

# Deerfield



## Disclosure Statement

**Disclosure Statement**

**February 27, 2021**

**Deerfield Episcopal Retirement Community, Inc.**

**1617 Hendersonville Road**

**Asheville, NC 28803**

**(828) 274-1531**

**In accordance with Article 64 of Chapter 58 of the NC General Statutes, this Disclosure Statement may be delivered only through July 27, 2022, if not earlier revised. Delivery of this Disclosure Statement to a contracting Party before execution of a contract for the provision of continuing care is required. This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

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## **ORGANIZATION/DEERFIELD INTRODUCTION AND INFORMATION**

### **Description**

Deerfield Episcopal Retirement Community, Inc. (“Deerfield”) is faith-based, nonprofit, open to all, and provides a continuum of services to empower residents to live life to the fullest. We enrich the lives of those who live and work at Deerfield and commit to be a leader in the field of aging services.

Deerfield is affiliated with the Episcopal Diocese of Western North Carolina (“Diocese”). Nominations to the Deerfield Board of Directors must be approved by the Executive Committee of the Diocese. The Bishop of the Diocese serves as a permanent member of the Deerfield Board of Directors. By action of a 1975 amendment to Deerfield’s charter, the Diocese is absolved of all financial and contractual obligations entered into by Deerfield.

### **Non-Profit/For Profit Status**

Deerfield Episcopal Retirement Community, Inc. is exempt from income tax under Section 501 (c) (3) of the Internal Revenue Code.

### **Affiliations**

In addition to the previously noted affiliation with the Episcopal Diocese of Western North Carolina, Deerfield maintains membership in state and national trade associations, including: LeadingAge North Carolina, and LeadingAge. Deerfield has been accredited by Commission on Accreditation of Rehabilitation Facilities (CARF) since March, 2003.

Deerfield has formed Deerfield Charitable Foundation which is a supporting organization and will be consolidated with Deerfield. Deerfield Charitable Foundation is part of the Obligated Group.

### **Accreditation/Licensing**

Deerfield is licensed by the North Carolina Department of Insurance as a Continuing Care Retirement Community. Deerfield’s skilled care unit and assisted living care unit are licensed by the North Carolina Department of Health and Human Services, Division of Health Services Regulations. Deerfield’s skilled nursing unit is Medicare certified. Deerfield is governed by its Board of Directors, who develops and oversees policies.

Deerfield has received an “A” rating by Fitch Rating, a global investment rating agency.

Responsibility for the daily management of Deerfield is delegated to the President and CEO. The Board of Directors consists of the Bishop of the Diocese and at least 11, but no more than 16 members at large. Directors serve three year terms and are eligible to serve three consecutive terms.

No member of the Board or those responsible for day-to-day management of Deerfield has a financial interest in Deerfield. Unless disclosed, no business enterprise in which a Board member or management has, or which has in this person, a ten percent (10%) or greater interest

shall provide goods or services to the facility, or to the residents of the facility, of an aggregate value of five hundred dollars (\$500) or more within a given year.

No Board member or individual responsible for day-to-day management of Deerfield has (i) 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 charge involved fraud, embezzlement, fraudulent conversion or misappropriation of property; or (ii) is subject to a currently 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 the 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 this Article 64 or a similar law in another state.

The names, contact address, and brief background of board members and management staff (individuals responsible for daily operations) of Deerfield as of January 31, 2021 are as follows. Several directors have relatives who reside at Deerfield. Also, some directors have signed a Future Residency Agreement to possibly be a resident in the future.

**Executive Committee**

The Rt. Rev. Jose McLoughlin  
900-B Centre Park Drive  
Asheville, NC 28805  
Background: Bishop of Diocese of Western North Carolina (Permanent Seat).

**Chair:** Jeff Covington  
81 Forest Road  
Asheville, NC 28803  
Background: Commercial Lender of Park National Bank, Asheville, NC.  
Family members reside at Deerfield. Mr. Covington is on the Deerfield waitlist.

**Vice Chair:** Roba Whiteley  
331 Vanderbilt Road  
Asheville, NC 28803  
Background: Healthcare Executive  
Ms. Whiteley is on the Deerfield waitlist..

**Treasurer:** Larry B. Harris, CPA, CFP.  
85 Peachtree Road  
Asheville, NC 28803  
Background: CPA at Parsec Financial Wealth Management, Asheville, NC.

**Secretary:** Dr. Virginia (Ginna) Templeton  
100 Far Horizons Lane  
Asheville, NC 28803  
Background: Executive Director of Memory Care, Asheville, NC.

**Past Pres:** Chris Dismukes  
10 Westwood Road  
Asheville, NC 28803  
Background: Retired nurse and active in the Episcopal Diocese.  
Mrs. Dismukes is on the Deerfield waitlist.

### **Board Members**

Bob Burgin  
599 Old Toll Road  
Asheville, NC 28803  
Background: Retired CEO of Mission Hospital, Asheville, NC.  
Mr. Burgin is on the Deerfield waitlist.

Eugene Carr  
Carr, Blackwell & Associates  
PO Box 608  
Hendersonville, NC 28793  
Background: Attorney at law firm, Carr, Blackwell & Associates,  
Hendersonville, NC. Family member resides at Deerfield.

Suzanne Nesbitt Dawkins  
Design One  
53 Asheland Avenue # 103  
Asheville, NC 28803  
Background: Principal/President, Design One, Asheville, NC.  
Design One is a marketing communications firm. Deerfield paid Design One  
\$185,8089 for marketing communication services for year ended 09/30/20. Ms.  
Dawkins is on the Deerfield waitlist.

Jack Ingersoll 81  
Lambeth Drive  
Asheville, NC 28803  
Background: Retired Industrial Security Executive and current resident.

Rev. S. Ross Jones  
385 Racquet Club Road  
Asheville, NC 28803  
Background: Retired Episcopal Priest and current resident.

Glenn Mayes  
4 Reynolds Place  
Asheville, NC 28803  
Background: CPA, Retired Chief Financial Officer of Asheville School,  
Asheville NC. Mr. Mayes is on the Deerfield Waitlist.

Dr. Isaac Owolabi  
P. O. Box 11  
Skyland, NC 28776  
Background: Professor of Business, Montreat College, Montreat, NC.

Bill Clontz 141  
Lambeth Drive  
Asheville, NC 28803  
Background: Retired Military and Consultant to Non-profits.  
Ex-Officio, President of the Deerfield Residents Council and current resident.

### **Management Staff**

Mr. Robert F. Wernet, Jr.  
President and CEO  
Deerfield Episcopal Retirement Community, Inc.  
1617 Hendersonville Road  
Asheville, NC 28803

Mr. Wernet is the President/CEO of the Corporation since he joined the staff in 1998. Mr. Wernet received a Bachelor of Science from Texas A&M University and a Masters in Gerontology from North Texas State University. He is a licensed Nursing Home Administrator in North Carolina. He served in multiple administrative positions in CCRCs in Florida and has been managing/developing CCRC's since 1981. Over his 33 plus year career in Senior Living he has overseen several large start-up and expansion projects. He has served on several community Board of Directors including serving as chair for LeadingAge NC. He is also a certified preceptor for nursing home administrators for North Carolina. Mr. Wernet has served as a preceptor for several licensed nursing home administrators in Florida and North Carolina. He has also previously served as a surveyor for the Continuing Care Accreditation Commission.

Robert Chandler  
Chief Financial Officer  
Deerfield Episcopal Retirement Community, Inc. 1617 Hendersonville Road  
Asheville, NC 28803

Mr. Chandler has been Controller/CFO since he joined the staff in August 1999. He is responsible for the financial operations of the Corporation, including financial reporting, the annual budget, forecasts, etc. Mr. Chandler is a graduate of Texas A&M University with an accounting degree. Mr. Chandler is a CPA and began his career with Peat Marwick. He worked as controller for a financial services firm for 10 years. He also worked for a New York accounting firm for five years. Currently, he serves on the Investment Advisory Committee of Dogwood Health Trust in Asheville, NC. He also is a board member of the Biltmore Forest Board of Adjustments.

Matthew Sharpe  
Executive Director  
Deerfield Episcopal Retirement Community, Inc.  
1617 Hendersonville Road  
Asheville, NC 28803

Mr. Sharpe joined the Deerfield Management Team in May of 2004 after graduating from the University of North Carolina in Asheville with a Health Care Management Degree. He then

entered the Administrator in Training Program through the state of North Carolina in October 2005 and earned his Nursing Home Administrator License. In December of 2009, Mr. Sharpe completed his graduate studies at Western Carolina University by earning a Master's in Business Administration and in 2016 he completed the LeadingAge NC Leadership Academy Program. After years of serving in many different facets of management at Deerfield, Mr. Sharpe earned the title of Executive Director in 2018.

Brian King  
Director of Health and Wellness  
Deerfield Episcopal Retirement Community, Inc.  
1617 Hendersonville Road  
Asheville, NC 28803

Mr. King began with Deerfield as Director of Therapy Services through RehabCare in 2010. Prior to that he was owner /operator of his own contract therapy company in the Asheville area for 16 years where he provided speech, physical and occupational therapy services to area nursing homes. He graduated from the University of Florida in 1989 with an occupational therapy degree and focused on geriatric rehabilitation through the bulk of his professional career. He formally joined the Deerfield team in July of 2013 when he entered the Administrator in Training Program through the state of North Carolina and has been a licensed Nursing Home Administrator since April of 2014. Since then he has overseen overall operations for our skilled nursing, assisted living and independent living clinic.

Debra Campbell  
Director of Operations  
Deerfield Episcopal Retirement Community, Inc.  
1617 Hendersonville Road  
Asheville, NC 28803

Ms. Campbell joined the Deerfield Management Team in January 2019. She received her bachelor's degree from the University of Michigan and her Master of Public Health from the University of North Carolina at Chapel Hill. She has been serving seniors throughout her professional career since 1992. This includes roles as a hospice administrator, assisted living administrator, and as the executive director of a retirement community. She is currently licensed in the state of North Carolina as an Adult Care Home (Assisted Living) Administrator. At Deerfield, Ms. Campbell serves as the Director of Operations, providing leadership in the areas of dining, housekeeping, resident life, and spa services.

Keith Einsmann  
Director of Facility Services  
Deerfield Episcopal Retirement Community, Inc.  
1617 Hendersonville Road  
Asheville, NC 28803

Mr. Einsmann joined Deerfield as the Director of Facilities in January 2015. He is responsible for the grounds, maintenance, security department and the Risk Management program. He is a graduate of Clemson University with a degree in Industrial Management. Mr. Einsmann holds the classification of Certified Healthcare Facility Manager. In 2017 he completed the Leading Age NC Leadership Academy Program. Prior to joining Deerfield, Mr. Einsmann managed multiple



hospitals, outpatient, surgical, physician, and ambulatory care facilities in Western North Carolina and has overseen multiple expansion and renovation projects. Prior to his work in healthcare, he worked as Director of Operations at Biltmore Baptist Church and has experience managing manufacturing plants in the textile industry.

Kathy Foster  
Director of Marketing  
Deerfield Episcopal Retirement Community, Inc.  
1617 Hendersonville Road  
Asheville, NC 28803

Ms. Foster joined the Deerfield team as Director of Marketing in October, 2013. Prior to joining the Deerfield family, Ms. Foster worked as an independent consultant, impressing the management team with her talent, experience and abilities. She has worked in the senior living industry for over thirty years, serving in a variety of capacities including as a CNA, and as an activities director, prior to her focus on marketing. She holds a bachelor's degree in Marketing and Advertising from Granite State College in New Hampshire.

Michelle Wooley  
Director of Philanthropy  
Deerfield Episcopal Retirement Community, Inc.  
1617 Hendersonville Road  
Asheville, NC 28803

Ms. Wooley joined the Deerfield team as the Director of Philanthropy in June, 2017. At Deerfield she helps residents connect their passions with their resources, working with them to find meaningful ways to give of their time, talents and treasure both within the Deerfield community and in the local area. Ms. Wooley recently served at a local hospice foundation and prior to that as Director of Communities at a nearby church. The commonality in her different roles has been the opportunity to build relationships based on trust and a mutual desire to see more good in the world.

Shirley Burnette  
Director of Human Resources  
Deerfield Episcopal Retirement Community, Inc.  
1617 Hendersonville Road  
Asheville, NC 28803

Ms. Burnette has been with Deerfield a total of 45 years. She is responsible for the Human Resources department of the community. Prior to that, she spent 18 years as the Food Service Director. She received certification as a Dietary Manager through the University of Florida Continuing Education program. She also has a Certificate of Achievement as an Activity Coordinator. Ms. Burnette successfully completed her Human Resources Management Program in 1999 through Western Carolina University.

## **History**

Deerfield is located just south of Asheville, NC, at 1617 Hendersonville Road (Highway 25 South). Current operations are situated on a 125-acre tract of property, a mix of meadow and wooded acreage. Adjacent to the Blue Ridge Parkway, Deerfield is convenient to shopping, the regional airport, interstate highways, hospitals and physicians, local colleges and universities and a variety of recreational and cultural opportunities.

Deerfield is comprised of 378 independent living units, 62 assisted living units, 62 nursing beds and supporting common areas and amenities.

While there are various types of contract structures within retirement communities, two of the more common are a fee-for-service contract and the LifeCare contract. Under a fee-for-service contract, an entrance fee is paid for the life use of a dwelling. Individuals then pay a monthly maintenance fee covering specified services while occupying the residence. In the event the occupant must move to a higher level of care, i.e. assisted living or skilled nursing care, the individual would begin paying the higher monthly fee associated with that particular level of care. In cases involving couples, while both Residents are residing in an independent level of care, they pay the monthly fee associated with that level of care. However, should one of the couple need to move to health care, they would then pay both the higher health care rate and the monthly rate for the original residence still being occupied by the spouse.

