carolina without regard to principles of conflict of laws. Any controversy or dispute arising out of or relating to this Agreement shall be settled exclusively in the courts (federal and state) situated in the North Carolina, Orange County. As a condition for filing a lawsuit to settle any claims, a Party must first give thirty (30) days prior notice of such claim to the other Party in order to determine whether such matter can be resolved through private mediation.

This Section XI.B. shall survive termination of this Agreement.

I hereby acknowledge the receipt of the Carol Woods Retirement Community's Disclosure Statement dated \_\_\_\_\_. I acknowledge that the Disclosure Statement was received prior to the execution of this contract and the payment of the Entry Fee to Carol Woods.

IN WITNESS WHEREOF, Carol Woods has executed this Agreement and You have read and understand this Agreement and have executed this Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

**Your Address**

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State & Zip Code

\_\_\_\_\_  
Date

**The Chapel Hill Residential Retirement Center, Inc.**

\_\_\_\_\_  
Signature, President & CEO

\_\_\_\_\_  
Date

**RESIDENCE AND SERVICES AGREEMENT  
FOLLOWING EARLY ACCEPTANCE  
CAROL WOODS RETIREMENT COMMUNITY  
CHAPEL HILL, NORTH CAROLINA**

This Residence and Services Agreement Following Early Acceptance (referred to as the "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ between The Chapel Hill Residential Retirement Center, Inc., d/b/a Carol Woods (referred to as "Carol Woods" or "We or "Us"), a North Carolina non-profit corporation and \_\_\_\_\_(referred to as "You" or "Your"). If two persons sign this Agreement as Residents, the words, "You" and "Your" apply to both persons unless the context requires otherwise. You agree to take financial responsibility for Your residence on the \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_ (the "Date of Financial Responsibility").

**WHEREAS**, Carol Woods owns and operates a retirement community located at 750 Weaver Dairy Road, Chapel Hill, North Carolina; and

**WHEREAS**, the retirement community (referred to as the Community) consists of independent living apartments in mid-rise buildings, single-story garden cottages, two-story townhomes, a Community Center with common areas and amenities, and on-campus facilities for outpatient healthcare services and 24/7 assisted living and skilled nursing care ("Higher Levels of Support"); and

**WHEREAS**, prior to entering into this Agreement, You and Carol Woods were party to that certain Early Acceptance Agreement dated \_\_\_\_\_, 2\_\_\_\_ (the "Early Acceptance Agreement"), pursuant to which You were a resident of the Community without lodging with access to some of the services provided by Carol Woods; and

**WHEREAS**, You desire to enter into this Agreement for residence in and to be a resident ("Resident") of the Community, and whereas You have applied for admission to Carol Woods and Your application has been accepted; and

**WHEREAS**, this Agreement shall supersede the Early Acceptance Agreement;

**NOW THEREFORE**, subject to the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, You and Carol Woods agree as follows:

**I. RESIDENCE, COMMON AREAS, AND GENERAL SERVICES**

**A. Residential Services and Amenities Included in Monthly Fees.** The following residential services and amenities shall be made available to You and are included in the monthly fees that You are charged pursuant to Section V.B. of this Agreement.

1. **Residence.** Subject to the terms and conditions set forth in this Agreement, Carol Woods agrees to provide You a personal, exclusive, non-transferrable right to reside, use, and enjoy residence number \_\_\_\_\_ a \_\_\_\_\_ type of residence located within Carol Woods, or such other residence or accommodation within Carol Woods to which You may be transferred in accordance with this Agreement (referred to as the “Residence”).
2. **Furnishings.** Carol Woods will provide floor covering, window coverings, kitchen and laundry appliances, and other furnishings as described in the current literature. You will provide all other furnishings and decorations, which shall be purchased and maintained by You at Your risk.
3. **Maintenance and Repair Service.** Carol Woods will perform and provide repairs, maintenance, and replacement of property and equipment owned by Carol Woods. The maintenance, repair, and replacement of Your personal property is Your responsibility. Any change or replacement by You of the property or equipment provided by Carol Woods in Your Residence gives title in the changed or replaced property or equipment to Carol Woods unless otherwise agreed to in writing in advance. Carol Woods may decline to repair, maintain, or replace any property or equipment that You change, modify, or replace. You will be responsible for the cost of repairing any damage to property of Carol Woods caused by Your negligence and/or that of any guest of Yours, ordinary wear and tear excepted.
4. **Grounds.** Carol Woods will furnish basic grounds-keeping care, including lawn service and snow removal. With Carol Woods’ approval, You may elect to plant and maintain a specifically defined area adjacent to Your Residence. Title to such plantings is vested in Carol Woods unless otherwise agreed to in writing.
5. **Meals.** Carol Woods will offer three meals a day, with a selective menu, in the dining rooms. Meal credits equal to the number of days in the month are included in Your basic monthly fee.
6. **Clinic Authorized Meal Service.** Meal service will be provided to Your residence during short-term illness, when ordered by one of Carol Woods’ authorized health service personnel. When authorized, meal service includes the delivery and pick-up of selected meals to You at Your Residence.
7. **Community Common Areas and Amenities.** We will provide common areas and amenities for the use and benefit of all Residents. These facilities currently include the main dining room, private dining rooms, lobbies, assembly hall, library, social, and recreational facilities (indoor and outdoor), and craft facilities. Some common areas may require advance reservation. All common areas are tobacco-free environments.

8. **Health Care and Higher Levels of Support.** Carol Woods will provide or arrange admission to the facilities necessary for the health care and support services specified in this Agreement. In this Agreement, the term “Higher Levels of Support” includes care provided in all of Carol Woods’ 24/7 licensed health care facilities. Carol Woods is a restraint-free, dementia-inclusive community and does not embrace the concept of a segregated unit for residents living with dementia. Residents living in all levels of support are welcome to dine throughout campus and participate in all events and activities.
9. **Security.** We will use reasonable care in providing security on the premises of Carol Woods. Carol Woods will provide twenty-four (24) hour security staffing on-site, in the community, as well as emergency call devices and smoke detectors in each residence. You are responsible for locking your Residence and taking appropriate security measures to protect yourself and your personal property. We are not responsible for loss or damage to Your personal property.
10. **Parking.** Carol Woods will provide and maintain parking areas for Residents and guests. Parking areas will be unassigned except for those for the townhomes.
11. **Linens.** Carol Woods will furnish and launder bed and bath linens on a regular basis. Carol Woods will also provide washers and dryers for Your personal laundry in each residence or apartment building as well as common laundry facilities in Higher Levels of Support.
12. **Housekeeping.** Carol Woods will provide housekeeping services on a regular basis to each residence.  
  
You must maintain Your Residence in a clean, safe and sanitary condition. If not, Carol Woods, after providing written notice to You, will maintain the Residence and charge such cost to You.
13. **Utilities.** Carol Woods will furnish heating, air conditioning, water, electricity and/or gas, as appropriate, sewage disposal, and garbage and trash removal from collection points. Carol Woods provides local telephone and internet service and supplies connection for standard television service. You will be responsible for the cost of long distance telephone calls, which will be billed to You on a monthly basis. If You choose to arrange other television streaming, internet or telephone services beyond what is provided, You may do so at Your own expense and receive no credit.
14. **Local Transportation.** Carol Woods will provide limited local, scheduled transportation for Residents.
15. **Taxes.** Carol Woods will pay all property taxes assessed on Carol Woods’ real property. You will be responsible for all taxes owed by you,

including, without limitation, all personal income taxes and taxes assessed on Your personal property.

16. **Storage.** Additional storage space is provided for each apartment in the central apartment buildings. Garden cottages and townhomes include additional storage areas inside and/or outside of each unit.

17. **Activities.** Social, recreational, educational, and cultural activities are provided through an active Resident-directed program.

**B. Residential Services and Amenities Available for an Additional Charge.**

Carol Woods shall provide other residential services and amenities which are NOT included in Your monthly fees, which shall be available to You for an additional charge. Fee schedules for these services shall be made available to You and updated from time to time as the services and fees may change. The following provides a non-exhaustive, illustrative list of services available on a fee-for-service basis.

1. **Meals.** Optional meal plans for double or triple the number of monthly meal credits may be arranged in full calendar month increments, and must be made in advance. Residents who exhaust their monthly meal credits may purchase additional meals, which shall be billed on a monthly basis at prevailing resident additional meal charges. Guests are welcome in the dining room. Guest meals may be charged to You at guest meal rates or You may purchase a meal ticket at the reception desk.
2. **Guest House.** A 4-room Guest House is available on campus for Residents' out-of-town visitors. Rooms are available on a first-come basis, and reservations must be made ahead of time through the reception desk.
3. **Personal Services.** Carol Woods offers a variety of personal services, including special requests for maintenance needs, private duty gardening, special home modifications, decluttering and deep cleaning, and personal computer & in-home technology support.

You may not engage third parties, including private duty nurses and companions, for services rendered on Carol Woods's campus without prior notification to and written authorization by Carol Woods' management. You agree to hold Carol Woods harmless for any claims, damages or other harm arising out of Resident's private employment or contracting with any individual(s), or otherwise related to the provisions of such outside services. At any point in time, Carol Woods may revoke its authorization for other services provided should Carol Woods determine such third party poses a risk to You or other residents, or such third party fails to comply with any applicable rule or policy issued by Carol Woods. Such revocation shall be in writing and effective immediately or as specified in the written notice.



## **II. HEALTH CARE SERVICES**

**A. Health Care Services Included in Monthly Fees and Health Care Per Diems.** The following health care services are available to You and covered in Your monthly fees or per diem charges.

1. Medical services provided by primary care physicians and geriatric-trained nurse practitioners who are part of Carol Woods' group practice, and who see You at the Carol Woods' on-site clinic; and which are not billable to Your Medicare or Medicare Advantage insurance (see Section II.B.1).
2. Physical, Occupational, and Speech Therapy when provided at Carol Woods Outpatient Rehabilitation department or in an inpatient setting in Higher Levels of Support; and which are not billable to Your Medicare or Medicare Advantage insurance (see Section II.B.2).
3. 24/7 availability of Carol Woods' Security and Nursing staff to respond in an emergency in Your Residence or elsewhere on campus.
4. Assisted Living, Assisted Nursing and Skilled Nursing care provided in Carol Woods' licensed 24/7 Higher Levels of Support. For every day that You are admitted to one of Carol Woods' accommodations in Higher Levels of Support, You shall be charged a per diem according to the level of support needed, and the type of accommodation. The per diem is charged in addition to Your prevailing monthly fee. Your per diem shall be discounted from the prevailing market rate per diem, as established through written per diem fee schedules, by virtue of Your being a Carol Woods Resident, pursuant to Section V.C. The following outlines the services and supplies provided in Higher Levels of Support that are included in Your discounted per diem charge.
  - a. Support from certified Resident Life Specialists for assistance that You need in Your personal care and Activities of Daily Living. Carol Woods provides strong daily staffing levels for Residents in all Higher Levels of Support to provide this support. However, staff must be available to support various Residents over the course of each shift. If one-on-one support is needed for more extended periods of time, that support is arranged on a fee-for-service basis as outlined in Section II.B.5.
  - b. Support from certified Medication Technicians and licensed nursing staff for administration of prescribed medications.
  - c. Support from licensed Registered Nurses for treatments and other services within their professional Scope of Practice provided in properly licensed facilities.