The second type of contract is LifeCare. Under this plan, the individual pays an entrance fee for the desired independent living residence and the associated monthly fee. If and when it becomes necessary to move to a higher level of care, the Resident will continue being charged the monthly fee that was in effect for their independent living unit. The only increase in monthly fees would be for additional meals, charge for a room larger than standard room (if larger room is desired), and services not covered within the contract. In a situation involving couples, should one spouse transfer to a higher level of care, the monthly rate will not be changed from that previously paid. The only change would be a charge for two additional meals per day, charge for a room larger than standard room (if larger room is desired), and any additional ancillary services or supplies.

Deerfield operated as a fee-for-service community for many years; however since 1999, all new independent living contracts offered are LifeCare. All existing fee-for-service contracts will remain in effect. In the sections that follow, regarding policies and fees, anything not applicable to both types of contract will be identified.

As of January 31, 2021, there were 634 individuals residing at Deerfield.

## **POLICIES**

### **Admission Requirements**

Any individual age 62 or older is eligible for admission to Deerfield. Except as to age, Deerfield's admission policies are non-discriminatory. Deerfield is open to both married and single men and women of all races, religions and sexual orientation.

### **Health Criteria**

Any individual who plans to enter a level of independent living at Deerfield must be able to care for his/her self, possessing the mental and physical condition required for performing all necessary activities of daily living for that particular area of residence. Prior to admission, the Resident's physician must provide the results of a physical examination and an updated medical history. Such report shall include a statement that the Resident is in good health, can move about independently and is able to perform activities needed for independent living. Deerfield may require the Resident to have another physical examination by the Medical Director or by another

physician approved by Deerfield. The Resident shall be responsible for the costs of such physical examination. If the health of the Resident as disclosed by the physical examination differs materially from that revealed in the Resident's Application for Admission and Personal Health History, Deerfield shall have the right to decline the admission of the Resident and to terminate the Agreement, or at the discretion of Deerfield the applicant may take residence within the appropriate higher level of care. Once a Resident, the individual shall continue to live independently until he is physically or mentally unable to do so, in which event he has the option of moving to the appropriate level of care at Deerfield, as determined by Deerfield, or terminating the agreement.

### **Financial and Insurance Criteria**

All applications for admission to Deerfield must be approved by the Admissions Committee of the Board. As a part of this approval process, the financial status of the applicant is reviewed to determine whether, given the applicant's age and state of health, the applicant has sufficient assets and income to reasonably expect that he/she will be financially self-supporting for life. Deerfield may require applicants and Residents to furnish updated financial information prior to and after admission.

Residents shall maintain Medicare Part A, Medicare Part B, and one supplemental insurance policy or equivalent insurance coverage acceptable to Deerfield. Deerfield participates in Medicare reimbursement programs. Individual Residents may purchase private long-term care insurance if they so desire.

### **Termination and Refund Policies – Fee-for-Service Contracts**

Residence Agreements may be terminated by the Resident for any reason, by giving written notice to Deerfield. If the Residence Agreement is terminated prior to occupancy, a partial refund of any Entrance or Admission Fee will be paid by Deerfield to the Resident or the Resident's estate within the time specified by the Agreement. This refund will be calculated as follows:

The Entrance Fee (or admission fee if applicable) minus (i) any nonstandard costs incurred by Deerfield at the request of the Resident and described in the Residence Agreement, (ii) if the dwelling is not an existing structure but is to be constructed by Deerfield, a non-refundable fee of 10% of the Entrance Fee which is intended to cover Deerfield's costs representing the time, expertise, and expense associated with the construction of the dwelling. These costs include but are not limited to the preparation of the construction contract, financing, and supervision of the construction, (iii) any other non-refundable fees that are noted in the Residence Agreement and (iv) a reasonable service charge of \$1,000 or 2% of the Entrance Fee, whichever is greater.

No non-refundable fee or service charge will be assessed if such termination is because of the death of the Resident, or because the Resident's physical, mental, or financial condition makes the Resident ineligible for admission to Deerfield.

Deerfield does not intend to use the fee-for-service contract for future residents.

### **Termination Prior to Occupancy-LifeCare Contracts**

The Residence and Services Agreement may be terminated for any reason prior to occupancy by giving written notice to Deerfield. A refund of the Entrance Fee paid, less a non-refundable fee equal to 4% of the Standard Entrance Fee, will be made. The non-refundable fee will be waived

if termination is due to the death of the Resident, or because the Resident's physical, mental, or financial condition makes the Resident ineligible for admission to the community. Refunds will be paid within sixty (60) days of receipt of written notification.

### **Termination by Residents after Occupancy-Fee-for-Service Contracts**

The Residence Agreement may be terminated by the Resident upon giving 90 days notice of intent to terminate. In addition, the Residence Agreement shall be terminated upon the death of the Resident or in the event that changes in the Resident's health require that the Resident move from the dwelling.

In the event that the Residence Agreement is terminated by any of the above, a partial refund of the Entrance fee paid, calculated as follows, will be paid by Deerfield to the Resident or Resident's estate within six (6) months after termination:

The Entrance Fee reduced by 1% for each full month between the date the unit became available for occupancy and the date of termination. Refunds shall be a maximum of 90% and a minimum of 20% of the Entrance Fee. If, within the first 180 days of occupancy, the Residence Agreement is terminated by the Resident or due to the Resident's death, a portion of the Admission Fee will be refunded to the Resident or Resident's estate.

### **Termination by Residents after Occupancy-LifeCare Contracts**

At any time after occupancy, the Resident may terminate the Residence and Services Agreement by giving Deerfield written notice of such intent. Refunds of entrance fees paid will be made according to the refund option originally selected by the Resident. A breakdown of each option is as follows:

Standard Entrance Fee Option- the Resident shall receive a refund in an amount equal to the Standard Entrance Fee paid less 2% for each month of residency for up to 48 months and less a 4% non-refundable fee. Refunds under this option shall be paid within 60 days of vacating the dwelling.

50% Refund Option-Those Residents choosing this option shall receive a refund in an amount equal to the entrance fee paid reduced by 2% per month, for up to 23 months and less a 4% non-refundable fee. At no time shall the refund be less than 50% of the entrance fee paid. Refunds under this option shall be paid within 60 days of vacating the dwelling. The 50% Refund Entrance Fee Option is not available to persons over the age of 85 years. The age of the older resident is used in making this determination.

90% Refund Option- Those Residents selecting this option shall receive a refund in the amount equal to the entrance fee paid, reduced by 1% for each month of residency for up to six months and less a 4% non-refundable fee. At no time shall the refund be less than 90% of the entrance fee paid. Refunds under this option will be made after the residence has been reserved by Deerfield's receipt of full payment of the entrance fee by a prospective resident or within one year from the date of termination of the Agreement, whichever occurs first. The 90% Refund Entrance Fee Option is not available to persons over the age of 85 years. The age of the older resident is used in making this determination.

In the event of the death of the Resident, the agreement shall terminate and the refund will be calculated as described above.

### **Termination of Agreements By Deerfield (Both Fee-for-Service and LifeCare)**

Deerfield may terminate agreements as follows:

1. In the event the Resident fails to comply with the provisions of the Agreement;
2. In the event the Resident fails to comply with such rules and regulations as Deerfield may establish;
3. In the event the Resident fails to pay the monthly maintenance fee or any other required charges as specified by the Agreement, or by the rules and regulations of Deerfield;
4. In the event the Resident abandons the dwelling;
5. In the event there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History, or Confidential Financial Statement.

With reference to above items, Deerfield shall give the Resident written notice of the Resident's violation or default; if the violation or default is of a type which can be corrected and the Resident does not correct the violation or default within 30 days of Deerfield's notice, or if the violation or default is of a type which cannot be corrected, then this Agreement shall automatically be terminated upon the expiration of such 30 days following notice. In the event of termination for such causes, refund of the entrance fee will be made as previously noted.

### **Trial Period- (LifeCare Contract Only)**

Under LifeCare contracts, the first sixty (60) days of occupancy at the community will be considered to be a Trial Period. During this Period, the Resident will have the right to terminate the Residence and Services Agreement by giving Deerfield written notice of termination. In the event of such termination by the Resident, or in the event of the death of the Resident, a full refund of the entrance fee paid minus a 4% non-refundable fee will be made. During this sixty (60) day trial period, Deerfield shall have the right to terminate the Agreement based upon Deerfield's determination that the Resident's physical, mental, or emotional condition will not allow adjustment to the living environment at the Community. In the event of such termination, Deerfield will refund the full entrance fee paid by the Resident. Any refund due under "Termination within the Trial Period" shall be paid within sixty (60) days after the residence has been vacated by the Resident.

### **Rescission-Fee-For-Service**

In accordance with NC General Statute 58-64-25, a Resident may rescind the Residence and Services Agreement within thirty (30) days following the later of the execution of the contract or the receipt of Deerfield's formal disclosure statement. If the Residence Agreement is rescinded under this statute, the Resident or the Resident's legal representative shall receive a refund of all money or property transferred to Deerfield minus (i) periodic charges specified in the Agreement and applicable to the period a living unit was actually occupied by the Resident; (ii) any non-standard costs incurred by Deerfield at the request of the Resident and described in the contract amendment signed by the Resident, (iii) any non-refundable fees noted in the contract; (iv) a reasonable service charge, if set out in the contract, not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the entrance fee.

### **Rescission-LifeCare Contract**

The Residence and Services Agreement may be rescinded by the Resident by giving written notice of such rescission within thirty (30) days following the later of the execution of the Agreement or receipt of Deerfield's approved disclosure statement. In the event of such rescission, the Resident shall receive full refund of any entrance fee paid. The Resident shall not be required to move into the community before the expiration of such thirty (30) day period. Any such refund will be paid by Deerfield within sixty (60) days following the receipt of written notice of rescission.

### **Transfers or Changes In Levels of Care**

Deerfield shall have the authority to determine that the Resident is in need of a higher level of care. Such a determination shall be based on the professional opinion of the Director of Health & Wellness, the President/CEO, and the Medical Director of the Community. Such a determination shall be made only after consultation to the extent practical with the Resident, representative of the Resident's family, and the Resident's attending physician.

If it is determined by Deerfield that the Resident needs care beyond that which can be provided by Deerfield, the Resident may be transferred to a hospital or facility equipped to provide the necessary care. The Resident will be responsible for any expenses associated with such a transfer. Transfer to a hospital or other facility will be made only after consultation to the extent practical with the Resident, or a representative of the Resident's family, and the Resident's attending physician. If a determination is made by Deerfield that any transfer is probably not temporary in nature, the Resident agrees to surrender the Residence or any other accommodation in the Community occupied by the Resident prior to such transfer. If Deerfield subsequently determines that the Resident can resume occupancy in Residence or accommodations comparable to those occupied by the Resident prior to such transfer, the Resident shall have priority to such accommodations as soon as they become available.

### **Occupancy by Two Residents-LifeCare**

In cases where two Residents occupy a dwelling, if there is a change in circumstances with respect to one of the Residents (i.e. death, change in health status, or termination of the Agreement with one the Residents), the Residence and Services Agreement will continue in effect for the remaining Resident. The surviving (or remaining) Resident will have the option of either remaining in the same residence or moving to a smaller residence. If the Resident chooses to move to a smaller unit, any refund due will be paid in accordance with terms of the Residence and Services Agreement. In the case of LifeCare contracts, the monthly fee will be reduced to the single person rate of the smaller unit, in the event of death or termination of the second person contract.

### **Marriages/New Second Occupant Under Existing Fee-for-Service Contract**

Any person currently a Resident under a Fee-for-Service contract and choosing to marry, other than another Resident, will be assessed the current charge of \$2,500 for addition of that person under Deerfield's Resident Services Agreement. If one of the persons marrying has already paid the Admission Fee for a couple, (currently \$7,500), no assessment will be made. Although this is the basic policy, each case will be considered as it arises.

If a Resident of a cottage or apartment marries, there will be no increase in the monthly fee. If the Resident resides in an Assisted Living room and the new spouse plans to share the room, there will be an increase in the monthly room and board charge to reflect the second person.

### **Marriage/New Second Occupant Under LifeCare Contract**

If two Residents marry one another, they may occupy the residence of either Resident and shall surrender the unoccupied residence. No refund will be paid for the surrendered Residence except for Agreements in which the Resident selected either the 50% or 90% Entrance Fee option or if, in the case of the Standard Refund Option, the residence was occupied for less than 48 months (in accordance with LifeCare contracts). The residents will then pay the monthly fee for double occupancy associated with the Residence they occupy. In situations in which a Resident marries a non-Resident of the community, the non-Resident spouse may become a Resident if he/she is able to meet all the current admission requirements, enters into a then current version of the Residence and Services Agreement, and pays an Entrance Fee in an amount determined by Deerfield in its discretion. Such a fee will not exceed more than 50% of the then current entrance fee associated with the type of Residence occupied by the Resident and Spouse. If the Resident's spouse does not meet the requirements for admission, the Resident may terminate this Agreement with the same provisions as previously outlined in Voluntary Terminations.

### **Inability to Pay**

If the Resident and the Resident's guarantors, if any, become insolvent during the continuance of any contract and are unable to pay the monthly fees, the Resident may apply for financial assistance through Deerfield's Residency Fund (also known as benevolent assistance). Such assistance is available only in cases of involuntary hardship, with actual need clearly demonstrated. The Resident must show to Deerfield's satisfaction that no transfer of an asset of the Resident has been made for less than its full fair and actual value within (i) 10 years before an application is made to the Residency Fund or (ii) 7 years before the Resident first occupied a living unit at Deerfield, or (iii) at any time when it reasonably might have been anticipated that the Resident ever would become insolvent. If Deerfield is satisfied of the Resident's eligibility, then financial assistance will be made available from the Residency Fund in relation to (i) the Resident's need, (ii) the needs of the Residents similarly eligible and (iii) the principal and income available in the Residency Fund.

## **SERVICES**

### **Cottages and Apartments – Fee-for-Service Contract**

Residents of cottages and apartments in the existing facility who are under the Fee-for-Service contract pay a monthly fee. Services provided which are covered by this fee are:

- Water and sewer charges
- Trash collection
- Maintenance of the unit (interior and exterior)
- Grounds keeping

- Planned social and recreational activities
- 24 hour, 7 day, security staff and systems
- Local transportation
- Insurance on the structure itself
- Use of common areas and amenities
- 24 hour nursing staff available for emergencies and consultation
- Up to 15 days per year in nursing care if needed (days are non-cumulative from year to year)

In addition to the above, the following services are available at an additional charge:

- Housekeeping service
- Meals in the main dining room
- Tray service (limited to times of illness)
- Extra nursing services
- Medical or other supplies used

### **Cottages and Apartments-LifeCare Contract**

Residents under a LifeCare Contract pay a monthly fee that includes the following:

- One meal per day in the dining venue of choice
- Special diets and tray service when approved by authorized staff
- All utilities, excluding telephone and cable television
- 24-hour, 7 days, security staff and systems
- Weekly housekeeping
- Maintenance
- Trash collection
- Grounds keeping
- Lighted parking
- Planned social, spiritual, recreational, educational, and cultural activities
- Scheduled transportation for local medical appointments, shopping and errands
- Arts and crafts programs and activities
- Exercise and wellness programs
- Chaplain services
- Additional Resident storage (in apartments)
- On-site health center with Assisted Living and Skilled Nursing accommodations
- 24-hour Emergency Assistance
- Routine Clinic services
- Use of all common areas and amenities

### **Assisted Living and Skilled Nursing-Direct Admission**

Residents of the Assisted Living rooms pay a monthly room and board fee that includes:

- Three meals per day
- Weekly housekeeping service and linens
- All utilities except telephone and cable television
- Security
- 24 hour nursing staff available for emergencies and consultation



- Planned activities and social events
- Up to 15 free days per year in nursing care if needed (days are non-cumulative from year to year)
- Scheduled transportation for physician visits and shopping

In addition to the above, the following services are available at an additional charge:

- Extra nursing services
- Medical or other supplies used
- Personal laundry

Residents of skilled nursing care pay a monthly room and board fee that includes:

- Nursing care
- Meals and snacks
- Housekeeping services
- Planned activities
- Scheduled transportation for physician visits and shopping
- All utilities except telephone and cable television
- Security

## **FEES**

### **Reservation Deposit**

Prospective Residents begin the application process by executing either a Future Residency Agreement or Reservation Agreement. Availability of inventory and the Resident's desired date of entry to Deerfield determine which Agreement is executed. If the Resident plans a move in the immediate future and there is a residence available, the Reservation Agreement would be selected. This agreement allows the Resident to choose a specific Residence and freeze the Entrance Fee. If entry is at some unspecified future date or no residence is available, the Future Residency Agreement would be chosen. While it does not freeze the Entrance Fee, the Future Residency Agreement does provide the individual with a priority number, and lists the type of residence preferred and the approximate date the move is desired.

A \$1,000 Reservation Deposit will be paid at the time the Resident enters into either the Reservation Agreement or the Future Residency Agreement. This deposit will be credited towards any future Entrance Fees.

Within 30 days of execution of the Future Residency Agreement or 15 days for the Reservation Agreement, the applicant will submit completed application forms including an Application for Admission, Personal Health History, and Confidential Financial Statement. Within 30 days of receipt of these forms, the Admissions Committee will approve or deny the application for admission based upon the admission criteria and policies established by the Board of Directors. Residents may terminate either the Future Residency Agreement or Reservation agreement at any time prior to occupancy by giving written notice to Deerfield. A full refund of any Future Residency Agreement deposit that was made before December 31, 2000 will be made within the time specified by the Agreement. A refund of one-half of any Future Residency Agreement deposit made after December 31, 2000 will be made within the time specified by the Agreement.

Deerfield may terminate the Future Residency Agreement or Reservation Agreement at any time if there has been a material misrepresentation or omission in the future Resident's Application for Admission, Personal Health history, or Financial Statement. In the event of such termination, the Reservation Deposit is non-refundable.

Deerfield may terminate an Agreement if the applicant does not meet the admission criteria as established by the Board. Upon such termination, Deerfield shall notify the prospective Resident of the reason for non-acceptance of admission and Deerfield shall return the Reservation Deposit in full within 30 days of such notice of termination.

### **Admission Fee**

At this time the only Admission Fees are for direct admission into either Assisted Living or Skilled Nursing care from the outside community. The fee for direct admission to Assisted Living is \$28,188 per resident. This will give the Resident up to 15 days annually, non-cumulative, without charge in skilled nursing care. It will also ensure a permanent bed in skilled care should it become necessary. For direct admission to Skilled Nursing Care, there is a \$9,401 per resident admission fee; however, there will not be 15 days per year without charge. As is the current practice, a portion of any Admission Fee paid will be refundable for the first 180 days.

### **Entrance Fees – Fee-for-Service Contracts**

Residents under Fee-for-Service Contracts paid an Entrance Fee at the time of entry that was unique to that particular residence. This fee entitles the Resident to the lifetime occupancy of the residence, to receive specified services, and the use of all amenities. The Entrance Fee amortizes to Deerfield over a period of 80 months with a declining balance, which is refunded when the unit is vacated and turned over to Deerfield. Refunds will be a maximum of 90% and a minimum of 20% of the original Entrance Fee.

### **Entrance Fee – LifeCare Contracts**

Residents under the LifeCare contract pay an Entrance Fee which is established at the time the 10% deposit is made. The Entrance Fee entitles the resident to the use of the residence and services listed in the Residential Services Agreement. Entrance Fees are based upon the type of dwelling, whether or not there will be a second occupant and the Entrance Fee Refund Option selected. As was previously noted, Residents may choose from three refund options.

They are:

- Standard option which amortizes at 2% per month over 48 months with a 4% non-refundable fee. No refund after 48 months.
- 50% refund option which amortizes at 2% per month over 23 months with a 4% non-refundable fee. Refund will never be less than 50%. To determine the amount of this fee option, multiply the standard option by 1.33. The 50% Refund Entrance Fee Option is not available to persons age 85 or older. The age of the older resident is used in making this determination.
- 90% refund option which amortizes at 1% per month for 6 months with a 4% non-refundable fee. Refund will never be less than 90%. To determine the amount of, multiply the standard option by 1.85. The 90% Refund Entrance Fee Option is not available to persons age 85 or older. The age of the older resident is used in making this determination.

Options that guarantee a refund must be selected prior to making final payment on the residence.

The following table reflects the entrance fees and monthly fees for Deerfield as of October 1, 2020

Unit Type	Number of Units	Estimated Square Fee (1)	Monthly Service Fee (Daily for Nursing)	Type of Refund Plan 2019-2020		
				Standard	50% Refund Plan	90% Refund Plan
<b>Independent Living Units</b>						
One-bedroom	22	800	\$,2909	\$215,228	\$286,253	\$398,171
One-bedroom w/Carolina room	36	946	\$3,086	\$245,326	\$326,284	\$453,854
Two Bedroom	48	1,203	\$3,540	\$316,808	\$421,355	\$586,096
Two Bedroom-Corner	9	1,440	\$3720	\$364,038	\$484,171	\$673,470
Two-bedroom with Carolina room	50	1,346	\$3,631	\$349,749	\$465,166	\$647,035
Two bedroom w/ Den	26	1,456	\$3,761	\$378,144	\$502,931	\$699,566
Two bedroom Deluxe	28	1,552	\$3,923	\$403,363	\$536,473	\$746,222
Two bedroom Grande	28	1,612	\$4,017	\$418,399	\$556,471	\$774,039
Two-bedroom-Deluxe w/Carolina room	4	2,314	\$4,644	\$578,892	\$769,926	\$1,070,950
Two-bedroom Deluxe with two balconies	1	2,517	\$4,873	\$643,213	\$855,473	\$1,189,943
Cottage A	9	1,780	\$4,237	\$472,384	\$628,270	\$873,910
Cottage A with Den	28	2,044	\$4,491	\$537,528	\$714,912	\$994,427
<b>Cottage B</b>	1	1,713	\$4,177	\$468,087	\$622,555	\$865,960
Cottage B with Den	8	1,946	\$4,315	\$513,039	\$682,342	\$949,122
Cottage C	25	1,943	\$4,303	\$510,988	\$679,614	\$945,328
Cottage D	10	2,565	\$4,950	\$654,358	\$870,296	\$1,120,562
Villa I	4	1,592	\$4,084	\$455,858	\$606,292	\$843338
Villa II	8	1,650	\$4,140	\$463,111	\$615,937	\$856,755
Villa III	4	2,146	\$4,639	\$548,788	\$729,888	\$1,015,258
Cluster A,B	8	1,316	\$3,086	\$328,256	\$436,580	\$607,273
Cluster Homes –D	5	1,487	\$3,631	\$370,909	\$493,309	\$686,182
St. Giles Cottages	16	(2)	(2)	(2)	(2)	(2)
<b>Second Person Fee</b>			\$1,385	\$65,000	\$86,450	\$120,250
Total Independent Living Units	378					
<b>Assisted Living Units</b>						
Standard	28	318	\$4,966	\$28,188		
Deluxe	10	364	\$6,354	\$28,188		
Double	4	364	\$6,354	\$28,188		
Large Grande	20	467	\$6,809	\$28,188		
<b>Second Person Fee</b>			\$4,054			
<b>Total Assisted Living Units</b>	62					
<b>Nursing Beds</b>						
Private w/ Shared Bath	16	188	\$257	\$9,401		
Private with Private Bath	46	193 - 286	\$315 - \$333	\$9,401		
Total Nursing Beds	62					
Total Units	502					

Notes: (1) Square footages are estimated and may vary based on location and resident modifications or additions.  
(2) St. Giles units vary significantly in size and pricing and are priced individually.

## **Monthly Fees**

There are monthly fees associated with all areas of residence at Deerfield. Below are descriptions and rates:

### **Cottages and Apartments – Fee-for-Service Contract**

Under the Fee-for-Service contract there is a monthly maintenance fee. This fee increases as the Resident moves to higher levels of care. There is no additional charge for a double occupancy. When the Resident must give up the cottage or apartment due to the need for a higher level of care, the Resident would begin paying the monthly fee associated with the new level of care. In situations involving double occupancy, should it be necessary for one Resident to move to a higher level of care, that Resident would then begin paying the monthly fee associated with the higher level of care, while the Resident remaining in the dwelling would continue paying the same monthly rate previously paid. Current monthly fees vary depending on when the Resident entered. The current monthly fee for cottages and apartments for anyone who entered after October 1, 1989 is \$1,186.

### **Cottages and Apartments – LifeCare Contract**

Under the LifeCare Contract, there is a monthly maintenance fee, which varies according to the unit type. An additional fee will be added for all double occupied units. When movement to Health Care becomes necessary, the monthly fee will remain tied to that paid while in the original dwelling. The only additional fees associated with a move to a higher level of care are for two additional meals per day, charge for a room larger than standard room (if larger room is desired), and any ancillary services or supplies.

The monthly fee for a single occupant through September 30, 2021 will vary from \$2,909 to \$ 4,950. An additional \$1,385 will be added for double occupancy.

### **Health Care – Direct Admission Changed**

For the Health Care Center, rates will be as follows (with the exception of those under a LifeCare contract):

Deluxe assisted living suite	\$6,354
Double assisted living suite	\$6,354
Standard assisted living suite	\$4,966
Grande Suite	\$6,809
Second Person fee	\$4,054
Nursing-Private Room	\$ 315 – per day
Nursing-Private Room (shared bath)	\$ 257 – per day
Nursing-Private Room (large)	\$ 333 – per day

All Monthly Fees are made to provide the facilities, programs, and services described in the Residence and Services Agreement and are intended to meet the cost of the expenses associated with the operation and management of the Community. Deerfield shall have the authority to adjust the Monthly Fee from time to time during the term of the Agreement as Deerfield in its discretion deems necessary in order to reflect changes in costs of providing the facilities, programs, and services as described in the agreement and consistent with operating on a sound financial basis and maintaining the quality of services called for by the agreement. In the event that it should be determined that Deerfield is required to pay sales tax or ad valorem taxes upon

its property, the Monthly Fee may be adjusted to reflect the amount of such taxes. Any such increases in the Monthly Fee or other charges may be made by Deerfield upon thirty (30) day written notice to the Resident.

### Changes in Fees for the previous Five Years – Fees 2016-2020

	10/01/16	10/01/17	10/01/18	10/01/19	10/01/20
<b>Skilled Nursing</b>					
Daily Rates: Average \$ Increase					
Private room with Shared Bath	\$4	\$2	\$5	\$6	\$4
Private room with Private bath	\$4	\$3	\$6	\$8	\$5
Private Room with Private Bath (large)	\$5	\$3	\$6	\$8	\$6
Daily Rates: Average % Increase					
Private room with Shared Bath	1.5%	1.0%	2.0%	2.5%	1.75%
Private room with Private Bath	1.5%	1.0%	2.0%	2.5%	1.75%
Private Room with Private Bath Large	1.5%	1.0%	2.0%	2.5%	1.75%
<b>Assisted Living</b>					
Monthly Rates: Average \$ Increase					
Standard Assisted Living Suite	\$68	\$46	\$93	\$119	\$85
Deluxe Assisted Living Suite	\$90	\$59	\$119	\$152	\$109
Double Assisted Living Suite	\$90	\$59	\$119	\$152	\$109
Grande assisted Living Suite	\$94	\$63	\$128	\$163	\$117
2 <sup>nd</sup> Person Fee	\$56	\$38	\$76	\$97	\$70
Monthly Rates: Average % Increase					
Standard Assisted Living Suite	1.5%	1.0%	2.0%	2.5%	1.75%
Deluxe Assisted Living Suite	1.5%	1.0%	2.0%	2.5%	1.75%
Double Assisted Living Suite	1.5%	1.0%	2.0%	2.5%	1.75%
Grande assisted Living Suite	1.5%	1.0%	2.0%	2.5%	1.75%
2 <sup>nd</sup> Person Fee	1.5%	1.0%	2.0%	2.5%	1.75%
<b>Independent Living – Life Care</b>					
Monthly Rates: Average \$ Increase					
One Occupant	\$55	\$37	\$75	\$95	\$68
2 <sup>nd</sup> Occupant	\$19	\$13	\$26	\$33	\$24
Approximate Average Percentage Increase	1.5%	1.0%	2.0%	2.5%	1.75%

## **FINANCIAL INFORMATION**

### **Reserves, Escrows, and Trusts**

Deerfield maintains a Long Term Investment Fund sufficient to provide reserve funding, security, and the meeting of Deerfield's obligations. In addition to this, in compliance with N.C.G.S. 58-64-33 Deerfield has established an operating reserve. This reserve must equal 50% of the total operating costs projected for the 12 month operating period following the period covered by the most recent annual disclosure statement filed with the Department of Insurance or 25% of such total operating costs, if occupancy is in excess of 90%.