- d. Three meals per day in the facility in which You reside, or any other resident dining areas on campus. Nutritional snacks provided between meals.
  - e. Private or semi-private furnished accommodations, all utilities, with daily housekeeping, and regular maintenance.
  - f. In Assisted Nursing and Skilled Nursing levels of support, the applicable per diem includes most routine “ancillary” supplies provided by Carol Woods’ purchasing department, including personal care items, incontinence products, routine and non-routine medical supplies, non-prescription medications, and minor pieces of medical equipment such as standard manual wheelchairs, and walkers (In Assisted Living, these ancillaries are billed to You).
5. General nursing and personal care provided in similarly licensed personal care and nursing facilities when space is not available at Carol Woods, and when coordinated by Carol Woods’ medical and nursing staff. Carol Woods shall arrange for Your return to an appropriate accommodation on campus as soon as one is available. While at another facility, Carol Woods shall be responsible to pay for Your care, and charge You Carol Woods’ prevailing monthly fees and discounted per diems.

**B. Health Care Services Available for an Additional Charge.** Carol Woods shall provide other health care services which are NOT included in Your monthly fees or discounted per diems, which shall be available to You for an additional charge. Fee schedules for these services shall be made available to You and updated from time to time as the services and fees may change. The following provides a non-exhaustive, illustrative list of health care services available on a fee-for-service basis.

1. Medical services provided by primary care physicians and licensed nurse practitioners who are part of Carol Woods’ group practice, for services that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. Carol Woods shall accept the Allowable rate established by the Insurer, and shall bill You whatever deductibles and co-payments Your Insurer imposes
2. Physical, Occupational, and Speech Therapy provided at Carol Woods’ Outpatient Rehabilitation department or in an inpatient setting in Higher Levels of Support, that are covered by Your Medicare or Medicare Advantage insurance, shall be billed by Carol Woods to Your Insurer. Carol Woods shall accept the Allowable rate established by the Insurer, and shall bill You whatever deductibles and co-payments Your Insurer imposes.
3. Any non-emergency visit by a Registered Nurse to Your residence.

4. Other services provided or offered by other Practitioners in Carol Woods' Clinic and Higher Levels of Support including Podiatry and Audiology services, Integrative Health, Massage Therapy, etc.
5. Personal shopping services and one-on-one companionship services provided in Carol Woods 24/7 licensed Higher Levels of Service, since these are beyond what is covered in the discounted per diem charges.

**C. Community's Physicians.** Carol Woods will appoint a Medical Director and physicians as needed. If You choose to use Carol Woods' providers, they will be responsible for Your medical care, including office visits, medical review, visits in Higher Levels of Support, and referral to hospitalists and other specialists. If You choose a physician who is not part of Carol Woods' group practice, a Carol Woods physician will be responsible for your care if You are admitted to Carol Woods' Higher Levels of Support.

**D. Hospitalization.** When one of Carol Woods' physicians determines that it has become necessary to hospitalize You, the Physician will have the authority to arrange such hospitalization. When the conditions necessitating such hospitalization no longer exist, the Physician will have the authority to arrange for Your discharge and transfer or return to Carol Woods.

**E. Medical Referrals.** Carol Woods will be responsible for coordinating and following Your medical, surgical and other health care services when such services either (i) are provided by Carol Woods, or (ii) are provided by licensed outside providers to whom You have been referred in writing by one of Carol Woods' physicians for treatment or consultation. Such responsibility will be limited to the specific condition for which referral was made. Carol Woods will not be responsible for secondary referrals or for follow-up visits unless approved in advance in writing by one of Carol Woods' physicians.

Carol Woods cannot be responsible for filing for insurance reimbursement for services provided by other Providers of Your choice. However, Carol Woods will supply the referral provider with Your insurance policy information upon request, and will assist You in overseeing that other Providers are filing with Your insurance diligently, in order to help maximize Your Medicare and supplemental insurance benefits.

**F. Health Care Insurance Requirements.** You shall be responsible for carrying both Medicare Part A and Medicare Part B or Medicare Advantage insurance coverage, or a substitute policy approved in writing by Carol Woods. You shall also carry a supplemental insurance policy, approved in writing by Carol Woods, which adequately covers the hospital, medical, and skilled nursing deductibles and co-payments required of Your primary insurance plan. Both Your primary and supplemental health insurance policies must recognize Carol Woods as a health care provider; or You assume the financial responsibility for services provided that otherwise could be covered.

You shall be responsible for ensuring that the health insurance coverage that was approved does not lapse, and You shall provide Carol Woods with evidence of such coverage upon request. If Your health insurance coverage should lapse, Carol Woods may require that You reapply for suitable coverage. If You are unable to obtain adequate new coverage, Carol Woods shall charge You for any costs of medical and other health care services provided that otherwise would have been covered by an approved policy.

**G. Carol Woods' Filing for and Rights to Insurance Benefits.** Carol Woods shall be responsible for filing for reimbursement from Your Medicare, Medicare Advantage and supplemental health insurance plans for covered medical, skilled nursing, and outpatient therapy services when provided by Carol Woods. Carol Woods has a right to the benefits payable under the insurance You carry for services provided by Carol Woods as required in this Agreement, except where costs of care were borne solely by You and not Carol Woods. You hereby authorize Carol Woods to file claims for benefits to which You are entitled under this Agreement and to execute all documents necessary to enable Carol Woods to collect or enforce such claims. If, for any reason, Carol Woods cannot apply directly for benefits payable under insurance required by this Agreement, You agree to make such application and to pay Carol Woods the proceeds received that are due for services provided by Carol Woods.

**H. Automobile Accident Insurance.** If You are a licensed driver, You are responsible for maintaining automobile accident insurance to cover medical costs from automobile accidents causing injury.

**I. Carol Woods' Rights in Case of Injury Caused by a Third Party.** You hereby grant Carol Woods an irrevocable power of attorney to act in Your behalf to recover any claims for compensation from injuries caused by a third party.

After Carol Woods has been reimbursed for all costs, expenses, and damages incurred by Carol Woods on Your behalf (including reasonable costs of care Carol Woods may furnish You because of such accident or injury), the balance of any amount recovered on Your behalf from all sources will be paid to You or credited to Your account; or, in the event of Your death, will be paid to Your estate.

### **III. MEDICAL AND OTHER HEALTHCARE SERVICES EXCLUDED IN THIS AGREEMENT**

**A. Use of Medical Practitioners and Facilities Not Referred by Carol Woods.** You may engage the services of primary care physicians other than those who are part of the Carol Woods practice, and seek care at other hospital, specialty medical, surgical or allied health services with whom Carol Woods' does not have referral relationships. However, if You do so, it is at Your own expense. Further, Carol Woods will not be liable for any

subsequent expenses resulting from such care including, but not limited to, the cost of medical, surgical, hospital or nursing care provided, ordered, prescribed or occasioned by any such practitioner or such facilities.

In situations when Carol Woods' medical staff is not involved in the referral to a physician or other health care provider from whom You seek services, it is Your responsibility to require those providers to furnish Carol Woods, promptly in writing and in confidence, with medical information regarding Your condition, diagnosis, medications, and treatment.

You may not engage third parties for medical or other health-related services to be rendered at Carol Woods without prior notification to and written authorization by Carol Woods' management.

**B. Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** The Community is not designed to care for persons who have an active psychiatric illness, who have a dangerous communicable disease or who are involved with drug or alcohol abuse. Should Carol Woods determine that Your physical or psychiatric illness, or that Your condition as a result of drug or alcohol abuse, is such that Your continued presence is either dangerous or detrimental to Your life, health, safety or peace, or the life, health, safety, or peace of others in the Community, then Carol Woods may transfer You to another facility of Your choosing.

You will continue to be responsible for payment of the Monthly Fee as if You were at Carol Woods. You will also be responsible for payment of any additional amount needed for Your care at any other such facility. Carol Woods will pay a portion of the cost of Your care in that facility up to an amount equal to Your Monthly Fee. You must pay Your Monthly Fee each month before Carol Woods will take responsibility for its share of the costs of Your care in the other facility.

**C. Other Excluded Services.** Carol Woods will not be responsible for any services not described in Section II.A. These excluded services include, but are not limited to payment for prescription and non-prescription medications, refractions, eye-glasses, contact lenses, audiological tests, hearing aids, dentistry, dentures, dental inlays, incontinent and other personal hygiene supplies, orthopedic appliances, podiatry, chiropractic services, organ transplants, renal dialysis, treatment for alcohol and drug abuse, and diagnosis and therapy for psychiatric disorders.

**D. Illness or Accident Away from the Community.** If You have an accident or are ill while You are away from Carol Woods, We will have no responsibility to pay for costs resulting from such accident or illness until You return to Carol Woods and become subject to the care of one of Carol Woods' physicians.

#### IV. TERMS OF RESIDENCY

- A. Rights of Resident.** If You are 65 years of age, and the second person who may be party to this Agreement is at least 55 years of age, You have the right during Your lifetime to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of Carol Woods, as provided in this Agreement, unless this Agreement is terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by Carol Woods other than the rights and privileges as described in this Agreement.
- B. Policies and Procedures.** You will abide by Carol Woods' policies and procedures and such amendments, modifications, and changes of the policies and procedures as may hereafter be adopted by Carol Woods.
- C. Relationships Between Residents and Staff.** Carol Woods is built on mutual respect and instructs its staff to be cordial and helpful to You. The relationship is to remain professional. Employees must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. You will not employ Carol Woods' employees nor hire former Carol Woods' employees without the prior written consent of management.
- D. Modifications to Residence.** Modifications to any Residence by You will require prior written approval by Carol Woods of both the plans for the modifications and the firm or individual retained to make such modifications. The firm or individual retained to make the modifications shall be licensed appropriately, and shall carry insurance that adequately protects Carol Woods against the risks of injury or liability occasioned by the work being done on Carol Woods' property. Such modifications will be at Your expense. Approval of such modifications may be conditioned upon Your payment to Carol Woods of a sum sufficient to restore the Residence to its original condition at a later date.
- E. Changes in the Residence.** Carol Woods has the right to change the Residence to meet requirements of any applicable statutes, law, regulation or ordinance. The Residence may not be used in any manner that violates any zoning ordinances or other governmental law or regulation.
- F. Visitors.** Except for short-term guests, no person other than You may reside in the Residence without the written approval of Carol Woods.
- G. Loss of Property.** Carol Woods will not be responsible for the loss of or damage to any property belonging to You due to theft, mysterious disappearance, fire, employee accident, or any other cause. It is understood that You have the responsibility of providing any desired insurance protection covering any such loss.

- H. **Right of Entry.** You hereby authorize employees or agents of Carol Woods to enter the Residence for the purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency.
- I. **Representations.** You affirm that the representations made in the Application for Admission, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by Carol Woods as basis for entering into this Agreement. You agree to provide updates of this information in a timely way to Us upon request.

**V. FINANCIAL ARRANGEMENTS**

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A. **Entry Fee.** You agree to pay Carol Woods an entry fee in the amount of \$ \_\_\_\_\_ as a condition for occupying the Residence (the "Additional Entry Fee"). The Entry Fee is in addition to the entry fee of \$ \_\_\_\_\_ that You paid under the Early Acceptance Agreement (the "Initial Entry Fee"). Together, (i) the remaining balance after any amortization of the Initial Entry Fee under the Early Acceptance Agreement and (ii) the Additional Entry Fee equal the prevailing entry fee ("Entry Fee") for Your Residence. The Entry Fee is a lump sum payment and will not be increased or changed during the term of this Agreement, except for changes required by state or federal law or regulation, or upon transfer to a larger residence, marriage, or entry of another resident to share the Residence. Your right to a refund of any portion of this Entry Fee is outlined in Section VIII.H. of this Agreement.

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B. **Monthly Fee and Other Charges.** You agree to pay a Monthly Fee for the term of this Agreement. This fee will be payable before the fifth day of each month or within Five (5) Days of the date monthly statements are distributed. The current Monthly Fee associated with the Residence is \$ \_\_\_\_\_ per month and an additional \$ \_\_\_\_\_ per month if a second person occupies the Residence. The Monthly Fee will commence at the Date of Financial Responsibility. It will be charged and paid on a prorated basis for any partial month.

You will be invoiced monthly for services and supplies which may be provided for You beyond that which is included in the Monthly Fee, and those invoices are also to be paid by the fifth of the month or within Five (5) Days of the date monthly statements are distributed.

If You fail to make payment within Thirty (30) Days after receiving the monthly statement, Carol Woods may give You written notice that You must make payment within Fifteen (15) Days after receiving such notice. If You fail to comply, We may terminate this Agreement. Carol Woods reserves the right to apply late fees up to the then current legal maximum for any late payment.

- C. Higher Levels of Support Charges and Free Days.** If You need care in Carol Woods' 24/7 licensed Higher Levels of Support facilities, You will be charged an additional daily fee based on the particular level of support and the type of accommodation. This fee is in addition to the Monthly Fee, which You will continue to be charged. The daily charge to You, however, will be discounted significantly to reflect Your prepayment of health care costs in Your Entry Fee and Monthly Fees.

As part of the Entry Fee and Monthly Fee, each Resident accrues Fifteen (15) "Free Days" each year, which may be used to cover the additional, discounted per diem charged to You; at either the semi-private or private rate, depending upon Your particular accommodation at the time. Unused Free Days may accumulate over time, with no limit. No credit, however, is provided for Free Days that are never used; nor can Free Days be transferred to another resident.

- D. Adjustments in the Monthly Fee and Other Charges.** Carol Woods may adjust the Monthly Fee, Per Diems in Higher Levels of Support, and other charges from time to time on the basis of experience or to reflect changes in the cost of achieving the mission or purposes of Carol Woods. Carol Woods agrees that, in the exercise of its discretion, which will be binding on You, Carol Woods will endeavor to maintain all fees and charges at the lowest feasible amounts which, in the judgment of the Board of Directors of Carol Woods, is consistent with sound financial operation and maintenance of the quality of facilities, programs and services provided. Carol Woods shall provide You written notice of changes in fees prior to the effective date of the change.

## **VI. TRANSFERS, MOVES, RELOCATION, AND CHANGES IN RESIDENCE**

- A. Transfers.** All transfers or moves between Residences are at Carol Woods' sole discretion. Transfers are subject to availability and legal requirements. The terms of payment for refunds resulting from such transfers or moves are described in Section VIII. H.
- B. Refurbishing Expenses.** If You make a preference move as defined in Section VI.E. from one Residence to another, and have lived in the previous residence for 5 full years or less, You will be responsible for the cost of refurbishing the Residence vacated. If you make a need-based move, or a preference move after more than 5 years in the previous residence, or if You move permanently to Higher Levels of Support, an outside facility under III. B., or the hospital, You are only responsible for reversal of Residence Modifications made under IV.D.
- C. Transfer to a Larger Residence.** If You move to a larger Residence, You will pay an additional Entry Fee amount based on the difference between the Entry Fee of the Residence You are leaving and the Entry Fee of the one into which You are moving. The Entry Fees used in the calculations will be the



ones in effect at the time of Your move to the larger residence. Either the Single or Two Person Entry Fees will be applied in the calculations depending upon the number of people that are party to this Agreement at the date of Your move. You will pay the applicable Monthly Fee for the new Residence effective the date of Your move.

- D. Transfer to a Smaller Residence.** If You move to a smaller Residence during the first fifty (50) months of occupancy, You may receive a refund of a portion of Your Entry Fee. The current Entry Fee of the smaller residence will be amortized in accordance with VIII.H.1. The Entry Fee that was in effect at the date You occupied the Residence You are leaving will be amortized in the same manner. You will be refunded the difference between the two unamortized balances in accordance with VIII.H.2. You will pay the applicable Monthly Fee for the new Residence effective the date of Your move. After 50 months of occupancy there is no longer a refund of any portion of Your original Entry Fee.
- E. Preference Versus Need-Based Moves.** Carol Woods considers a move as “need-based” if the move is conditioned by a change in Your health status or marital status, permanent transfer of a spouse to a higher level of support, or by financial need; and that change creates a sense of urgency to move. If the move is made to another Residence for any other reason, it is considered a “preference move.” For any preference move, not only will Your Monthly Fee will be adjusted effective the date of the move to the new Residence as outlined in Sections VI.C. and VI.D., but You will also be charged an additional amount equal to three (3) full months’ Monthly Fee for the residence being vacated to cover partially the costs to Carol Woods of the preference move.
- F. Sharing Occupancy With a New Resident.** If a non-resident is joining You as a resident, the additional Entry Fee due is the difference in the amount actually paid by You for the current Residence and the total Entry Fee due for the same Residence at the double occupancy rate effective at the time double occupancy commences.

A non-resident must apply for admission as a Resident and be approved. If the non-resident is not approved as a Resident, Carol Woods may grant admission with limited rights.

- G. Permanent Transfer to Assisted Living, the Health Center, a Special Service Facility, or a Hospital.** All decisions regarding Your permanent transfer to Higher Levels of Support, a special service facility, or to a hospital will be made after consultation with You and, when appropriate, with Your Health Care Power of Attorney. Carol Woods’ decision will be binding. No Entry Fee adjustment is made with these types of transfers. If You are a member of a couple, and the other person remains in Your Independent Residence, the Monthly Fee will continue to reflect the two-person rate of the Independent Residence. For single residents, or when both members of a couple make a permanent transfer, the Monthly Fee shall be reduced to the

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prevailing rate comparable to other singles or couples who have made such a permanent transfer. The lower Monthly Fee takes effect on the date that You release Your previous Residence to Carol Woods for remarketing.

You will remove all personal belongings from the Independent Residence within Thirty (30) Days of transfer and within Two (2) Days of transfer from another residence in Higher Levels of Support. If You or Your designee is unable to arrange for the removal, Carol Woods has the authority to make the necessary arrangements, place belongings in storage and bill all costs related to such a move to You or Your estate.

If Carol Woods subsequently determines that You can resume occupancy in an Independent Residence or an accommodation comparable to the one occupied by You prior to such transfer, You will have priority to such accommodation as soon as one becomes available.

## **VII. FINANCIAL ASSISTANCE**

- A. Carol Woods' Policy.** Carol Woods' policy is that, if the sole reason for non-payment of Your financial obligations to Carol Woods is insufficient funds or other financial circumstances beyond Your control, Carol Woods will review the matter with You, provided, however, this policy shall not change the right of Carol Woods to expect payment from You or to terminate this Agreement for Your failure to pay, under the terms of this Agreement.

If special financial consideration is determined by Carol Woods to be warranted, Carol Woods may, in its sole discretion, partly or wholly subsidize Your fees provided that such subsidy will not impair Carol Woods' sound financial operation and maintenance of the quality of service provided. Carol Woods may request that You make every effort to obtain assistance from all available resources both private and public.

All determinations regarding financial assistance will be final and binding on You and will be handled as a confidential transaction except for reports required to financial institutions providing credit to Carol Woods or to regulatory or governmental bodies.

- B. Transfer of Property.** You hereby represent that You have not made and will not make any gift or other transfer of money or personal property, nor pledge Your money or personal property as collateral for another who is not party to this Agreement, to the degree to which the amount transferred or pledged would impair Your ability or Your estate's ability to satisfy financial obligations under this Agreement. If Your fees are subsidized by Carol Woods, You may not sell or otherwise transfer or pledge property without Carol Woods' written consent. Carol Woods may request updated financial information from time to time and/or copies of Your tax returns.

**C. Recovery of Subsidies Provided by Carol Woods.** When You die, if Your fees have been subsidized wholly or partly by Us, Your estate, if any, will be liable to Carol Woods for the full amount of the subsidy You received for the entire time of residency. This paragraph will apply whether or not You are in residence at the Community at the time of death. This Agreement will operate as a lifetime assignment, transfer, and conveyance to Carol Woods of so much of Your property as is necessary to cover such liability. Any amount due Carol Woods under this paragraph may be deducted from any refund payable to You or to Your estate.