Deerfield currently has an occupancy rate more than 90%. See Summary of Significant Assumptions to Financial Forecasts. Based on the financial forecasts compiled by Clifton Larson Allen management believes that Deerfield will possess sufficient reserves to satisfy the Operating Reserve Requirement shown as follows:

<b>Operating Reserve Requirements as of March 1, 2021</b>	
<b>Total Operating Expenses</b>	<b>\$35,761,000</b>
<b>Add Principal Payment</b>	<b>2,910,000</b>
<b>Less Depreciation</b>	<b>(6,330,000)</b>
<b>Less Amortized Expenses</b>	<b>-0-</b>
<b>Less Extraordinary Items</b>	<b>-0-</b>
<b>Less Debt Service</b>	<b>-0-</b>
<b>Operating Cost</b>	<b>\$32,341,000</b>
<b>Occupancy Factor</b>	<b><u>x25%</u></b>
<b>Total Operating Reserve</b>	
<b>Required March 1, 2021</b>	<b>\$ 8,085,000</b>

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As is required by N.C.G.S. 58-64-33 (b), this reserve has been funded in order to meet the requirements for 2021.

The Operating Reserve is held in an account managed by Fund Evaluation Group. These monies are invested in various equity and fixed income securities and may be invested in other investments from time to time. Deerfield maintains accounts for monies whose use is limited as to use. These funds include funds that the trustee maintains pursuant to the terms of the Master Indenture for the Series 1997, 2008, 2014 and 2016 Bonds and funds to be used to provide assistance to residents who are unable to pay ("Residency Fund"), funds for Renewal and Replacement Funds and Mission Advanced Funds. See Notes to the Compilation of a Financial Forecast for more details.

Management of the Long Term Investment Fund is the responsibility of Fund Evaluation Group, Cincinnati, Ohio, with the oversight of the Deerfield Finance Committee: Management of the funds that the trustee maintains pursuant to the Master Indenture Agreement is managed by U.S. Bank with the oversight of the Deerfield Finance Committee.

As of January 31, 2021, the following individuals had been appointed to serve on this committee:

Mr. Jeff Covington, Commercial Lender of Park National Bank  
Mr. Larry Harris, CPA, Parsec Financial Wealth Management  
Mr. Bob Burgin, Retired CEO of Mission Hospital  
Mr. Gene Carr, Attorney, Carr, Blackwell and Associates  
Mr. Glenn Mayes, CPA, Retired Chief Financial Officer of Asheville School,  
Asheville NC

Mrs. Chris Dismukes, Retired from the Clinical field and active in the Episcopal Diocese  
Mr. Jack Ingersoll, Retired Industrial Security Executive and current resident  
Ms. Roba Whiteley, Retired Healthcare Executive

As is required by N.C.G.S. 58-64-33 (c), operating reserves can only be released with the approval of the Insurance Commissioner. It is the policy of Deerfield that the principal of the Long Term Investment Fund cannot be invaded unless by Board approval.

### **Tax Consequences**

No information is provided herein with respect to the tax consequences under applicable federal, state and local laws of entering into a Residence and Services Agreement. The decision by a person to enter into a Residence and Services Agreement may have material tax consequences. Each person is urged to consult his or her own tax advisor with respect to any tax consequences of entering into a Residence and Services Agreement.

### **Future Service Obligation**

Every year an independent Actuary calculates Deerfield Episcopal Retirement Community, Inc.'s Future Service Obligation ("FSO") (as defined by the AICPA Statement of Position 90-8) for the existing population of residents. This analysis determines whether Deerfield's remaining balance of deferred entrance fees plus the present value of future cash inflows is sufficient to cover the present value of future cash outflows. In the FSO calculation, the current resident population is treated as a "closed group" and the model assumes no new residents, no new entrance fees, and declining aggregate monthly service fee revenue and costs of service as the closed group diminishes. The model projects income and expenses until the last person in the group dies, as projected in the model's life expectancy tables.

If the FSO is calculated to be zero or a negative number, it suggests that the reserves are sufficient to meet the future needs of the current residents. If the FSO is positive, the corporation must book an additional liability. Deerfield does not need to book such a liability because as of September 30, 2020, its FSO is calculated to be negative.

### **DEERFIELD DEVELOPMENT AND EXPANSION**

Deerfield completed a major expansion in March 2001. The expansion consisted of 170 apartments, 54 additional cottages, a new health care center offering assisted living and skilled nursing care, and a community center featuring amenities such as both formal and casual dining, library, exercise facilities, meeting rooms, and activity rooms. As older units turn over, rehabilitation will be done as necessary.

In June 2008, Deerfield began construction of a new expansion project on Deerfield's campus. The new expansion included 83 independent living units, 20 assisted living units, and 14 nursing units, and also included new and expanded common spaces.

In July, 2008, approximately \$98 million in bonds were issued to pay for the Project and other project related costs. The fill-up of the project began in June 2010. As of January 31, 2011, all parts of construction are complete.

In September of 2014, Deerfield began presales for 27 cottages/villas. As of December 31, 2014 all units were reserved. As of September 30, 2017, construction of all units are complete.

As part of our strategic planning efforts to serve our market while continuously adding amenities to our community, Deerfield is in the planning stage for the expansion of its community through the potential addition of independent living units, assisted living and nursing beds as well as common area improvements and additions. At this time, planning is ongoing and subject to many external factors before a decision can be made as to whether to proceed, including approval by the Department of Insurance.



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**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.  
FINANCIAL STATEMENTS - DECEMBER 31, 2020**

## Deerfield Episcopal Retirement Community, Inc.(Consolidated)

## Balance Sheet (Unaudited)

As of December 31, 2020 and September 30, 2020

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	<u>12/31/2020</u>	<u>9/30/2020</u>
Cash and cash equivalents	\$ 7,357,792	\$ 10,305,011
Investments	69,880,948	63,549,223
Accounts receivable	1,966,294	1,802,088
Prepaid expenses	210,497	250,610
Inventories	82,022	82,022
Current portion of assets limited as to use	54,508	54,934
Total current assets	<u>79,552,062</u>	<u>76,043,888</u>
Assets limited as to use:		
By Board for:		
Statutory operating reserves	8,085,423	7,796,000
Benevolent assistance	2,197,097	1,963,867
Renewal and replacement fund	10,400,000	10,400,000
Mission advancement fund	9,781,839	8,989,805
Under bond indenture agreement	54,508	54,934
Under donor restrictions	4,332,614	4,231,970
Total assets limited as to use	<u>34,851,480</u>	<u>33,436,576</u>
Less current portion	(54,508)	(54,934)
	<u>34,796,971</u>	<u>33,381,642</u>
Property, plant and equipment, net	131,041,486	130,429,445
Total Assets	<u>245,390,519</u>	<u>239,854,976</u>
	(0)	0
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	2,261,645	2,170,306
Accrued salaries and wages	241,777	455,596
Accrued interest payable	422,795	944,747
Other accrued liabilities	1,373,747	1,347,387
Refundable entrance fees	1,700,000	1,700,000
Current maturities of bonds payable	2,910,000	2,910,000
Total current liabilities	<u>8,909,963</u>	<u>9,528,035</u>
Long-term Liabilities:		
Deferred parking revenue	530,033	530,033
Refundable parking fees	85,000	85,000
Admission deposits	1,646,352	1,399,597
Refundable entrance fees, less current portion	12,204,068	12,204,068
Deferred revenue from advance fees	83,549,358	84,626,402
Deferred customization revenue	823,580	862,331
Bonds payable less current maturities	50,856,403	52,571,191
Total Long-term liabilities	<u>149,694,794</u>	<u>152,278,622</u>
Net Assets:		
Without donor restrictions	79,475,510	70,655,153
With donor restrictions	7,310,252	7,393,166
Total net assets	<u>86,785,762</u>	<u>78,048,319</u>
Total Liabilities and Net Assets	<u>\$ 245,390,519</u>	<u>\$ 239,854,976</u>

Deerfield Episcopal Retirement Community, Inc.(Consolidated)  
Income Statement (Unaudited)  
For period ended 12/31/20 and year ended 09/30/20

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	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues, gains and other support:	<u>12/31/2020</u>	<u>12/31/2020</u>	<u>12/31/2020</u>	<u>9/30/2020</u>
Resident fees	\$ 6,347,599		\$ 6,347,599	\$ 26,065,201
Realized gain(loss) on investments	408,720		\$ 408,720	949,920
Net unrealized gains (losses) on investments	6,550,236		\$ 6,550,236	2,814,724
Contributions and bequests	294,597		\$ 294,597	229,810
Interest and dividend income	784,678		\$ 784,678	2,092,529
Amortization of deferred fees	2,411,376		\$ 2,411,376	10,051,121
Other income	316,213		\$ 316,213	1,693,486
Net assets released from restrictions - operat	141,205	(141,205)	\$ -	-
<b>Total revenues, gains and other support</b>	<b>17,254,624</b>	<b>(141,205)</b>	<b>17,113,419</b>	<b>43,896,791</b>
<b>Expenses:</b>				
Resident care	3,778,362		\$ 3,778,362	15,552,676
Management and general	1,104,879		\$ 1,104,879	5,577,391
Plant operations and maintenance	1,494,816		\$ 1,494,816	6,005,311
Fund development	22,793		\$ 22,793	121,624
Interest	450,999		\$ 450,999	1,846,328
Depreciation and amortization	1,582,416		\$ 1,582,416	6,005,444
<b>Total expenses</b>	<b>8,434,265</b>	<b>-</b>	<b>8,434,265</b>	<b>35,108,774</b>
<b>Operating income</b>	<b>8,820,359</b>	<b>(141,205)</b>	<b>8,679,154</b>	<b>8,788,017</b>
<b>Other changes in net assets:</b>				
Contributions	-	58,295	\$ 58,295	803,257
<b>Change in net assets</b>	<b>8,820,359</b>	<b>(82,910)</b>	<b>8,737,449</b>	<b>9,591,274</b>
Net assets, beginning of year	70,655,151	7,393,162	78,048,313	68,457,039
<b>Net assets, end of year</b>	<b>\$ 79,475,510</b>	<b>\$ 7,310,252</b>	<b>\$ 86,785,762</b>	<b>\$ 78,048,313</b>

Deerfield Episcopal Retirement Community, Inc.(Consolidated)  
 Statements of Cash Flows (Unaudited)  
 For the period ended 12/31/20 and the year ended 09/30/20

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	12/31/2020	9/30/2020
Operating activities:		
Changes in net assets	\$ 8,737,449	\$ 9,591,274
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation and amortization	1,582,416	6,005,444
Amortization of bond premium	(75,362)	(301,449)
Amortization of bond issuance costs	15,575	62,300
Entrance fees received	1,739,303	8,827,213
Amortization of deferred fees	(2,411,376)	(10,051,121)
Net change in:		
Investments and other assets limited as to use	(7,747,058)	(9,557,422)
Accounts Receivable	(164,205)	(93,891)
Prepaid expenses	40,113	(94,171)
Inventories	-	7,324
Accounts payable and accrued liabilities	(618,073)	160,276
Deferred parking revenue and refundable parking fees	-	(49,747)
Admission deposits	246,755	(127,480)
Net cash provided (used) by operating activities	1,345,537	4,378,550
Investing activities		
Purchases of property and equipment	(2,194,457)	(5,014,079)
Change in assets limited as to use	425	1,469
Net cash flow provided (used) by investing activities	(2,194,032)	(5,012,610)
Financing activities		
Payment on bonds payable	(1,654,999)	(2,835,000)
Refunds of deposits and refundable fees	(443,724)	(2,250,807)
Refundable entrance fees received	-	1,342,067
Net cash flows (used by) provided by financing activities	(2,098,722)	(3,743,740)
Net increase(decrease) in cash and cash equivalents	(2,947,218)	(4,377,800)
Cash and cash equivalents, beginning of year	10,305,010	14,682,810
Cash and cash equivalents, end of year	\$ 7,357,792	\$ 10,305,010

**B**

**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC  
AUDITED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

# Deerfield Episcopal Retirement Community, Inc. and Affiliate

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**Consolidated Financial Statements**

**Years Ended September 30, 2020 and 2019**

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## **Independent Auditors' Report**

Board of Directors  
Deerfield Episcopal Retirement Community, Inc. and Affiliate  
Asheville, North Carolina

We have audited the accompanying consolidated financial statements of Deerfield Episcopal Retirement Community, Inc. and Affiliate (collectively "Deerfield"), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Deerfield as of September 30, 2020 and 2019, and the results of its operations, and 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.