## **VIII. TERMINATION AND REFUNDS**

**A. Termination by Resident Prior to Occupancy.** This Agreement may be terminated by You for any reason after the Date of Financial Responsibility, but prior to occupancy, by giving written notice to Carol Woods. In the event such termination is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee paid less the Administrative Fee (as defined in Your Priority Agreement) and any nonstandard costs that have been incurred by Carol Woods at Your request. If You terminate the Agreement for any reason other than a change in health status, You will receive refund of the Entry Fee, less an acceptance fee equal to 2% of the Entry Fee (the 2% "Acceptance Fee") which shall be retained by Carol Woods to cover the costs of the termination.

If You die before occupying Your unit, or if illness, injury, incapacity, or change in marital status occur prior to taking occupancy of Your unit, this Agreement shall be cancelled automatically, and You or Your estate shall receive a full refund of the Entry Fee that You have paid.

**B. Trial Period.** The first Ninety (90) Days of residency at Carol Woods will be considered to be on a trial basis. During this Ninety (90) Day period, You will have the right to terminate this Agreement by serving Carol Woods with written notice. If the termination is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee paid less the Administrative Fee and any nonstandard costs that have been incurred by Carol Woods at Your request. If You terminate the Agreement for any reason other than a change in health status, You will receive a refund of the Entry Fee less the Administrative Fee and any nonstandard costs that have been incurred by Carol Woods at Your request, and less the 2% Acceptance Fee which shall be retained by Carol Woods to cover the costs of the termination.

During the same Ninety (90) Day Trial Period, Carol Woods also has the right to terminate this Agreement based on its judgment that Your physical condition or emotional adjustment will not permit adaptation to Carol Woods' lifestyle. In such event, Carol Woods will refund the full Entry Fee following termination during the Ninety (90) Day trial period, less the Administrative Fee and any nonstandard costs that have been incurred by Carol Woods at Your request.

The refund will be made within Thirty (30) Days after the residence is vacated. The Ninety (90) Day Trial Period begins with the Date of Financial Responsibility.

- D. Voluntary Termination After Occupancy.** After the Trial Period, this Agreement may be terminated by You at any time by serving Carol Woods Sixty (60) Days advanced written notice of such termination. If termination occurs within the first Fifty (50) Months of residency, You will be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII. H.

If this Agreement is terminated voluntarily, You and Carol Woods may reinstate the Early Acceptance Agreement that had been in effect prior to Your move to campus, upon the mutual consent of You and Carol Woods; unless the reason for terminating this Agreement is due to factors that would preclude You returning to an Early Acceptance relationship with Carol Woods.

- E. Termination Upon Death.** In the event of Your death at any time after the Date of Financial Responsibility, this Agreement will terminate upon the date of death or the date Your Residence is vacated, whichever is later. Your estate may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.H.

- E. Termination by Carol Woods.** Carol Woods may terminate this Agreement at any time if there has been any material misrepresentation or omission made by You in the application forms; if a material change in Your health takes place before the Date of Financial Responsibility; or if You fail to make payment to Carol Woods and Carol Woods gives notice provided for in Section V.B. In such events, You may be entitled to a Pro-rated Refund of the Entry Fee pursuant to Section VIII.H. Carol Woods also reserves the right to terminate the Agreement if You fail to abide by Carol Woods' policies and procedures, breach the terms of this Agreement, or if Your continued presence is considered by Carol Woods to be a serious disruption or threat to the life, health or safety of others. Carol Woods will provide timely advance written notice of termination that is in compliance with prevailing laws, regulations and Carol Woods' policies.

- F. Termination by One of Two Residents Sharing a Residence.** In the event that two (2) Residents occupy a Residence under the terms of this Agreement, upon the permanent transfer to a Health Center or the death of one (1) of such Residents, or in the event of the termination of this Agreement with respect to one (1) of such Residents, the Agreement will continue in effect as to the remaining or surviving Resident and there will be no refund of any portion of the Entry Fee. In the event of one or both Residents transferring to a residence in Higher Levels of Support, the monthly fee continues to reflect the double occupancy rate. Upon death of one (1) Resident, the surviving Resident will pay the single person rate of the associated residence.

**G. Condition of Residence.** Upon termination of this Agreement, You will vacate the Residence and will leave it in good condition except for normal wear and tear. You or Your estate will be liable to Carol Woods for any cost incurred in restoring the Residence to good condition except for normal wear and tear.

**H. Calculation for Pro-Rated Refunds.**

- 1. Calculation of Refund.** If termination of this Agreement occurs during the first Fifty (50) Months from the Date of Financial Responsibility, You or Your estate will be entitled to a partial refund of the Entry Fee. You will receive a refund in the amount equal to the Entry Fee less Two Percent (2%) for each month or portion of a month for up to Fifty (50) Months. After Fifty (50) Months, there is no refund of the Entry Fee. Residency begins on the Date of Financial Responsibility.
- 2. Payment.** Other than terminations during the Trial Period in Section VIII.B. and exercise of the Right of Rescission (Section IX), payment of any refund due of an Entry Fee may be made only when a new Entry Fee has been paid for Your Residence by a subsequent Resident.

**IX. RIGHT OF RESCISSION**

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by You giving written notice of such rescission to Carol Woods within Thirty (30) Days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1 et. seq. of the North Carolina General Statutes. In the event of such rescission, if it is conditioned by a change in Your health status, You will receive a full refund of the Entry Fee, less the Administrative Fee. If the rescission is for a reason other than change in Your health status, You will receive a refund of the Entry Fee less the Acceptance Fee which will be retained to cover the costs to Carol Woods of Your rescission following acceptance. You will not be required to move to Carol Woods before the expiration of such Thirty (30) Day period. Any such refund will be paid by Carol Woods within Sixty (60) Days following receipt of written notice of rescission pursuant to this Section.

X. **GENERAL**

- A. **Assignment.** The rights and privileges for You under this Agreement to the Residence, common areas and amenities, and services and programs of Carol Woods are personal to You and may not be transferred or assigned by You or otherwise.
- B. **Management of the Community.** The absolute rights of management are reserved by Carol Woods and its Board of Directors. Carol Woods reserves the right to accept or reject any person for residency. Residents do not have the right to determine admission or terms of admission of any Resident.
- C. **Entire Agreement.** This Agreement constitutes the entire Agreement between Carol Woods and You. Carol Woods will not be liable or bound in any manner by any statements, representations, or promises made by any person representing or claiming to represent Carol Woods, unless such statements, representations, or promises are set forth in this Agreement.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement will bind and inure to the benefit of the successors and assigns of Carol Woods and Your heirs, executors, administrators, and assigns.
- F. **Rights Subordinate to Mortgage.** Pursuant to the requirements of any lender, You agree that Your rights under this Agreement are Subordinate to the right of the lender under any mortgage now or in the future executed by The Chapel Hill Residential Retirement Center, Inc.
- F. **Durable Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** You agree to execute a Durable Power of Attorney designating a competent person as attorney-in-fact. You agree to execute a Will, Living Will, and designate a Durable Health Care Power of Attorney. You will provide Carol Woods with copies of Durable Power of Attorney, Living Will, and Health Care Power of Attorney as well as the location of the Will upon execution, and within ninety (90) days of assuming financial responsibility.
- G. **Resident Contracted Employees.** If you wish to employ outside assistance privately for any reason, your contracted employee must adhere to all Carol Woods policies, and You must obtain the prior written approval of Carol Woods to hire such individual. You agree to hold Carol Woods harmless for any claim, damages or other harm arising out of Resident's private employment or contracting with any individual(s) or otherwise related to the provisions of such outside services. Carol Woods has the right to require that the Resident terminate immediately the employment or contract with such a person at any time upon written notice to Resident.

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*Initials*

- H. Uncontrollable Interruption of Services.** No breach of Carol Woods' obligations under this Agreement and no liability for injury to You or Your property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Carol Woods, specifically including strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or Your acts. Carol Woods shall make every effort to continue to provide the usual services in such event.
- I. Confidentiality.** Carol Woods has the responsibility to keep all of the personal, medical and financial information You have supplied to it confidential. You agree that Carol Woods can disclose such information to those who have a need, in its judgment, or right to know (e.g., to provide information for transfer to a hospital).
- J. Indemnity.** You agree to indemnify, defend and hold Carol Woods harmless from claims, damages or 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 those of Your guests, including private duty nurses. This Section X.J. shall survive the termination of this Agreement.
- K. Affiliated Corporation.** In compliance with N.C.G.S. § 58-64-25(b)(8), Carol Woods hereby discloses that it has a close affiliation with The Carol Woods Charitable Fund, Inc. ("Charitable Fund"). The Charitable Fund was created by Carol Woods as a Supporting Corporation, whose purpose is to support Carol Woods in its charitable mission. The full Board of the Charitable Fund is appointed by the Board of Carol Woods, and at least half of the Charitable Fund Board is comprised of current members of the Carol Woods Board, as well as Carol Woods' President/CEO and Vice President of Finance/CFO. The Charitable Fund has no responsibility for the financial and contractual obligations of this Agreement. Carol Woods is solely responsible for the financial and contractual obligations of this Agreement.
- L. Notice Provisions.** Any notices, consents, or other communications to Carol Woods hereunder (collectively "notices") will be in writing and addressed as follows:
- The Chapel Hill Residential Retirement Center, Inc.  
750 Weaver Dairy Road  
Chapel Hill, North Carolina 27514-1502
- Your address for the purpose of giving notice is the address appearing after Your signature below.

XI. MEDIATION AND ADHERENCE TO APPLICABLE LAW FOR DISPUTES

*Initials*

A. **Mediation.** You and Carol Woods hereby agree that any claim or dispute relating to this Agreement, or any other matters, disputes, or claims between the two parties shall be subject to non-binding mediation within thirty (30) days of either party making a request in writing to the other. The mediation sessions shall be held at a place agreed upon by both parties, or in the absence of such agreement, at Carol Woods, and shall be conducted according to the mediation rules of the National Arbitration Forum. This Section XI.A. shall survive termination of this Agreement.

B. **Applicable Law.** If the Parties cannot agree to the terms and conditions of private mediation, then the Parties can seek the appropriate remedy by filing a lawsuit in the jurisdiction specified in this Agreement. This Agreement shall be governed by, and construed in accordance with the internal laws of the State of North Carolina without regard to principles of conflict of laws. Any controversy or dispute arising out of or relating to this Agreement shall be settled exclusively in the courts (federal and state) situated in the North Carolina, Orange County jurisdiction. As a condition for filing a lawsuit to settle any claims, a Party must first give thirty (30) days prior notice of such claim to the other Party in order to determine whether such matter can be resolved through private mediation.

This Section XI.B. shall survive the termination of this Agreement.



I hereby acknowledge the receipt of the Carol Woods Retirement Community's Disclosure Statement dated \_\_\_\_\_. I acknowledge that the Disclosure Statement was received prior to the execution of this contract and the payment of the Entry Fee to Carol Woods.

IN WITNESS WHEREOF, Carol Woods has executed this Agreement and You have read and understand this Agreement and have executed this Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

**Your Address**

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State & Zip Code

\_\_\_\_\_  
Date

**The Chapel Hill Residential Retirement Center, Inc.**

\_\_\_\_\_  
Signature, President & CEO

\_\_\_\_\_  
Date

## **APPENDIX D**

The following presents Carol Woods' Interim Financial Statements for the period ending March 31, 2024

**CAROL WOODS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES (INCOME STATEMENT) - UNAUDITED**  
**For the Month Ending March 31, 2024**

	<b>March</b>			<b>Year-to-Date (YTD)</b>			
	(1) Actual	(2) Budget	(3) Variance	(4) Actual	(5) Budget	(6) Variance	(7) % Var
<b><u>Operating Revenue</u></b>							
(1) Monthly Service Fees - Early Acceptance	159,411	149,868	9,543	472,438	442,002	30,436	7%
(2) Monthly Service Fees - CW Campus	1,740,228	1,749,506	(9,278)	5,188,650	5,248,521	(59,871)	(1%)
(3) Entry Fee Amortization - Early Acceptance	37,315	37,553	(238)	116,885	102,602	14,283	14%
(4) Entry Fee Amortization - CW Campus	478,707	410,008	68,699	1,637,191	1,204,220	432,971	36%
(5) Tertiary Medical Insurance W/O's	(5,053)	(1,820)	(3,233)	(12,563)	(4,729)	(7,834)	166%
(6) Net In-Home Services / Private Duty	15,214	29,838	(14,624)	43,124	88,166	(45,042)	(51%)
(7) Net Revenue in Bldgs 4, 5, 6 & 7	318,644	411,515	(92,871)	874,560	1,119,350	(244,790)	(22%)
(8) Net Clinic / Rehab Revenue	69,452	64,617	4,835	194,592	166,090	28,502	17%
(9) Dining Services Revenue	13,781	11,910	1,871	33,763	31,760	2,003	6%
(10) Guest House Revenue	6,044	7,652	(1,608)	16,470	18,449	(1,979)	(11%)
(11) Other / Miscellaneous Revenue	25,338	30,424	(5,086)	87,707	91,272	(3,565)	(4%)
(12) Investment Dividends & Interest	99,181	120,245	(21,064)	297,647	313,386	(15,739)	(5%)
(13) Restricted Assets Released for Operations	8,843	3,855	4,988	16,574	11,521	5,053	44%
<b>Total Operating Revenue</b>	<b>2,967,105</b>	<b>3,025,171</b>	<b>(58,066)</b>	<b>8,967,038</b>	<b>8,832,610</b>	<b>134,428</b>	<b>2%</b>
<b><u>Operating Expenses</u></b>							
(1) Early Acceptance	12,264	11,592	(672)	36,708	34,188	(2,520)	(7%)
(2) In-Home Services / Privaty Duty	8,690	19,060	10,370	35,313	65,728	30,415	46%
(3) Bldgs 4, 5, 6 & 7 (24/7 Facilities)	565,289	586,934	21,645	1,956,882	1,965,940	9,058	1%
(4) Clinic, Rehab & Well-Being	200,377	211,033	10,656	708,521	741,810	33,289	5%
(5) Dining Services	432,135	450,762	18,627	1,491,722	1,485,802	(5,920)	(0%)
(6) Housekeeping & Laundry	150,119	156,755	6,636	530,392	544,889	14,497	3%
(7) Maint & Engineering, Grounds, Security/Transp	466,123	410,614	(55,509)	1,530,759	1,466,320	(64,439)	(4%)
(8) Administration	360,184	436,484	76,300	1,273,352	1,324,905	51,553	4%
(9) Directed Charitable & Community Benefit	75,585	89,563	13,978	241,789	273,045	31,256	11%
(10) Investment Fees & Bank Charges	19,140	16,549	(2,591)	92,716	153,816	61,100	40%
(11) Contingency	25,908	0	(25,908)	28,058	0	(28,058)	100%
(12) LT Debt Expense, Including Net Swap	85,452	77,338	(8,114)	234,056	232,014	(2,042)	(1%)
(13) Depreciation	352,126	358,186	6,060	1,055,620	1,071,895	16,275	2%
<b>Total Operating Expenses</b>	<b>2,753,393</b>	<b>2,824,870</b>	<b>71,477</b>	<b>9,215,887</b>	<b>9,360,352</b>	<b>144,465</b>	<b>2%</b>
<b>Net Operating Revenue / (Loss)</b>	<b>213,712</b>	<b>200,301</b>	<b>13,411</b>	<b>(248,850)</b>	<b>(527,742)</b>	<b>278,892</b>	<b>53%</b>
<b><u>Non-Operating Net Revenue</u></b>							
(1) Realized Gains/(Losses) on Investments	417,145	45,500	371,645	720,485	136,500	583,985	428%
(2) Unrealized Gains/(Losses) on Investments	544,428	45,500	498,928	1,111,623	136,500	975,123	714%
(3) Unrealized Gains/(Losses) on Swaps	69,556	(8,361)	77,917	349,303	(25,081)	374,384	(1,493%)
(4) Gain/(Loss) on Retirement of Fixed Assets	(25,896)	(50,000)	24,104	(101,397)	(150,000)	48,603	(32%)
(5) CW Charitable Fund Net Revenue	277	(2,800)	3,077	3,416	(2,800)	6,216	(222%)
<b>Net Non-Operating Revenue / (Loss)</b>	<b>1,005,510</b>	<b>29,839</b>	<b>975,671</b>	<b>2,083,429</b>	<b>95,119</b>	<b>1,988,310</b>	<b>2,090%</b>
<b>TOTAL NET REVENUE / (LOSS)</b>	<b>1,219,222</b>	<b>230,140</b>	<b>989,082</b>	<b>1,834,580</b>	<b>(432,623)</b>	<b>2,267,203</b>	<b>524%</b>

**CAROL WOODS**  
**CONSOLIDATED STATEMENT OF POSITION (BALANCE SHEET) - UNAUDITED**  
**For the Month Ending March 31, 2024**

	<i>Carol Woods Retirement Community</i>	<i>Carol Woods Charitable Fund</i>	<i>3/31/2024 Consolidated</i>	<i>12/31/2023 Comparison</i>
<b>ASSETS</b>				
<b>Current Assets</b>				
(1) Cash - Operating Funds	163,321	2,587,340	2,750,661	2,706,049
(2) Bond Trustee Funds	2,583,461		2,583,461	1,968,049
(3) Resident Receivables	413,893		413,893	304,559
(4) 3rd Party Receivables	1,636,371	435	1,636,806	1,363,183
(5) PrePaid Expenses, Inventory & Other	613,501		613,501	534,470
<b>Total Current Assets</b>	<b>5,410,547</b>	<b>2,587,775</b>	<b>7,998,322</b>	<b>6,876,310</b>
<b>Long-Term Investments</b>	<b>56,980,910</b>		<b>56,980,910</b>	<b>54,937,688</b>
<b>Property and Equipment</b>				
(1) Land & Land Improvements	11,288,910		11,288,910	11,237,910
(2) Buildings & Building Improvements	93,288,941		93,288,941	93,037,284
(3) Furniture, Furnishings & Equipment	14,090,477		14,090,477	13,914,447
(4) Construction-in-Process	5,824,183		5,824,183	3,868,847
(5) LESS: Accumulated Depreciation	(60,886,640)		(60,886,640)	(60,077,314)
<b>Total Net Property &amp; Equipment</b>	<b>63,605,871</b>	<b>0</b>	<b>63,605,871</b>	<b>61,981,173</b>
<b>Other Long Term Assets</b>				
(1) Other Long Term Assets	120,324		120,324	125,397
(2) Swap Mark-to-Market Value	956,807		956,807	607,504
<b>TOTAL ASSETS</b>	<b>127,074,459</b>	<b>2,587,775</b>	<b>129,662,234</b>	<b>124,528,073</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
(1) Vendor Accounts Payable	601,376		601,376	1,356,932
(2) Accrued Payroll Expenses	1,953,639		1,953,639	2,205,567
(3) Bond Interest Payable	79,286		79,286	78,194
(4) Other Accrued Expenses	455,085		455,085	256,903
(5) Revolving Line of Credit	6,556,031		6,556,031	2,651,624
(6) Current Maturities on LT Debt	2,450,000		2,450,000	2,450,000
<b>Total Current Liabilities</b>	<b>12,095,416</b>	<b>0</b>	<b>12,095,416</b>	<b>8,999,221</b>
<b>Long-Term (LT) Liabilities</b>				
(1) LT Debt, Less Current Maturities	26,370,000		26,370,000	26,370,000
(2) LESS: Bond Issuance Costs	(162,562)		(162,562)	(167,078)
<b>LT Debt, Net of Issuance Costs</b>	<b>26,207,438</b>	<b>0</b>	<b>26,207,438</b>	<b>26,202,922</b>
(3) Deferred Entry Fee Rev - Early Accept	4,566,473		4,566,473	4,339,222
(4) Deferred Entry Fee Rev - On Campus	46,826,175		46,826,175	46,953,474
(5) Other Deferred Rev & LT Liabilities	1,907,570		1,907,570	1,866,890
<b>TOTAL LIABILITIES</b>	<b>91,603,072</b>	<b>0</b>	<b>91,603,072</b>	<b>88,361,729</b>
<b>NET ASSETS</b>				
<b>UnRestricted Net Assets</b>				
(1) Prior Years' UnDesignated Net Assets	33,585,784	784,501	34,370,285	34,372,985
(2) Current Year Net Income (Loss)	1,831,164	3,416	1,834,580	0
<b>Total UnRestricted Net Assets</b>	<b>35,416,948</b>	<b>787,917</b>	<b>36,204,865</b>	<b>34,372,985</b>
<b>Temporarily Restricted Net Assets</b>				
(1) Temp Restricted-Resident Assist	0	866,622	866,622	842,072
(2) Other Temp Restricted Net Assets	54,439	933,236	987,675	951,287
<b>Total Temp Restricted Net Assets</b>	<b>54,439</b>	<b>1,799,858</b>	<b>1,854,297</b>	<b>1,793,359</b>
<b>TOTAL NET ASSETS</b>	<b>35,471,387</b>	<b>2,587,775</b>	<b>38,059,162</b>	<b>36,166,344</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>127,074,459</b>	<b>2,587,775</b>	<b>129,662,234</b>	<b>124,528,073</b>