***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements for the year ended September 30, 2020. 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Dixon Hughes Goodman LLP*

**Greenville, South Carolina  
January 19, 2021**

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Balance Sheets**  
**September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 10,305,011	\$ 14,682,810
Investments	63,549,223	56,547,793
Accounts receivable	1,802,088	1,708,197
Prepaid expenses	250,610	156,439
Inventories	82,022	89,346
Current portion of assets limited as to use	<u>54,933</u>	<u>56,402</u>
 Total current assets	 <u>76,043,887</u>	 <u>73,240,987</u>
Non-current assets:		
Assets limited as to use:		
By Board for:		
Statutory operating reserves	7,796,000	6,630,122
Benevolent assistance	1,963,867	1,821,222
Renewal and replacement fund	10,400,000	10,400,000
Mission advancement fund	8,989,805	8,361,740
Under bond indenture agreement	54,933	56,402
Under donor restrictions	<u>4,231,970</u>	<u>3,612,566</u>
 Total assets limited as to use	 <u>33,436,575</u>	 <u>30,882,052</u>
Less current portion	<u>(54,933)</u>	<u>(56,402)</u>
 Total assets limited as to use, less current portion	 <u>33,381,642</u>	 <u>30,825,650</u>
 Property and equipment, net	 <u>130,429,443</u>	 <u>131,419,907</u>
 Total non-current assets	 <u>163,811,085</u>	 <u>162,245,557</u>
 Total assets	 <u>\$ 239,854,972</u>	 <u>\$ 235,486,544</u>

See accompanying notes.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Balance Sheets**  
**September 30, 2020 and 2019**

**(Continued)**

	<u>2020</u>	<u>2019</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 2,170,307	\$ 2,196,110
Accrued salaries and wages	455,596	367,674
Accrued interest payable	944,747	975,722
Other accrued liabilities	1,347,387	1,218,254
Refundable entrance fees	1,700,000	1,700,000
Current portion of bonds payable	<u>2,910,000</u>	<u>2,835,000</u>
Total current liabilities	<u>9,528,037</u>	<u>9,292,760</u>
Long-term liabilities:		
Deferred parking revenue	530,033	544,780
Refundable parking fees	85,000	120,000
Admission deposits	1,399,597	1,555,753
Refundable entrance fees, less current portion	12,204,068	12,275,615
Deferred revenue from entrance fees	84,626,402	86,550,769
Deferred customization revenue	862,331	969,488
Bonds payable, net	<u>52,571,191</u>	<u>55,720,340</u>
Total long-term liabilities	<u>152,278,622</u>	<u>157,736,745</u>
Total liabilities	<u>161,806,659</u>	<u>167,029,505</u>
Net assets:		
Without donor restrictions	70,655,151	61,137,193
With donor restrictions	<u>7,393,162</u>	<u>7,319,846</u>
Total net assets	<u>78,048,313</u>	<u>68,457,039</u>
Total liabilities and net assets	<u>\$ 239,854,972</u>	<u>\$ 235,486,544</u>

See accompanying notes.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2020 and 2019**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Resident fees	\$ 26,065,201	\$ -	\$ 26,065,201
Net realized gain on investments	949,920	-	949,920
Net unrealized gain on investments	2,814,724	-	2,814,724
Contributions and bequests	229,810	-	229,810
Interest and dividend income	2,005,034	87,495	2,092,529
Amortization of entrance fees	10,051,121	-	10,051,121
Other income	1,693,486	-	1,693,486
Net assets released from restriction-- operating	817,436	(817,436)	-
Total revenues, gains and other support	<u>44,626,732</u>	<u>(729,941)</u>	<u>43,896,791</u>
Expenses:			
Program services	29,895,987	-	29,895,987
Supporting services	5,212,787	-	5,212,787
Total expenses	<u>35,108,774</u>	<u>-</u>	<u>35,108,774</u>
Excess of revenues over (under) expenses	9,517,958	(729,941)	8,788,017
Other changes in net assets:			
Contributions	-	803,257	803,257
Change in net assets	9,517,958	73,316	9,591,274
Net assets, beginning of year	<u>61,137,193</u>	<u>7,319,846</u>	<u>68,457,039</u>
Net assets, end of year	<u>\$ 70,655,151</u>	<u>\$ 7,393,162</u>	<u>\$ 78,048,313</u>

See accompanying notes.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2020 and 2019**

**(Continued)**

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues, gains and other support:			
Resident fees	\$ 25,570,580	\$ -	\$ 25,570,580
Net realized gain on investments	1,303,563	-	1,303,563
Net unrealized loss on investments	(1,120,502)	-	(1,120,502)
Contributions and bequests	223,124	-	223,124
Interest and dividend income	1,875,255	-	1,875,255
Amortization of entrance fees	9,966,845	-	9,966,845
Other income	716,472	-	716,472
Net assets released from restriction-- operating	1,031,186	(1,031,186)	-
Total revenues, gains and other support	<u>39,566,523</u>	<u>(1,031,186)</u>	<u>38,535,337</u>
Expenses:			
Program services	29,038,032	-	29,038,032
Supporting services	4,849,781	-	4,849,781
Total expenses	<u>33,887,813</u>	<u>-</u>	<u>33,887,813</u>
Excess of revenues over (under) expenses	5,678,710	(1,031,186)	4,647,524
Other changes in net assets:			
Contributions	-	922,579	922,579
Change in net assets	5,678,710	(108,607)	5,570,103
Net assets, beginning of year	<u>55,458,483</u>	<u>7,428,453</u>	<u>62,886,936</u>
Net assets, end of year	<u>\$ 61,137,193</u>	<u>\$ 7,319,846</u>	<u>\$ 68,457,039</u>

See accompanying notes.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Operating activities:		
Change in net assets	\$ 9,591,274	\$ 5,570,103
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	6,005,444	5,979,909
Amortization of bond premium	(301,449)	(301,448)
Amortization of bond issuance costs	62,300	62,300
Entrance fees received	8,827,213	12,558,886
Amortization of entrance fees	(10,051,121)	(9,966,845)
Net change in:		
Investments and other assets limited as to use	(9,557,422)	(6,951,106)
Accounts receivable	(93,891)	(278,778)
Prepaid expenses	(94,171)	54,616
Inventories	7,324	(3,591)
Accounts payable and accrued liabilities	160,277	737,487
Deferred parking revenue and refundable parking fees	(49,747)	(7,561)
Admission deposits	(127,480)	346,120
Net cash provided by operating activities	<u>4,378,551</u>	<u>7,800,092</u>
Investing activities:		
Purchases of property and equipment	(5,014,079)	(4,387,802)
Change in assets limited as to use	1,469	434,031
Net cash used by investing activities	<u>(5,012,610)</u>	<u>(3,953,771)</u>
Financing activities:		
Payment on bonds payable	(2,835,000)	(2,875,000)
Refunds of deposits and refundable fees	(2,250,807)	(1,717,961)
Refundable entrance fees received	1,342,067	1,317,115
Net cash used by financing activities	<u>(3,743,740)</u>	<u>(3,275,846)</u>
Change in cash and cash equivalents	<u>(4,377,799)</u>	<u>570,475</u>
Cash and cash equivalents, beginning of year	<u>14,682,810</u>	<u>14,112,335</u>
Cash and cash equivalents, end of year	<u>\$ 10,305,011</u>	<u>\$ 14,682,810</u>
Supplemental cash flow information:		
Interest paid	<u>\$ 2,116,452</u>	<u>\$ 2,495,301</u>
Non-cash activities:		
Entrance fee refund included in accounts payable at year-end	<u>\$ 4,543</u>	<u>\$ 273,134</u>

See accompanying notes.

## Notes to Consolidated Financial Statements

### 1. Description of Organization and Summary of Significant Accounting Policies

#### ***Organization***

Deerfield Episcopal Retirement Community, Inc. (collectively “Deerfield”) is a not-for-profit organization located in Asheville, North Carolina, that provides housing, health care, and other related services to residents through the ownership and operation of a retirement facility containing independent living units, assisted living beds, and nursing care beds. Deerfield was incorporated in North Carolina in 1955. Deerfield is a North Carolina licensed continuing care retirement community and is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF) International.

During 2019, Deerfield formed a subsidiary, the Deerfield Charitable Foundation (the “Foundation”). The purpose of the Foundation is to provide assistance to the retirement community and health facilities owned or affiliated with Deerfield. The Foundation had its first year of activity for the year ended September 30, 2020.

#### ***Use of estimates***

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

#### ***Principles of consolidation***

The consolidated financial statements include the accounts of Deerfield Episcopal Retirement Community, Inc. and The Foundation (collectively, “Deerfield”). All material intercompany accounts and transactions have been eliminated in consolidation.

#### ***Basis of accounting and presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Deerfield classifies its net assets as net assets with or without donor restrictions.

- *Net assets without donor restrictions* – resources of Deerfield that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.
- *Net assets with donor restrictions* – resources that carry a donor-imposed restriction that permits Deerfield to use or expend the donated assets as specified and is satisfied by the passage of time or by actions of Deerfield. This also includes resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit Deerfield to use or expend part or all of the income derived from the donated assets.

#### ***Cash and cash equivalents***

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less from the date of acquisition.

***Accounts receivable***

Deerfield considers accounts receivable to be fully collectible; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Management does not expect these amounts to be material. Generally, no finance charges are assessed on trade receivables.

***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenues over (under) expenses.

***Fair value measurements***

Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Deerfield utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used when measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

***Inventories***

Inventories are stated at the lower of cost (first-in, first-out) or market.

***Assets limited as to use***

Assets limited as to use by board designation include (1) assets set aside to meet the operating reserve requirements of North Carolina General Statute Chapter 58, Article 64, (2) a benevolent fund, representing assets set aside by the Board of Directors for benevolent assistance for residents, (3) a renewal and replacement fund set aside by the Board of Directors for renewal and replacement of property and equipment, and (4) other amounts set aside by the Board of Directors to meet the mission of Deerfield. The Board retains control over these assets and may at its discretion subsequently use them for other purposes. Assets whose use is limited under a bond indenture agreement consist of monies set aside in accordance with loan agreements. Assets whose use is limited under donor restrictions are restricted for various activities as described in Note 5. Assets limited as to use that are required to meet current liabilities of Deerfield have been classified as current in the balance sheets at September 30, 2020 and 2019.

***Property and equipment***

Property and equipment is stated at cost less accumulated depreciation. Contributed property is recorded at its estimated fair value at the date of receipt. Depreciation is computed on a straight-line basis for all depreciable assets over estimated useful lives.

Deerfield periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held, 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. Deerfield has determined that there are no indicators of impairment at September 30, 2020 and 2019.



***Concentration of risk***

Deerfield's operating funds, comprised of cash and cash equivalents, are held by a certain financial institution. At various times throughout the year, Deerfield had deposits at the bank in excess of the amounts covered by federal depository insurance. Management believes the credit risk related to these deposits is minimal.

***Deferred financing costs***

Deferred financing costs are included in bonds payable on the consolidated financial statements and amortized using the straight-line method over the terms of the related financing. Accumulated amortization of deferred financing costs totaled \$314,563 and \$252,263 at September 30, 2020 and 2019, respectively.

***Parking fees***

Deferred parking revenue is amortized into income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. Refundable parking fees represent the portion of the payment of parking fees that will be refunded to the resident when parking is no longer required.

***Admission deposits***

Admission deposits consist of reservation deposits and admission deposits. Deerfield collects a reservation deposit of \$1,000 to save a space on the future occupancy list for a residential unit. An admission deposit of 10% of the entrance fee, less the reservation deposit, is received when a unit is available and a reservation agreement is executed. When the 10% admission deposit is received, a residential unit is considered reserved. The reservation agreement may be terminated by the prospective resident prior to taking occupancy by giving written notice to Deerfield. In the event of withdrawal from the future occupancy list or a termination of the reservation, the resident receives a refund for a portion of the deposit paid by the resident, without interest.

***Refundable entrance fees***

Entrance fees for independent living accommodations are deferred when received. A portion of these fees is refundable when the residency contract is terminated. Residents have the choice of three types of entrance fee refund programs:

- Standard refund plan (the "Standard Plan");
- 50 percent refund plan (the "50% Refund Plan"); and
- 90 percent refund plan (the "90% Refund Plan").

Under the terms of the Standard Plan, a resident terminating the Residence & Services Agreement during the first 60 days of occupancy (the "Trial Period") is entitled to a refund of the entire entrance fee, less a 4 percent non-refundable fee. If the resident terminates the Residence & Services Agreement after the Trial Period, the refund is reduced by 2 percent of the amount of the entrance fee paid per month of occupancy for 48 months, plus a 4 percent non-refundable fee. Thus, there is no refund after 48 months of occupancy.

Under the terms of the 50% Refund Plan, a resident terminating the Residence & Services Agreement during the Trial Period is entitled to a refund of the entire entrance fee, less a 4 percent non-refundable fee. If the resident terminates the Residence & Services Agreement after the Trial Period, the refund is reduced by 2 percent of the amount of the entrance fee paid per month of occupancy for 23 months, plus a 4% non-refundable fee. After 23 months, the resident receives a refund equal to 50 percent of the entrance fee paid.

Under the terms of the 90% Refund Plan, a resident terminating the Residence & Services Agreement during the Trial Period is entitled to a refund of the entire entrance fee, less a 4 percent non-refundable fee. If the resident terminates the Residence & Services Agreement after the Trial Period, the refund is reduced by 1 percent of the amount of the entrance fee paid per month of occupancy for 6 months plus a 4 percent non-refundable fee. After 6 months, the resident receives a refund equal to 90 percent of the entrance fee paid.

**Deerfield Episcopal Retirement Community, Inc.**  
**Notes to Financial Statements**

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The resident is required to confirm his/her selection of a refund plan at the time of final payment of the entrance fee and is not allowed to change refund plans without written approval of Management. Payment of refunds is due within 60 days of vacating the unit for the Standard Plan and 50% Refund Plan, whereas the payment of a refund for the 90% Refund Plan is due upon the earlier of re-occupancy of the unit by another prospective resident, or one year.

Total contractual refund obligations under existing contracts (that is if all residents with a refundable balance were to have withdrawn) totaled approximately \$34,343,000 and \$39,682,000 at September 30, 2020 and 2019, respectively.

***Deferred revenue from entrance fees***

Fees paid by a resident upon entering into a contract agreement, net of the estimated portion that is refundable to the resident, are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis.

When the residency contract is terminated, the unamortized portion of the deferred revenue from non-refundable entrance fees is recognized as revenue. For the years ended September 30, 2020 and 2019, approximately \$1,702,000 and \$1,425,000, respectively, of deferred revenue from entrance fees related to such residents was recognized as revenue and included in amortization of entrance fees.

***Deferred customization revenue***

Deferred customization revenue includes funds collected from residents to cover non-standard costs incurred by Deerfield at the request of a resident for custom changes to reserved units. This amount is recognized as revenue using the straight-line method over the estimated life expectancy of the resident.