**CAROL WOODS**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**For the Month Ending March 31, 2024**

**Carol Woods**  
**Retirement Community**  
**& Charitable Fund**

**Cash Flows from Operations**

YTD Increase (Decrease) in Net Assets	1,834,580
Change in Temporarily Restricted Net Assets	60,938

Adjustments to Reconcile Change in Net Assets

To Net Cash from Operations:

ADD: Entry Fee Proceeds, Net of Refunds	1,856,464
ADD: Depreciation Expense	1,055,620
LESS: Entry Fee Amortization Revenue	(1,754,076)
ADD: Amortization of Deferred Costs	4,516
Realized (Gain) / Loss on Investments	(720,485)
(Gain) / Loss on Disposal of Property	101,397
Unrealized (Gain) / Loss on Investments	(1,111,623)
Unrealized (Gain) / Loss on Interest Rate Swaps	(349,303)

(Increase) / Decrease in Current Assets:

Accounts Receivable	(382,957)
Prepaid Expenses & Inventory	(73,958)

Increase / (Decrease) in Current Liabilities:

Accounts Payable	(1,006,393)
Accrued Expenses	198,181
Other Deferrals	40,680

**Net Cash from Operations** (246,418)

**Cash Flows from Investing Activities**

Purchase of Property & Equipment	(2,781,714)
Net Proceeds from Sale (Purchase) of Investments	(226,629)

**Net Cash in Investing Activities** (3,008,343)

**Cash Flows from Financing Activities**

Escrow Monthly Principal to Bond Sinking Fund	(605,034)
Increase / (Decrease) in Revolving Line of Credit	3,904,407

**Net Cash in Financing Activities** 3,299,373

**Net Increase / (Decrease) in Cash** 44,611

**Cash at Beginning of Period** 2,706,049

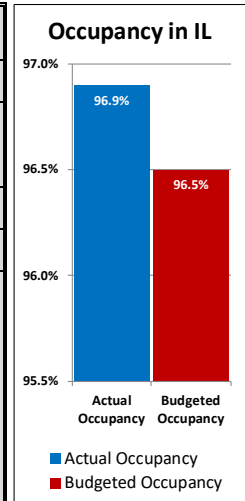
**Cash at End of Period** 2,750,661

**CAROL WOODS**  
**Interim Monthly Financial Statements**  
**As Presented to the Board of Directors**  
**Admission and Census Notes**  
**For the Period Ending 03-31-2024**

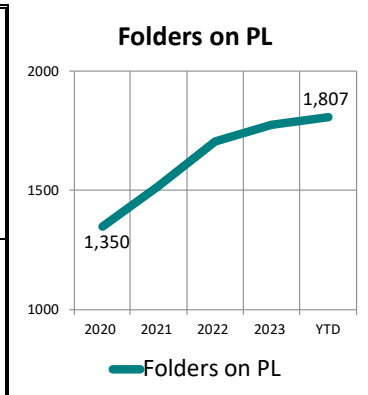
**I. Admissions, Deaths and Census Statistics**

Since census is a major determinant of monthly service fee revenue as well as revenue in CW's 24/7 health care continuum, the following tables present pertinent year-to-date admissions, deaths and budget-to-actual average census statistics:

<b>A. CCRC Admission &amp; Death Statistics</b>	<b>1st Persons</b>	<b>2nd Persons</b>	<b>Total Persons</b>
Early Acceptance Moves to Campus, Year-to-Date:	3	3	6
New Residents on Campus, Year-to-Date:	2	2	4
New Early Acceptance Residents, Year-to-Date:	8	5	13
<b>Total New Carol Woods Residents, Year-to-Date:</b>	<b>10</b>	<b>7</b>	<b>17</b>
<b>Deaths / Withdrawals, Year-to-Date:</b>	<b>12</b>	<b>4</b>	<b>16</b>
<b>B. Admissions-in-Process:</b>			
Residents <u>Accepted</u> -- Move to Campus In-Process:	6	3	9
Persons Who Have <u>Reserved</u> Units for On-Campus Admission:	2	1	3
Residents Who Have Reserved Units for Internal Moves:	2	0	2
Early Acceptance Slots <u>Reserved</u> for Admission to EA:	4	3	7



<b>C. Status of Independent Living Units:</b>	<b>Number of Units</b>	<b>Percent Occupancy</b>
Total Number of Independent Living Units:	315	
Number of Independent Living Units Currently Occupied:	304	96.5%
Number of Units Reserved, Pending Admission:	8	
Number of Units Occupied and Reserved:	312	99.0%
<b>D. Status of Priority List (PL):</b>		
YTD Number of New Deposits / (Deposit Refunds):	55	(18)
Number of Folders on Priority List ( <u>Including</u> Early Acceptance):	1,807	



	Current Census as of: 3/31/2024	Actual Average Year-to-Date		Budgeted Average Year-To-Date	
		Average # of Residents	Average Percent Occupancy	Average # of Residents	Average Percent Occupancy
No. of Residents in Apartments / Cottages:	395	404	96.9%	410	96.5%
No. of Residents <u>Permanently</u> in Health Ctr / Assisted Living:	80	77		82	
<b>Total CW Residents on Campus:</b>	<b>475</b>	<b>481</b>		<b>492</b>	
No. of Residents in Early Acceptance:	146	145		141	
<b>Total CW Residents:</b>	<b>621</b>	<b>626</b>		<b>633</b>	
No. of Couples on Campus:	114	116		119	
Occupancy in Assisted Living & Nursing Facilities (Bldgs 4-7):	92	95	79.7%	99	83.1%
		<b>YTD Actual</b>		<b>YTD Budget</b>	<b>Difference</b>
Free Days Used by Carol Woods' Residents:		2,019		1,540	(479)
Free Day CCRC Contractual Write Offs:		(\$232,531)		(\$196,686)	(\$35,845)

**CAROL WOODS**  
**Interim Monthly Financial Statements**  
**As Presented to the Board of Directors**  
**Revenue and Expense Notes**  
**For the Period Ending 03-31-2024**

**II. Revenue Notes**

<b>A. Monthly Service Fee Revenue</b>		<b>Actual</b>	<b>Budgeted</b>	<b>Difference</b>		<b>NOTES</b>
Net Monthly Service Fee Revenue	5,661,088	5,690,523	(29,435)	-0.5%		
<u>Average</u> Number of Residents on Campus	481	492	(11)	-2.2%		9 scheduled to move to campus in next 3 to 4 months
<u>Average</u> Number of Residents -- Early Acceptance	145	141	4	2.8%		146 Early Acceptance residents + 7 reservations vs. 143 budgeted
<b>B. Entry Fee Amortization Income</b>		<b>Actual</b>	<b>Budgeted</b>	<b>Difference</b>		<b>NOTES</b>
On-Campus Entry Fee Amortization (Year-to-Date)	1,048,308	1,024,220	24,088	2.4%		Prorated YTD Amortization of entry fees of <b>468</b> current residents.
Early Acceptance Entry Fee Amortization (YTD)	111,599	102,602	8,997	8.8%		Prorated YTD Amortization of entry fees of <b>153</b> current residents.
Entry Fee Income from Contract Termination	<u>594,169</u>	<u>180,000</u>	<u>414,169</u>	230.1%		<b>12</b> actual contract terminations YTD vs. <b>24</b> budgeted for the full year.
Total Revenue from Amortization	1,754,076	1,306,822	447,254	34.2%		\$45,705/ Termination Actual vs. \$30,000 / Termination Budgeted
<b>C. Health Center Revenue, Net of Expenses</b>		<b>Actual</b>	<b>Budgeted</b>	<b>Difference</b>		<b>NOTES</b>
Revenue in Higher Levels of Support, <u>Net</u> of Expenses	(1,082,322)	(846,590)	(235,732)	-27.8%		Under CCRC Type B Contract monthly fees & entry fees help support direct costs of higher levels of service.
<b>D. Investments &amp; Investment Income</b>		<b>Actual</b>	<b>Budgeted</b>	<b>Difference</b>		<b>NOTES</b>
Portfolio Value, January 1st	54,937,688	55,773,000	(835,312)	-1.5%		2024 began with \$835,000 less than budgeted in the portfolio.
Current Portfolio Value	56,980,910	56,498,000	482,910	0.9%		3.7% Actual returns YTD vs. 1.3% YTD Budget **
Dividends & Interest ("Yield" on Investments)	297,647	313,386	(15,739)	-5.0%		5% Annual Return is Long-Term Benchmark

**III. Expense Notes**

<b>A. Selected Operating Expenses, YTD</b>		<b>Actual</b>	<b>Budgeted</b>	<b>Difference</b>		<b>NOTES</b>	<b>BiWeekly Actual</b>	<b>BiWeekly Budget</b>	<b>BiWeekly Difference Through 07 PP's</b>
Total Regular & Overtime Wages Paid	3,926,263	3,872,805	(53,458)	-1.4%	Regular & OT BiWeekly Hrs Worked	19,781	20,063	282 Hours / PP	
Total Paid Time Off (PTO), Holiday & Other Benefits	284,533	463,986	179,453	38.7%	PTO, Holiday & Other BiWeekly Hrs Paid	2,109	2,042	(67) Hours / PP	
Payroll Taxes & Employee Benefits	1,076,623	1,064,482	(12,141)	-1.1%	Includes employer FICA, group insurance (medical, dental, LT disability, life) & 401(a) retirement accrual				
Utilities, Including Telephone & Cable	379,458	310,992	(68,466)	-22.0%	New electricity fees = \$66,500 negative variance YTD.				
Insurance- Property, Liability, Auto, Workers Comp	124,249	112,244	(12,005)	-10.7%					
Building & Equipment Refurbishment & Repair	437,431	416,573	(20,858)	-5.0%					
Food & Beverages	527,446	526,859	(587)	-0.1%					
Depreciation Expense	1,055,620	1,071,895	16,275	1.5%					
Other Operating Expenses (excluding debt & deprec)	1,170,208	1,288,502	118,294	9.2%					
<b>B. LT Debt</b>		<b>Actual</b>	<b>Budgeted</b>	<b>Difference</b>		<b>NOTES</b>			
(1) Outstanding Balance on 2018 Bonds	28,820,000	28,820,000	0	0.0%	\$2,450,000 in Bonds are scheduled to be redeemed on 4/1/2024				
(2) Bond Interest, Net Swaps, Bond Fees & Bond Amort	234,056	232,014	(2,042)	-0.9%	Includes Bond Amortization expense and bond fees				
(3) YTD Interest Rate, Annualized (plus fees & amort)	3.25%	3.22%	-0.03%		LT debt expense in Line B(3), annualized, and divided by <u>average</u> outstanding debt throughout the year.				