***Excess of revenues over (under) expenses***

The consolidated statements of operations include excess of revenues over (under) expenses. Changes in net assets which are excluded from excess of revenues over (under) expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets). Deerfield considers excess of revenues over (under) expenses to be its performance indicator.

***Benevolent assistance***

Deerfield has a policy of providing benevolent assistance to residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since Deerfield does not expect to collect the normal charges for services provided, estimated charges for benevolent assistance are not included in revenue. The charges forgone, based on established rates, were approximately \$392,000 and \$390,000 for the years ended September 30, 2020 and 2019, respectively. The difference between the costs of providing such assistance and the revenue foregone is not significant in relation to the consolidated financial statements as a whole.

***Social accountability***

Deerfield provides building space to St. Giles Chapel, Buncombe County Council on Aging, and Mountain Area Health Education Center rent free. St. Giles Chapel provides spiritual support for Deerfield and the local community. Buncombe County Council on Aging's mission is to serve the elderly. Mountain Area Health Education Center's mission is to improve health outcomes in Western North Carolina. The dollar amount of space provided based upon local fair market value rental rates is approximately \$303,000 for each of the years ended September 30, 2020 and 2019. These contribution amounts are reflected in the consolidated statements of operations and changes in net assets as other income and as supporting services. Deerfield also provides numerous community benefits which include charitable donations and donated volunteer services in the amounts of \$1,255,000 and \$1,230,000 for the years ended September 30, 2020 and 2019, respectively.

### ***Contributions***

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

Deerfield reports contributions of property and equipment as additions to net assets 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 net assets with donor restrictions. Absent explicit donor stipulations about how long these assets must be maintained, Deerfield reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### ***Obligation to provide future services***

Deerfield enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and Deerfield specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, Deerfield has the ability to increase fees as deemed necessary.

As of the end of each year, Deerfield calculates the present value of the estimated net cost of future services to be provided, including the cost of facilities to current residents, and compares that amount with the deferred revenue from entrance fees at that date. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability (obligation to provide future services) is recorded. No liability has been recorded at September 30, 2020 and 2019, because the present value of the estimated net costs of future services and use of facilities is less than deferred revenue from entrance fees. The present value of the net cost of future services and use of facilities is discounted at 5.0% in 2020 and 2019, which is based upon the expected long-term rate of return on government obligations.

### ***Income taxes***

Deerfield is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. Deerfield has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2020 and 2019.

### ***Reclassification***

Certain amounts in the 2019 consolidated financial statements have been reclassified in order to conform to the 2020 presentation, resulting in an approximate \$70,000 change to accounts payable and other accrued liabilities.

### ***Subsequent events***

Subsequent events have been evaluated through January 19, 2021, which is the date the consolidated financial statements were issued.

## 2. Fair Value of Financial Assets

Prices for certain investment securities which are readily available in the active markets in which those securities are traded are categorized as Level 1. Prices determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets are categorized as Level 2. Deerfield does not have any financial assets or liabilities measured at fair values on a recurring basis categorized as Level 3.

Deerfield recognizes transfers between the levels as of the end of the reporting period. There were no transfers between the levels for the years ended September 30, 2020 and 2019.

There were no changes during the years ended September 30, 2020 and 2019 to Deerfield's valuation techniques used to measure asset fair values on a recurring basis.

The following tables set forth by level within the fair value hierarchy Deerfield's assets accounted for at fair value on a recurring basis as of September 30, 2020 and 2019. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Deerfield's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	<b>Assets at Fair Value as of September 30, 2020</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Foreign Fixed Income	\$ -	\$ 4,256,460	\$ 4,256,460
Mutual Fund-Fixed Income	19,184,278	-	19,184,278
Mutual Fund-Equity Funds	32,309,512	-	32,309,512
Exchange traded and closed end fund	15,865,286	-	15,865,286
Corporate Bonds	-	15,863,039	15,863,039
	<u>\$ 67,359,076</u>	<u>\$ 20,119,499</u>	<u>\$ 87,478,575</u>
Investments and assets limited as to use			
	<b>Assets at Fair Value as of September 30, 2019</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
US Government Obligations	\$ 1,026,282	\$ -	\$ 1,026,282
Mutual Fund-Fixed Income	15,917,144	-	15,917,144
Mutual Fund-Equity Funds	29,371,811	-	29,371,811
Exchange traded and closed end fund	14,300,068	-	14,300,068
Corporate Bonds	-	19,733,288	19,733,288
	<u>\$ 60,615,305</u>	<u>\$ 19,733,288</u>	<u>\$ 80,348,593</u>
Investments and assets limited as to use			

Deerfield has \$9,507,223 and \$7,081,252 of cash and cash equivalents included in investments and assets limited as to use on the consolidated balance sheets as of September 30, 2020 and 2019, respectively, which was not classified as a level as prescribed within GAAP.

**Deerfield Episcopal Retirement Community, Inc.**  
**Notes to Financial Statements**

**3. Property and Equipment**

Property and equipment, by major classification, at September 30, 2020 and 2019, is summarized as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 13,966,230	\$ 13,966,230
Buildings and improvements	180,353,732	178,602,315
Furniture and fixtures	10,412,469	10,257,816
Vehicles	<u>670,246</u>	<u>678,205</u>
	<b>205,402,677</b>	203,504,566
Accumulated depreciation	<u>(78,236,688)</u>	<u>(72,774,824)</u>
	<b>127,165,989</b>	130,729,742
Construction in progress	<u>3,263,454</u>	<u>690,165</u>
Property and equipment, net	<u>\$ 130,429,443</u>	<u>\$ 131,419,907</u>

**4. Bonds Payable**

A summary of bonds payable at September 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Series 1997 bonds		
Term bonds with interest rate of 6% and due date of November 1, 2027.	\$ 50,000	\$ 50,000
Series 2014 bonds:		
Serial bonds with principal payments beginning in 2016 through 2025 with interest rate of 2.5%, May 1 and November 1 due dates and annual payments ranging from \$1,345,000 to \$2,670,000.	11,625,000	14,035,000
Series 2016 bonds:		
Bonds with principal payments beginning in 2016 through 2038 with interest rates stated below, November 1 due dates with annual payments ranging from \$95,000 to \$4,215,000.		
Interest rates of:		
0.75% - 4.00% Serial Bonds	3,740,000	4,165,000
5.00% 2031 Term Bond	8,615,000	8,615,000
3.00% 2031 Term Bond	4,000,000	4,000,000
5.00% 2037 Term Bond	20,455,000	20,455,000
3.25% 2037 Term Bond	<u>2,500,000</u>	<u>2,500,000</u>
	<b>50,985,000</b>	53,820,000
Unamortized original premium	5,149,752	5,451,201
Unamortized issuance costs	(653,561)	(715,861)
Current portion	<u>(2,910,000)</u>	<u>(2,835,000)</u>
Bonds payable, net	<u>\$ 52,571,191</u>	<u>\$ 55,720,340</u>

**Deerfield Episcopal Retirement Community, Inc.**  
**Notes to Financial Statements**

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Interest on bonds is payable semi-annually on May 1 and November 1. All bonds are secured by substantially all of the property and equipment of Deerfield. The trust indentures and loan agreements underlying the Series 1997, 2014 and 2016 bonds contain certain covenants and restrictions.

Annual principal maturities of bonds payable are as follows:

2021	\$ 2,910,000
2022	2,975,000
2023	3,055,000
2024	3,140,000
2025	1,835,000
Thereafter	<u>37,070,000</u>
	<u>\$ 50,985,000</u>

**5. Net Assets with Donor Restrictions**

As disclosed in Note 1, contributions are accounted for based on donor-imposed restrictions. The following is a summary of net assets with donor restrictions at September 30:

	<u>2020</u>	<u>2019</u>
Resident assistance	\$ 2,510,546	\$ 2,702,235
Daniel Boone Scholarship	482,324	449,571
Annuity gifts	297,765	292,919
Donated property	3,204,889	3,204,889
Other	<u>897,638</u>	<u>670,232</u>
Total net assets with donor restrictions	<u>\$ 7,393,162</u>	<u>\$ 7,319,846</u>

In July 1995, Deerfield received a non-cash contribution of real property and improvements valued at \$3,204,889, consisting of the existing facilities for which legal title had been held by the Diocese of Western North Carolina of the Protestant Episcopal Church of the United States of America (the "Diocese"). This contribution was made for the express purpose of facilitating a major expansion project. The donated property will revert to the Diocese if the property ceases to be used exclusively as a retirement community.

**6. Statutory Operating Reserve Requirements**

North Carolina General Statute Chapter 58, Article 64, sets forth minimum operating reserve requirements. Under this legislation, Deerfield is required to maintain an operating at least equal to 25 percent of the upcoming year's total operating costs as defined by the statute. At September 30, 2020 and 2019, management has estimated that \$7,796,000 and \$6,330,122, respectively, would be required to meet the operating reserve requirement and has allocated funds included in assets limited as to use to meet this requirement.

## 7. Employee Benefit Plans

Deerfield employees may participate in a 403(b) Retirement Savings Plan. Deerfield will match 50% of employee's contributions up to a maximum employee contribution of 6%. Participants are fully vested in all funds within the plan after six years of participation in the plan. Deerfield expensed contributions to the plan of approximately \$181,000 and \$184,000 for the years ended September 30, 2020 and 2019, respectively.

Deerfield also has a qualified Welfare Benefit Plan providing comprehensive health care coverage. The plan includes coverage provided by the plan underwriter as well as self-funded coverage provided by Deerfield. Deerfield's self-funded liability is limited to \$65,000 and \$60,000 per person per year for the years ended September 30, 2020 and 2019 respectively. The liability for estimated unpaid claims was approximately \$145,000 and \$45,000 at September 30, 2020 and 2019, respectively, and is included in other accrued liabilities on the consolidated balance sheet.

### *Professional liability coverage*

Deerfield has an insurance policy for possible litigation in the ordinary course of business related to professional liability claims. Management believes that claims, if asserted, would be settled within the limits of coverage, which is on a claims-made basis. Should Deerfield not renew its claims-made policy, or replace it with equivalent insurance, occurrences incurred during its term but asserted after its expiration would be uninsured, unless Deerfield obtains additional coverage.

## 8. Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable and other assets approximate fair value. Investments and assets limited as to use are reported at fair value as of the date of the consolidated financial statements. See Note 2 for more information relating to the fair value of investments and assets limited as to use.

The carrying amounts of accounts payable, accrued salaries and wages, accrued interest payable and other accrued and long-term liabilities approximate fair value. The fair value of the bonds payable is based on quoted market prices.

## 9. Liquidity and Availability

Deerfield monitors and maintains liquidity sufficient to meet operating and capital needs as well as contractual commitments while maximizing any return on available funds. Deerfield's financial assets available within one year of September 30, 2020 and 2019 are as follows

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 10,305,011	\$ 14,682,810
Investments	63,549,223	56,547,793
Accounts receivable	<u>1,802,088</u>	<u>1,708,197</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 75,656,322</u>	<u>\$ 72,938,800</u>

## 10. Functional Expense

Deerfield provides various health-related and other services through its nursing and residential care facilities. The cost of providing various programs and supporting services has been reported on a functional basis below. Accordingly, certain costs have been allocated to program initiatives and supporting services based on estimates made by management. Such expenses include supplies and direct expenses, interest, and depreciation which are allocated based on square footage and salaries and benefits which are allocated based on estimates of time and effort.

The following is a schedule of expenses by both nature and function for the years ended September 30, 2020 and 2019:

	<b>Functional Expenses as of September 30, 2020</b>		
	<b>Program Services</b>	<b>Supporting Services</b>	<b>Total Expenses</b>
Salaries and benefits	\$ 14,353,710	\$ 2,271,176	\$ 16,624,886
Supplies and direct expenses	7,746,856	2,885,260	10,632,116
Interest	1,833,077	13,251	1,846,328
Depreciation	<u>5,962,344</u>	<u>43,100</u>	<u>6,005,444</u>
Total	<u>\$ 29,895,987</u>	<u>\$ 5,212,787</u>	<u>\$ 35,108,774</u>
	<b>Functional Expenses as of September 30, 2019</b>		
	<b>Program Services</b>	<b>Supporting Services</b>	<b>Total Expenses</b>
Salaries and benefits	\$ 13,394,356	\$ 1,953,194	\$ 15,347,550
Supplies and direct expenses	7,800,760	2,839,893	10,640,653
Interest	1,905,924	13,777	1,919,701
Depreciation	<u>5,936,992</u>	<u>42,917</u>	<u>5,979,909</u>
Total	<u>\$ 29,038,032</u>	<u>\$ 4,849,781</u>	<u>\$ 33,887,813</u>

## 11. Revenue Recognition

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

### **Monthly service fees:**

The contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Under Accounting Standards Codification ("ASC") Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominate component and does not contain a lease component under ASC Topic 840. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.



**Deerfield Episcopal Retirement Community, Inc.**  
**Notes to Financial Statements**

***Entrance fees:***

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

***Health care services:***

Within the facility, Deerfield provides skilled nursing care to residents who are covered by government payors and also who pay privately. Deerfield is paid fixed daily rates from both payor sources. The fixed daily rates for private pay are billed in advance and the fixed daily rates for government payors are billed in arrears. The monthly fees to be received from the government represent the most likely amount to be paid out based on predetermined rates from the Centers for Medicare and Medicaid (CMS).