**CAROL WOODS**  
**Interim Monthly Financial Statements**  
**As Presented to the Board of Directors**  
**Balance Sheet, Cash Flow and Summary Notes**  
**For the Period Ending 03-31-2024**

**IV. Notes to Balance Sheet & Cash Flow Statement**

**A. Key Cash Flow Measures** To the degree to which CW can apply new entry fees to operations and debt payments, and otherwise manage its day-to-day cash flow, it enables dividends and interest (the "yield") from investments to be reinvested. The tables below present some key cash flow figures.

YTD Operating Cash Flows	In Flows	(Out Flows)	YTD Investment Cash Flows	In Flows	(Out Flows)
Net New Entry Fees Received / (Refunded)	1,965,000	(108,536)	Interest & Dividends, Reinvested	297,647	
Additional Capital Expenditures		(2,781,714)	Investment Fees		(86,533)
Net Borrowing / (Repayment) of ST Credit	3,904,407		Transfers To / (From) Investments		0
Principal Payments on LT Debt (Monthly Escrows)		(605,034)	Realized & Unrealized Gain / (Loss)	1,832,108	
<b>Net Cash Flows through Operations</b>	<b>2,374,122</b>		<b>Net Change in Investments</b>	<b>2,043,222</b>	

<b>B. Other Balance Sheet Notes</b>	3/31/2024	12/31/2023	Change		NOTES
2018 Swap Mark-to-Market (MTM) Valuation	956,807	607,504	349,303	-57.5%	Higher SOFR rates result in swap valued "above water"
1-Month Secure Overnight Fin. Rate (SOFR):	5.32%	5.34%			Switched from LIBOR to SOFR as of 6/30/23

**V. Summary**

- (1) **Net Operating Revenue.** Operationally, through 3 months, CW shows a net operating loss of -\$248,850 against a budgeted loss of -\$527,742. **The loss was anticipated because February is one of two months with a 3rd payroll.** Operating revenue, including investment dividends & interest, shows a positive variance of \$134,428 (1.5%). Operating expenses show a positive variance of \$144,465 (1.5%).
- (2) **Non-Operating Revenue & Total Net Revenue.** The investment portfolio shows realized gains YTD of \$720,485, and unrealized gains of \$1,111,623. The investment portfolio has gained 3.7% YTD, net of fees. The mark-to-market (MTM) value of the interest rate swap shows an unrealized gain of \$349,303 reflective of prevailing and anticipated interest rates.
- (3) **Assets.** CW's Total Assets have increased YTD by \$5,134,161 (4.1%). Investments increased \$2,043,222. Net property and equipment increased \$1,624,698 (2.6%). CW invested \$2,781,714 in capital improvements, while existing fixed assets depreciated by \$1,055,620. \$101,397 in fixed assets have been retired.
- (4) **Liabilities.** Deferred Revenue from Entry Fees increased \$99,952 (0.2%). \$1,965,000 in new entry fees receipts have been offset by \$1,754,076 in entry fees amortized to revenue. \$110,978 in entry fees were refunded. The outstanding balance on CW's \$10M short-term line of credit was \$6,556,031. CW uses its line of credit to cover short term fluctuations in operational cash flow.
- (5) **Net Assets.** Over the course of the year, CW's net assets increased by \$1,892,818 (5.2%). Assets increased \$5,134,161, primarily due to an increase in investments and net property & equipment. Liabilities increased by \$3,241,343, primarily from draws of \$3.9M on the revolving line of credit.



## **APPENDIX E**

The following presents Carol Woods' accreditation and licenses, including:

- (1) 2023 Annual Filing Acknowledgement from NC Department of Insurance
- (2) 2024 through 2028 CARF-CCAC Accreditation Certification
- (3) 2024 Combination Nursing Facility and Adult Care Home License for 95-Unit Building 4 and Building 5
- (4) 2024 Adult Care Home License for 12-Unit Building 6
- (5) 2024 Adult Care Home License for 12-Unit Building 7
- (6) 2024 Home Care License



August 29, 2023

Mr. Kenneth Reeb  
Vice President- Finance and Planning  
Carol Woods  
750 Weaver Dairy Road  
Chapel Hill, NC 27514

**Re: Carol Woods – 2022 Annual Filing Review**

Dear Mr. Reeb:

This letter shall serve as notification that:

1. The annual disclosure statement filings for Carol Woods have been received by the North Carolina Department of Insurance; and
2. Carol Woods has met the annual filing requirements as set forth in GS §58-64-5(f) and GS §58-64-30.

Please contact me via e-mail at [shauna.schwartzel@ncdoi.gov](mailto:shauna.schwartzel@ncdoi.gov) or call (919) 807-6614 should you have any questions.

Sincerely,

Shauna Schwartzel  
Financial Analyst  
Special Entities Section

January 23, 2024

Nicole Cooper, NHA, MBA  
Carol Woods Retirement Community  
750 Weaver Dairy Road  
Chapel Hill, NC 27514-1438

Dear Ms. Cooper:

It is my pleasure to inform you that Carol Woods Retirement Community has been issued CARF accreditation based on its recent survey. The Five-Year Accreditation applies to the following program(s)/service(s):

Continuing Care Retirement Community

This accreditation is effective November 17, 2023, and will extend through December 31, 2028, with annual demonstration of conformance to the standards and policies and procedures required to retain accreditation. This achievement is an indication of your organization's dedication and commitment to improving the quality of the lives of the persons served. Services, personnel, and documentation clearly indicate an established pattern of conformance to standards.

The accreditation report is intended to support a continuation of the quality improvement of your organization's program(s)/service(s). It contains comments on your organization's strengths as well as any consultation and recommendations. A Quality Improvement Plan (QIP) demonstrating your organization's efforts to implement the survey recommendation(s) must be submitted within the next 90 days to retain accreditation. The QIP form is posted on Customer Connect ([customerconnect.carf.org](https://customerconnect.carf.org)), CARF's secure, dedicated website for accredited organizations and organizations seeking accreditation. Please log on to Customer Connect and follow the guidelines contained in the QIP form.

Your organization should take pride in achieving this high level of accreditation. CARF will recognize this accomplishment in its listing of organizations with accreditation and encourages your organization to make its accreditation known throughout the community. Communication of the accreditation to your referral and funding sources, the media, and local and federal government officials can promote and distinguish your organization. Enclosed are some materials that will help you publicize this achievement.

Your organization's complimentary accreditation certificate will be sent separately. You may order additional certificates from Customer Connect (<https://customerconnect.carf.org>).

If you have any questions regarding your organization's accreditation or the QIP, you are encouraged to seek support from Sherri Schamel by email at [sschamel@carf.org](mailto:sschamel@carf.org) or telephone at (888) 281-6531, extension 7102.

CARF encourages your organization to continue fully and productively using the CARF standards as part of its ongoing commitment to accreditation. CARF commends your organization's commitment and consistent efforts to improve the quality of its program(s)/service(s) and looks forward to working with your organization in its ongoing pursuit of excellence.

Sincerely,

A handwritten signature in black ink that reads "Brian J. Boon, Ph.D." The signature is written in a cursive style with a large, stylized initial 'B'.

Brian J. Boon, Ph.D.  
President/CEO

Enclosures

# State of North Carolina

Department of Health and Human Services  
Division of Health Service Regulation

*Effective January 1, 2024, this license is issued to  
The Chapel Hill Residential Retirement Center Inc  
to operate an Nursing facility known as*

***Carol Woods***

*located at 750 Weaver Dairy Road  
Chapel Hill, NC 27514  
County: Orange*

*This license is issued subject to the statutes of the  
State of North Carolina, is not transferable and shall expire  
midnight December 31, 2024*

***Facility ID: 923061***

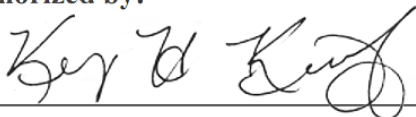
***License Number: NH0258***

***Bed Capacity: 95***

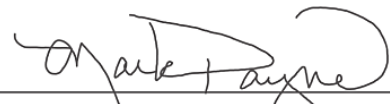
***Nursing Facility Beds: 30***

***Adult Care Home Beds: 65***

Authorized by:



Secretary, N.C. Department of Health and  
Human Services



Director, Division of Health Service Regulation

# State of North Carolina

Department of Health and Human Services  
Division of Health Service Regulation

*Effective January 1, 2024, this license is issued to*  
***The Chapel Hill Residential Retirement Center, Inc***  
*to operate an Adult Care Home known as*  
***The Carol Woods Retirement Community - Building 6***

*located at 750 Weaver Dairy Road*  
*Chapel Hill, NC 27514*  
*County: Orange*

*This license is issued subject to the statutes of the*  
*State of North Carolina, is not transferable and shall expire*  
*midnight December 31, 2024*

***Facility ID: 021133***

***License Number: HAL-068-020***

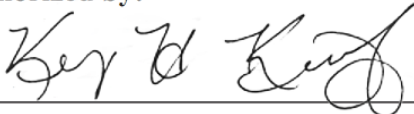
***\*\*This home serves only elderly persons\*\****

***Capacity:12***

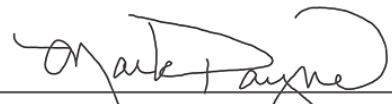
***Special Care Units:No***

***Type: Alzheimer's/Dementia: 0***

Authorized by:



Secretary, N.C. Department of Health and  
Human Services



Director, Division of Health Service Regulation



# State of North Carolina

Department of Health and Human Services  
Division of Health Service Regulation

*Effective January 1, 2024, this license is issued to*  
***The Chapel Hill Residential Retirement Center, Inc***  
*to operate an Adult Care Home known as*  
***Carol Woods Retirement Community - Building 7***

*located at 750 Weaver Dairy Road*  
*Chapel Hill, NC 27514*  
*County: Orange*

*This license is issued subject to the statutes of the*  
*State of North Carolina, is not transferable and shall expire*  
*midnight December 31, 2024*