	<b>Year Ended September 30, 2020</b>			
	<b>Independent Living</b>	<b>Assisted Living</b>	<b>Skilled Nursing</b>	<b>Total</b>
<b>Private pay</b>	<b>\$ 19,004,242</b>	<b>\$ 2,610,970</b>	<b>\$ 3,737,827</b>	<b>\$ 25,353,039</b>
<b>Government</b>	<b>-</b>	<b>-</b>	<b>712,162</b>	<b>712,162</b>
<b>Total</b>	<b><u>\$ 19,004,242</u></b>	<b><u>\$ 2,610,970</u></b>	<b><u>\$ 4,449,989</u></b>	<b><u>\$ 26,065,201</u></b>
	<b>Year Ended September 30, 2019</b>			
	<b>Independent Living</b>	<b>Assisted Living</b>	<b>Skilled Nursing</b>	<b>Total</b>
<b>Private pay</b>	<b>\$ 18,289,147</b>	<b>\$ 2,775,559</b>	<b>\$ 3,808,751</b>	<b>\$ 24,873,457</b>
<b>Government</b>	<b>-</b>	<b>-</b>	<b>697,123</b>	<b>697,123</b>
<b>Total</b>	<b><u>\$ 18,289,147</u></b>	<b><u>\$ 2,775,559</u></b>	<b><u>\$ 4,505,874</u></b>	<b><u>\$ 25,570,580</u></b>

**12. COVID-19**

In March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on Deerfield's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on employees and vendors, and governmental, regulatory and private sector responses. The accompanying consolidated financial statements do not reflect any adjustments as a result of the increase in economic uncertainty which continues through the issuance date.

### 13. Provider Relief Funds

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the CARES Act was the establishment of the Provider Relief Fund (PRF), administered by the U.S. Department of Health and Human Services (HHS). The PRF is being distributed to healthcare providers throughout the country to support the battle against the COVID-19 outbreak. During the year ended September 30, 2020, Deerfield has received \$1,003,687 in distributions from this fund. These funds are intended to reimburse qualifying expenses and lost revenues attributable to COVID-19 and are subject to the terms, conditions, and regulatory requirements set forth by HHS. If the total distributions received by the Deerfield exceed the cumulative amount of qualifying expenses and lost revenues attributable to COVID-19 through June 30, 2021, any excess funding may be subject recoupment. The Provider Relief Funds are accounted for as voluntary nonexchange transactions and related revenues will be recognized as other operating revenue as eligibility criteria are met. Deerfield has recognized \$1,003,687 as other operating revenue as of September 30, 2020.

In addition to the terms, conditions, and published regulatory guidance, HHS has published additional guidance related to the nature and allowability of certain qualifying expenses and methods for determining lost revenues attributable to COVID-19 through the publication of Frequently Asked Questions (FAQs). These HHS Provider Relief Fund FAQs have been subject to significant amendment and revision over the course of the program. Additional guidance from HHS and the U.S. Office of Management and Budget (OMB) may be forthcoming, but the nature and extent of such additional forthcoming guidance is uncertain. Deerfield relied on the available guidance in determining the amounts of qualifying expenses and lost revenues attributed to COVID-19 and the related recognition of revenue during fiscal year 2020. Such determinations required management to make subjective interpretations of the available guidance, and to make assumptions and exercise considerable judgment. Subsequent changes or clarifications in guidance from HHS and OMB could have a material impact on management's estimates and the determination of such amounts. The Provider Relief Funds are subject to audit by HHS which may result in disallowed expenditures which may be subject to recoupment. Such amounts, if any, cannot be determined at this time.

Subsequent to year-end, HHS released additional reporting requirements for health care entities that received distributions from the PRF. Also, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") was signed into law on December 27, 2020. CRRSAA provided on-going assistance to healthcare providers and provided additional clarity around PRF reporting requirements. Deerfield does not believe the new guidance will result in a material change to amounts recorded in the September 30, 2020 consolidated financial statements related to the Provider Relief Funds. Deerfield will continue to monitor changes in reporting guidance or additional clarifications that may be issued by HHS, which would affect the accounting for distributions from the Provider Relief Fund.

***Supplementary Information***

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidating Balance Sheet**  
**September 30, 2020**

<b>ASSETS</b>	<b>Deerfield</b>	<b>Foundation</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 10,254,456	\$ 50,555	\$ -	\$ 10,305,011
Investments	63,549,223	-	-	63,549,223
Accounts receivable	1,802,088	-	-	1,802,088
Due from related party	424,316	-	(424,316)	-
Prepaid expenses	250,610	-	-	250,610
Inventories	82,022	-	-	82,022
Current portion of assets limited as to use	54,933	-	-	54,933
<b>Total current assets</b>	<b>76,417,648</b>	<b>50,555</b>	<b>(424,316)</b>	<b>76,043,887</b>
<b>Non-current assets:</b>				
<b>Assets limited as to use:</b>				
<b>By Board for:</b>				
Statutory operating reserves	7,796,000	-	-	7,796,000
Benevolent assistance	-	1,963,867	-	1,963,867
Renewal and replacement fund	10,400,000	-	-	10,400,000
Mission advancement fund	-	8,989,805	-	8,989,805
Under bond indenture agreement	54,933	-	-	54,933
Under donor restrictions	297,664	3,934,306	-	4,231,970
<b>Total assets limited as to use</b>	<b>18,548,597</b>	<b>14,887,978</b>	<b>-</b>	<b>33,436,575</b>
Less current portion	(54,933)	-	-	(54,933)
<b>Total assets limited as to use, less current portion</b>	<b>18,493,664</b>	<b>14,887,978</b>	<b>-</b>	<b>33,381,642</b>
Property and equipment, net	130,429,443	-	-	130,429,443
Investment in Foundation	13,916,533	-	(13,916,533)	-
<b>Total non-current assets</b>	<b>162,839,640</b>	<b>14,887,978</b>	<b>(13,916,533)</b>	<b>163,811,085</b>
<b>Total assets</b>	<b>\$ 239,257,288</b>	<b>\$ 14,938,533</b>	<b>\$ (14,340,849)</b>	<b>\$ 239,854,972</b>

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidating Balance Sheet**  
**September 30, 2020**

(continued)

<b>LIABILITIES AND NET ASSETS</b>	<b>Deerfield</b>	<b>Foundation</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current liabilities:</b>				
Accounts payable	\$ 2,170,307	\$ -	\$ -	\$ 2,170,307
Due to related party	-	424,316	(424,316)	-
Accrued salaries and wages	455,596	-	-	455,596
Accrued interest payable	944,747	-	-	944,747
Other accrued liabilities	1,347,387	-	-	1,347,387
Refundable entrance fees	1,700,000	-	-	1,700,000
Current maturities of bonds payable	2,910,000	-	-	2,910,000
Total current liabilities	<u>9,528,037</u>	<u>424,316</u>	<u>(424,316)</u>	<u>9,528,037</u>
<b>Long-term liabilities:</b>				
Deferred parking revenue	530,033	-	-	530,033
Refundable parking fees	85,000	-	-	85,000
Admission deposits	1,399,597	-	-	1,399,597
Refundable entrance fees, less current portion	12,204,068	-	-	12,204,068
Deferred revenue from entrance fees	84,626,402	-	-	84,626,402
Deferred customization revenue	862,331	-	-	862,331
Bonds payable, net	52,571,191	-	-	52,571,191
Total long-term liabilities	<u>152,278,622</u>	<u>-</u>	<u>-</u>	<u>152,278,622</u>
Total liabilities	<u>161,806,659</u>	<u>424,316</u>	<u>(424,316)</u>	<u>161,806,659</u>
<b>Net assets:</b>				
Without donor restrictions	70,167,192	10,623,704	(10,135,745)	70,655,151
With donor restrictions	7,283,437	3,890,513	(3,780,788)	7,393,162
Total net assets	<u>77,450,629</u>	<u>14,514,217</u>	<u>(13,916,533)</u>	<u>78,048,313</u>
Total liabilities and net assets	<u>\$ 239,257,288</u>	<u>\$ 14,938,533</u>	<u>\$ (14,340,849)</u>	<u>\$ 239,854,972</u>

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidating Statement of Operations**  
**Year Ended September 30, 2020**

	<u>Deerfield</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Revenue, gains, and other support:				
Resident fees	\$ 26,065,201	\$ -	\$ -	\$ 26,065,201
Net realized gain on investments	856,363	93,557	-	949,920
Net unrealized gain on investments	1,967,332	847,392	-	2,814,724
Contributions and bequests	654,126	-	(424,316)	229,810
Interest and dividend income	1,889,086	115,948	-	2,005,034
Amortization of entrance fees	10,051,121	-	-	10,051,121
Other income	1,693,486	-	-	1,693,486
Net assets released from restriction-- operating	418,606	398,830	-	817,436
	<u>43,595,321</u>	<u>1,455,727</u>	<u>(424,316)</u>	<u>44,626,732</u>
Total revenue, gains, and other support				
Expenses:				
Program services	29,895,987	424,316	(424,316)	29,895,987
Supporting services	4,858,489	354,298	-	5,212,787
	<u>34,754,476</u>	<u>778,614</u>	<u>(424,316)</u>	<u>35,108,774</u>
Total expenses				
Excess of revenues over expenses	<u>\$ 8,840,845</u>	<u>\$ 677,113</u>	<u>\$ -</u>	<u>\$ 9,517,958</u>

**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.  
EXPLANATION OF MATERIAL DIFFERENCES**

Deerfield  
Explanation of Material Difference Between Previous Projected  
Balance Sheet  
For Year ended 09/30/20 and Year Ended 09/30/20 Actual Results

The following explanation is furnished pursuant to Section 58-64-30 of the General Statutes of North Carolina. The explanation pertains to material differences between the Projected Balance Sheet for the year ended September 30, 2020 contained as part of the Disclosure Statement dated February 27, 2020 and the actual results of the Balance Sheet for the year ended September 30, 2020 as shown in the audited financial statements. Deerfield considers "material" variances to be \$1,000,000.

	FY 2020 Audit	Most Recent 5 Year Forecast	Difference
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents(1)	\$ 10,305,011	\$ 15,000,000	\$ (4,694,989)
Investments(2)	63,549,223	56,648,000	\$ 6,901,223
Accounts Receivable	1,802,088	1,457,000	345,088
Inventories	82,022	73,000	9,022
Prepaid Expenses	250,610	218,000	32,610
Current Portion of Assets Limited as to Use	54,933	56,000	(1,067)
<b>Total Current Assets</b>	<b>76,043,887</b>	<b>73,452,000</b>	<b>2,591,887</b>
<b>Assets Limited as to use:</b>			
Statutory Operating Reserve	7,796,000	7,796,000	-
Benevolent Assistance Fund	1,963,867	1,821,000	142,867
Renewal and replacement Fund	10,400,000	10,400,000	-
Mission Advancement Fund	8,989,805	8,362,000	627,805
Under Bond Indenture Agreement	54,933	56,000	(1,067)
Under Donor Restrictions	4,231,970	3,613,000	618,970
<b>Total Assets Limited as to Use</b>	<b>33,436,575</b>	<b>32,048,000</b>	<b>1,388,575</b>
Less current portion	(54,933)	(56,000)	1,067
<b>Total Assets Limited as to Use, Less Current Portion</b>	<b>33,381,642</b>	<b>31,992,000</b>	<b>1,389,642</b>
Property and equipment, net	130,429,443	130,286,000	143,443
Cost of Acquiring Continuing Care Contracts net	-	-	-
<b>Total Assets</b>	<b>239,854,972</b>	<b>235,730,000</b>	<b>4,124,972</b>
<b>Liabilities and Net Assets:</b>			
<b>Current Liabilities</b>			
Accounts Payable	2,170,307	1,817,000	353,307
Accrued salaries and wages	455,596	436,000	19,596
Accrued interest payable	944,747	976,000	(31,253)
Other accrued liabilities	1,347,387	1,017,000	330,387
Refundable entrance fees(3)	1,700,000	1,700,000	-
Entrance fee deposits(3)	-	1,556,000	(1,556,000)
Current portion of bonds payable	2,910,000	2,910,000	-
<b>Total current liabilities</b>	<b>9,528,037</b>	<b>10,412,000</b>	<b>(883,963)</b>
<b>Long term liabilities:</b>			
Deferred parking revenue	530,033	534,000	(3,967)
Refundable parking fees	85,000	120,000	(35,000)
Admission deposits(3)	1,399,597	-	1,399,597
Refundable entrance fees, less current portion(3)	12,204,068	11,760,000	444,068
Deferred revenue from entrance fees (3)	84,626,402	85,600,000	(973,598)
Deferred customization revenue	862,331	969,000	(106,669)
Bonds payable, less current portion	52,571,191	52,571,000	191
<b>Total long-term liabilities</b>	<b>152,278,622</b>	<b>151,554,000</b>	<b>724,622</b>
<b>Net assets:</b>			
Without Donor Restriction	70,655,151	66,444,000	4,211,151
With Donor Restriction	7,393,162	7,320,000	73,162
<b>Total net assets</b>	<b>78,048,313</b>	<b>73,764,000</b>	<b>4,284,313</b>
<b>Total liabilities and net assets</b>	<b>\$ 239,854,972</b>	<b>\$ 235,730,000</b>	<b>\$ 4,124,972</b>
Total deferred revenue and refundable entrance fees(3)	\$ 99,930,067	\$ 100,616,000	\$ (685,933)



Deerfield Episcopal Retirement Community, Inc.  
Disclosure Statement, February 27, 2021

The primary differences between the actual 2020 changes in Balance Sheet and the forecasted changes in Balance Sheet were:

- (1) Actual cash less than projected cash by \$4,694,989 - see differences noted for Statement of Cash Flow.
- (2) Actual investments more than projected investments by \$6,901,223 primarily because actual investment income more than projected and more cash transferred to investments.
- (3) Total deferred revenue and refundable entrance fees variance not considered material.

Deerfield Episcopal Retirement Community, Inc.  
Explanation of Material Differences Between Previous Projected Statements  
of Operations and Change in Net Assets  
For Year Ended 9/30/20 and Year Ended 9/30/20 Actual Results

The following explanation is furnished pursuant to Section 58-64-30 of the General Statutes of North Carolina. The explanation pertains to material differences between the Projected Statements of Activities and Change in Net Assets for the year ended September 30, 2020 contained as part of the Disclosure Statement dated February 27, 2020 and the actual results of operations for the year ended September 30, 2020 as shown in the audited financial statements. Deerfield considers "material" variances to be \$500,000.