***Facility ID: 021134***

***License Number: HAL-068-021***

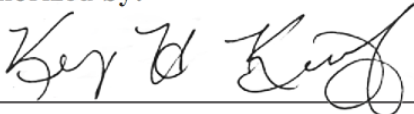
***\*\*This home serves only elderly persons\*\****

***Capacity:12***

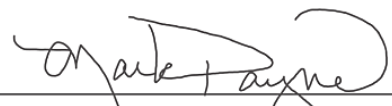
***Special Care Units:No***

***Type: Alzheimer's/Dementia: 0***

Authorized by:



Secretary, N.C. Department of Health and  
Human Services



Director, Division of Health Service Regulation

# State of North Carolina

Department of Health and Human Services  
Division of Health Service Regulation

*Effective January 1, 2024, this license is issued to  
The Chapel Hill Residential Retirement Center, Inc.*

*to operate a home care agency known as*

***Carol Woods Retirement***

*located at 750 Weaver Dairy Road  
Chapel Hill, NC 27514  
County: Orange*

*This license is issued subject to the statutes of the  
State of North Carolina, is not transferable and shall expire  
midnight December 31, 2024*

***Facility ID: 110559***

***License Number: HC4428***

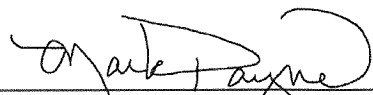
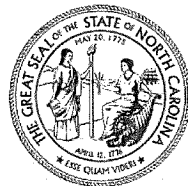
***Home Care Services:***

*Companion, Sitter and Respite, In-Home Aide.*

Authorized by:



Secretary, N.C. Department of Health and  
Human Services



Director, Division of Health Service Regulation



## **APPENDIX F**

The following presents Carol Woods' statements of Mission, Vision, Values and Philosophy

## **MISSION**

Carol Woods shall be a charitable, not-for-profit corporation meeting the needs of older adults for housing, health, well-being, and protection of financial security.

The mission of Carol Woods shall be to provide a safe, healthful, and secure environment for persons throughout their later years, as well as to engage in cooperative research, development, and education in areas encompassed by the mission. High quality residential living and health services shall be provided according to individual needs. Residents' ongoing needs to maintain and promote health and well-being shall be supported through the provision of appropriate resources. Carol Woods shall encourage diversity, residents' leadership, participation in and service to Carol Woods and the larger community. Carol Woods shall also foster a high quality work experience for staff and facilitate staff development that embodies the values of the organization.

## **VISION**

The Chapel Hill Residential Retirement Center (CHRRRC) strives to serve as a national model for continuing care communities and to be a leader in promoting successful aging throughout the state and the nation.

## **VALUES STATEMENT**

We promote individual growth and fulfillment for both residents and staff through education, research, and recognition of each person's unique contribution. We value social accountability, while maintaining financial and organizational strength of the Carol Woods' community. We embrace collaborative planning among our board, residents, and staff. We strive for a comfortable, relaxed, versatile environment that respects diversity of lifestyles, self-determination, and personal dignity.

We take pride in the shared responsibility of residents and staff in nurturing our community and believe in individual and collective contributions. We

value optimal independence and security, a meaningful lifestyle, and the highest quality of health care for every resident. We seek to provide research and education that will enhance the health and care of older adults.

We value excellence, effectiveness, efficiency, and human caring in our employees and affiliated professionals. We embrace initiative, innovation, teamwork, and mutual respect. We seek to keep lines of communication open and to nurture ties outside Carol Woods, enabling contributions to the larger community.

## **PHILOSOPHY**

Carol Woods values individual and community well-being, defined as a sense of life satisfaction, meaning and purpose. Success is measured by the quality of life achieved by residents. Personal autonomy and dignity are honored in a safe and secure community conscious of its generous but limited resources.

Carol Woods' approach to well-being, which includes health care, is holistic, proactive and collaborative, integrating a broad array of traditional and emerging modalities and interventions tailored to the unique needs of each person. Each person's life experiences, capabilities and goals are respected and honored. Carol Woods is restraint-free and supports individual choices in end-of-life decisions.

The partnership between staff and residents is fundamental to successful well-being. Mutual respect between residents and staff fosters a natural sense of cooperation and caring. Staff supports residents in making decisions about individual services, healthcare and transitions. Carol Woods encourages open communication and partnership in planning, implementing, and evaluating community initiatives. Open and honest interaction builds relationships of appreciation and trust among residents, families, staff, administration, and the board of directors.

Staff members are supported personally and professionally through high-quality education and training to gain a thorough understanding of the aging process and the latest developments on resident focused services to support the community's philosophy.

Carol Woods' commitment to these values builds a strong community that is responsive to changes and extends beyond its own members. Research, education and community service further quality of life for elders in the wider world.

## **APPENDIX G**

The following presents Carol Woods' Board Policy Governing the  
Evaluation and Disclosure of Potential Conflicts of Interest

# **Carol Woods Board of Directors Conduct Policy Statement (Conflict of Interest Policy)**

*Adopted by the Carol Woods Board of Directors, November 24, 1998*

## I. Disclosure and Conflict of Interest

Chapel Hill Residential Retirement Center Inc., doing business as Carol Woods, is licensed as a Continuing Care Retirement Center under North Carolina law. The Department of Insurance is responsible for its regulation and the enforcement of relevant state laws.

The law requires that the disclosure statement which Carol Woods files with the Department and provides to prospective residents include information about any business relationships Directors have with residents and with companies doing business with Carol Woods. Additional details of disclosure requirements are outlined in Appendix I. The North Carolina Statute defining Director Conflict of Interest is Appendix II.

It is the policy of Carol Woods that Carol Woods Directors not hold directorships, employment, or other affiliation with any organization whose mission may be in conflict or competition with that of Carol Woods or that threatens the autonomy of Carol Woods.

Residents may have business relationships with Directors or with organizations that Directors may control, be employed by, and/or are otherwise affiliated with. Carol Woods does not endorse or encourage residents to do business with such Directors or organizations and is not involved in establishing continuing relationships between residents and Directors.

No Director shall engage in any activity in relation to Carol Woods that is likely to be materially beneficial to that person without prior knowledge of the Executive Committee of the Board of Directors. Any Director who provides goods or services to a resident of Carol Woods should inform the Executive Committee of the Board of Directors of that fact.

It is the policy of Carol Woods that if a possible conflict of interest is identified by any Director, he or she will not participate in discussion nor vote on that particular issue.

The resolution of any apparent conflict of interest shall be reached by consensus among the Directors. If consensus cannot be reached the procedure in the N. C. Statute 55A-8-31 will be applied. (See Appendix II)

## 2. Confidentiality and General Conduct

No Director shall disclose any confidential information about Carol Woods.

No present or former Director shall ask or expect special favors or consideration from the President/CEO or any staff member by virtue of present or prior Board membership.

No Director shall ever instruct a staff member in the performance of his or her duties. Any advice of that sort should be directed to the President/CEO. Directors should address all questions about operations only to the President/CEO.

This policy shall be discussed with Director candidates before the Nominating Committee presents them for the Carol Woods Board of Directors.

The policies in this statement shall also apply to immediate family members of Directors. (See Appendix III)

This policy shall be reviewed annually. Each Director will be asked to update any information as necessary. This statement will include disclosure of any organizational relationship or other activity or interest that might possibly constitute a conflict of interest. (See Appendix IV)

## Appendix I

### Disclosure Requirements

#### Board of Directors

#### Management

- a. A description of the business experience of this person, if any, in the operation or management of similar facilities;
- b. The name and address of any professional service firm, association, trust, partnership, or corporation in which this person has, or which has in this person, a ten percent (10%) or greater interest and which it is now intended shall currently or in the future provide goods, leases, or services to the facility, or to residents of the facility, of an aggregate value of five hundred dollars (\$500.00) or more within any year, including a description of the goods, leases, or services and the probably or anticipated cost thereof to the facility, provider, or residents or a statement that the cost cannot now be estimated; and
- c. A description of any matter in which the person (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 subject to this Article or a similar law in another state.



## Appendix II

### North Carolina Statute

#### §55A-8-31. Director conflict of interest.

(a) A conflict of interest transaction is a transaction with the corporation in which a director of the corporation has a direct or indirect interest. A conflict of interest transaction is not voidable by the corporation solely because of the director's interest in the transaction if any one of the following is true:

- (1) The material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board and the board or committee authorized, approved, or ratified the transaction;
- (2) The material facts of the transaction and director's interest were disclosed or known to the members entitled to vote and they authorized, approved, or ratified the transaction; or
- (3) The transaction was fair to the corporation.

(b) For purposes of this section, a director of the corporation has an indirect interest in a transaction if:

- (1) Another entity in which he has a material financial interest or in which he is a general partner is a party to the transaction; or
- (2) Another entity of which he is a director, officer, or trustee is a party to the transaction and the transaction is or should be considered by the board of directors of the corporation.

(c) For purposes of subdivision (a)(1) of this section, a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the directors on the board of directors (or on the committee) who have no direct or indirect interest in the transaction, but a transaction shall not be authorized, approved, or ratified under this section by a single director. If a majority of the directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subdivision (a)(1) of this section if the transaction is otherwise authorized, approved, or ratified as provided in that subdivision.

(d) For purposes of subdivision (a)(2) of this section, a conflict of interest transaction is authorized, approved, or ratified by the members if it receives a majority of the votes entitled to be counted under this subsection. Votes cast by or voted under the control of a director who has a direct or indirect interest in the transaction, and votes cast by or voted under the control of an entity described in subdivision (b)(1) of this section, shall not be counted in a vote of members to determine whether to authorize, approve, or ratify a conflict of interest transaction under subdivision (a)(2) of this section. The vote of these members, however, is counted in determining whether the transaction is approved under other sections of this Chapter. A majority of the votes, whether

or not present, that are entitled to be cast in a vote on the transaction under this subsection constitutes a quorum for the purpose of taking action under this section.

(e) The articles of incorporation, bylaws, or a resolution of the board may impose additional requirements on conflict of interest transactions. (1985 (Reg. Sess., 1986), c. 801, s.26; 1993, c. 398, s. 1.)

Appendix III

Immediate family includes spouse, children, parents, grandparents, grandchild, brother, sister, step and adoptive relatives and spouses of each.

Appendix IV

Carol Woods Board of Directors

Statement of Conflict of Interest

I acknowledge receipt of a copy of the Carol Woods policy concerning Conflict of Interest.

As a part of the annual disclosure procedure, I list the following business or organizational affiliations or other activity or interest which might possibly constitute conflict of interest. Note "none" if applicable.

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Signed: \_\_\_\_\_

Date: \_\_\_\_\_