	FY 2020 <u>Audit</u>	Most Recent 5 <u>Year Forecast</u>	<u>Difference</u>
Revenues, gains and other support:			
Resident fees(1)	\$ 26,065,201	\$ 25,330,000	\$ 735,201
Health care fees		-	-
Realized gains on investments(2)	949,920	-	949,920
Net unrealized gain(losses) on investments(2)	2,814,724	-	2,814,724
Contributions and bequests(4)	229,810	677,000	(447,190)
Interest and dividend income (Investment income)(2)	2,092,529	3,814,000	(1,721,471)
Amortization of deferred revenue	10,051,121	9,591,000	460,121
Other income (Other revenue)(3)	1,693,486	914,000	779,486
Total revenues, gains and other support	<u>43,896,791</u>	<u>40,326,000</u>	<u>3,570,791</u>
Expenses:			
Program services	29,895,987	30,000,000	(104,013)
Supporting services	5,212,787	5,019,000	193,787
Total expenses	<u>35,108,774</u>	<u>35,019,000</u>	<u>89,774</u>
Operating income	8,788,017	5,307,000	3,481,017
Other changes in net assets:			
Contribution(4)	803,257	-	803,257
Change in net assets	<u>9,591,274</u>	<u>5,307,000</u>	<u>4,284,274</u>
Change in net assets	9,591,274	5,307,000	4,284,274
Net assets, beginning balance	68,457,039	68,457,000	39
Net assets, ending balance	<u>\$ 78,048,313</u>	<u>\$ 73,764,000</u>	<u>\$ 4,284,313</u>
	-	-	
Total Investment Income (interest, realized and unrealized)(2)	5,857,173	3,814,000	2,043,173
Total Contributions(4)	1,033,067	677,000	356,067

Deerfield Episcopal Retirement Community, Inc.  
Disclosure Statement, February 27, 2021

The primary differences between the actual 2020 change in Net Assets of \$9,591,274 and the forecasted change in Net Assets of \$5,307,000 were:

- (1) Actual 2020 resident fees were more than the 2020 projection by \$735,201 primarily due to a different average occupancy and different unit mix than projected.
- (2) Actual 2020 total investment income was more than 2020 projection by \$2,043,173 because the rate of return of investments and average investment balances were different than projected. Note the investment income includes realized gains on investments, unrealized gain (losses) on investments, and interest and dividend income.
- (3) Actual 2020 other income was more than the 2020 projection by \$779,486 primarily due to monies received Coronavirus Aid, Relief and Economic Security (CARES) Act (administred by U.S. Department of Health and Human Services for reimbursement of COVID-19 expenses).
- (4) Total contributions variance not considered material.

Deerfield  
Explanation of Material Difference Between Previous Projected Statements  
of Cash Flows  
For Year ended 09/30/20 and Year Ended 09/30/20 Actual Results

The following explanation is furnished pursuant to Section 58-64-30 of the General Statutes of North Carolina. The explanation pertains to material differences between the Projected Statements of Cash Flows for the year ended September 30, 2020 contained as part of the Disclosure Statement dated February 27, 2020 and the actual results of the Statement of Cash Flow for the year ended September 30, 2020 as shown in the audited financial statements. Deerfield considers "material" variances to be \$500,000.

	FY 2020 <u>Audit</u>	Most Recent 5 <u>Year Forecast</u>	<u>Difference</u>
Operating activities			
Change in net assets	\$ 9,591,274	\$ 5,307,000	\$ 4,284,274
Adjustments to reconcile change in net assets to cash provided by operating activities:			
Depreciation(1)	6,005,444	6,621,000	(615,556)
Amortization of bond premium	(301,449)	(301,000)	(449)
Amortization of bond issuance costs	62,300	62,000	300
Entrance fees received(3)	8,827,213	8,124,000	703,213
Amortization of entrance fees	(10,051,121)	(9,591,000)	(460,121)
Net Change in:			
Investments and other assets limited as to use(2)	(9,557,422)	(1,166,000)	(8,391,422)
Accounts receivable	(93,891)	251,000	(344,891)
Prepaid expenses	(94,171)	(62,000)	(32,171)
Inventories	7,324	16,000	(8,676)
Accounts payable and accrued liabilities	160,277	(242,000)	402,277
Deferred parking revenue and refundable parking fees	(49,747)	(10,000)	(39,747)
Other		(270,000)	270,000
Admission deposits	(127,480)	-	(127,480)
Net cash provided by operating activities	<u>4,378,551</u>	<u>8,739,000</u>	<u>(4,360,449)</u>
		1,166,000	
Investing activities			
Purchase of property and equipment	(5,014,079)	(5,487,000)	472,921
Change in assets limited as to use(2)	1,469	(100,000)	101,469
Net cash flow provided by (used by) investing activities	<u>(5,012,610)</u>	<u>(5,587,000)</u>	<u>574,390</u>
Financing activities			
Payment on bonds payable	(2,835,000)	(2,835,000)	-
Refunds of deposits and refundable fees(3)	(2,250,807)	-	(2,250,807)
Refundable entrance fees received(3)	1,342,067	-	1,342,067
Net cash flows (used by)provided by financing activities	<u>(3,743,740)</u>	<u>(2,835,000)</u>	<u>(908,740)</u>
Net increase in cash and cash equivalents	(4,377,799)	317,000	(4,694,799)
Cash and cash equivalents, beginning of year	14,682,810	14,683,000	(190)
Cash and cash equivalents, end of year	<u>\$ 10,305,011</u>	<u>\$ 15,000,000</u>	<u>\$ (4,694,989)</u>
	-	-	
Total change in investments and assets limited as to use(2)	\$ (9,555,953)	\$ (1,266,000)	(8,289,953)
Total change in entrance fees, admissions, and refundable fees(3)	7,918,473	8,124,000	(205,527)

Deerfield Episcopal Retirement Community, Inc.  
Disclosure Statement, February 27, 2021

The primary differences between the actual 2020 change in Cash of \$(4,377,799) and the forecasted change in Cash of \$317,000 were:

- (1) Actual 2020 depreciation was less than projected by \$615,556 primarily because actual depreciation rates were different than originally estimated.
- (2) Actual 2020 net change in investments and assets limited as to use was \$8,289,953 more than 2020 projection due to more cash transferred to investments and other assets limited than originally projected.
- (3) Total change in entrance fees, admissions, and refundable fees not considered material.

**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.  
FINANCIAL FORECAST  
FOR THE YEARS ENDING  
SEPTEMBER 30, 2021 THROUGH SEPTEMBER 30, 2025**

**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.**

**COMPILATION OF A FINANCIAL FORECAST**

**FOR THE YEARS ENDING  
SEPTEMBER 30, 2021 THROUGH SEPTEMBER 30, 2025**



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CONSULTING**

# DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.

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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Deerfield Episcopal Retirement Community, Inc.  
Asheville, North Carolina

Management is responsible for the accompanying forecasted consolidated financial statements of Deerfield Episcopal Retirement Community, Inc. (the "Organization" or "Deerfield"), which comprise the forecasted consolidated balance sheets as of September 30, 2021, 2022, 2023, 2024, and 2025, and the related forecasted consolidated statements of revenue, expenses and other changes in net assets, and consolidated cash flows for the years then ending, and the related summary of significant forecast assumptions and accounting policies in accordance with the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with the 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 forecasted financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these forecasted consolidated financial statements or the assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying forecasted information 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 Organization's disclosure statement filing), and is not intended to be and should not be used, by anyone other than these specified parties.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
February 26, 2021

**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.**  
**FORECASTED CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES, AND**  
**OTHER CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDING SEPTEMBER 30,**  
**(000s Omitted)**

	2021	2022	2023	2024	2025
<b>Revenues, Gains, and Other Support:</b>					
Independent Living Monthly Fees	\$ 19,845	\$ 20,440	\$ 21,053	\$ 21,685	\$ 22,336
Healthcare Revenue	5,500	5,417	5,121	4,998	4,965
Contributions and Bequests	677	691	705	719	733
Investment Income	4,030	4,294	4,735	5,141	5,320
Amortization of Entrance Fees	9,646	9,935	10,233	10,540	10,856
Other Income	792	816	840	865	891
<b>Total Revenue, Gains, and Other Support</b>	<b>40,490</b>	<b>41,593</b>	<b>42,687</b>	<b>43,948</b>	<b>45,101</b>
<b>Expenses:</b>					
Resident Services	1,066	1,098	1,131	1,165	1,200
Food Service	5,480	5,644	5,813	5,987	6,167
Healthcare	7,487	7,712	7,943	8,181	8,426
Housekeeping	1,880	1,936	1,994	2,054	2,116
Laundry	167	172	177	182	187
Management and General	5,114	5,267	5,425	5,588	5,756
Plant Operations and Maintenance	6,433	6,626	6,825	7,030	7,241
Interest	1,804	1,728	1,646	1,561	1,476
Depreciation	6,330	6,552	6,910	7,425	7,964
<b>Total Expenses</b>	<b>35,761</b>	<b>36,735</b>	<b>37,864</b>	<b>39,173</b>	<b>40,533</b>
<b>Operating Income</b>	<b>4,729</b>	<b>4,858</b>	<b>4,823</b>	<b>4,775</b>	<b>4,568</b>
<b>Change in Net Assets Without Donor Restriction</b>	<b>4,729</b>	<b>4,858</b>	<b>4,823</b>	<b>4,775</b>	<b>4,568</b>
<b>Change in Net Assets With Donor Restriction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>4,729</b>	<b>4,858</b>	<b>4,823</b>	<b>4,775</b>	<b>4,568</b>
<b>Net Assets, Beginning of Year</b>	<b>78,048</b>	<b>82,777</b>	<b>87,635</b>	<b>92,458</b>	<b>97,233</b>
<b>Net Assets, End of Year</b>	<b>\$ 82,777</b>	<b>\$ 87,635</b>	<b>\$ 92,458</b>	<b>\$ 97,233</b>	<b>\$ 101,801</b>

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

**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.**  
**FORECASTED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDING SEPTEMBER 30,**  
**(000s Omitted)**

	2021	2022	2023	2024	2025
<b>Cash Flows from Operating Activities:</b>					
Change in Net Assets	\$ 4,729	\$ 4,858	\$ 4,823	\$ 4,775	\$ 4,568
Adjustments to Reconcile Change in Net Assets to					
Net Cash Provided by Operating Activities:					
Depreciation	6,330	6,552	6,910	7,425	7,964
Amortization of Deferred Financing Costs	62	62	62	62	62
Amortization of Bond Premium	(301)	(301)	(301)	(301)	(301)
Amortization of Entrance Fees	(9,646)	(9,935)	(10,233)	(10,540)	(10,856)
Deferred Parking Revenue	(15)	(15)	(15)	(15)	(15)
(Increase) Decrease in Current Assets:					
Accounts Receivable	(3)	(37)	(22)	(37)	(44)
Inventory	6	(2)	(2)	(3)	(2)
Prepaid Expenses	24	(7)	(7)	(7)	(8)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	101	68	70	72	75
Accrued Payroll	(2)	14	14	14	15
Other	91	43	45	45	48
Entrance Fees Received from Turnover, Net of Refunds	8,993	11,765	10,841	11,499	12,146
<b>Net Cash Provided by Operating Activities</b>	<b>10,369</b>	<b>13,065</b>	<b>12,185</b>	<b>12,989</b>	<b>13,652</b>
<b>Cash Flows from Investing Activities:</b>					
Increase in Investments	(146)	(4,142)	(3,002)	(3,534)	(5,659)
Net Purchases of Property and Equipment	(6,329)	(5,743)	(5,916)	(6,095)	(6,279)
Change in Assets Whose Use Is Limited	(289)	(205)	(212)	(220)	121
<b>Net Cash Used in Investing Activities</b>	<b>(6,764)</b>	<b>(10,090)</b>	<b>(9,130)</b>	<b>(9,849)</b>	<b>(11,817)</b>
<b>Cash Flows from Financing Activities:</b>					
Principal Payments on Long-Term Debt	(2,910)	(2,975)	(3,055)	(3,140)	(1,835)
<b>Net Cash Used in Financing Activities</b>	<b>(2,910)</b>	<b>(2,975)</b>	<b>(3,055)</b>	<b>(3,140)</b>	<b>(1,835)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Balance of Cash and Cash Equivalents</b>	<b>10,305</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>
<b>Ending Balance of Cash and Cash Equivalents</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest	\$ 2,043	\$ 1,967	\$ 1,885	\$ 1,800	\$ 1,715

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

**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.**  
**FORECASTED CONSOLIDATED BALANCE SHEETS**  
**AT SEPTEMBER 30,**  
**(000s Omitted)**

	2021	2022	2023	2024	2025
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000
Investments	63,695	67,837	70,839	74,373	80,032
Accounts Receivable, Net	1,805	1,842	1,864	1,901	1,945
Inventories	76	78	80	83	85
Prepaid Expenses	227	234	241	248	256
Current Portion of Assets Limited as to Use	55	55	55	55	55
<b>Total Current Assets</b>	<b>76,858</b>	<b>81,046</b>	<b>84,079</b>	<b>87,660</b>	<b>93,373</b>
Assets Limited as to Use:					
Statutory Operating Reserve	8,085	8,290	8,502	8,722	8,601
Benevolent Assistance Fund	1,964	1,964	1,964	1,964	1,964
Renewal and Replacement Fund	10,400	10,400	10,400	10,400	10,400
Mission Advancement Fund	8,990	8,990	8,990	8,990	8,990
Under Donor Restrictions	4,232	4,232	4,232	4,232	4,232
Under Bond Indenture Agreement	55	55	55	55	55
<b>Total Assets Limited as to Use</b>	<b>33,726</b>	<b>33,931</b>	<b>34,143</b>	<b>34,363</b>	<b>34,242</b>
Less: Current Portion	(55)	(55)	(55)	(55)	(55)
<b>Total Assets Limited as to Use, Less Current Portion</b>	<b>33,671</b>	<b>33,876</b>	<b>34,088</b>	<b>34,308</b>	<b>34,187</b>
Property, Plant and Equipment	214,995	220,738	226,654	232,749	239,028
Less: Accumulated Depreciation	(84,567)	(91,119)	(98,029)	(105,454)	(113,418)
<b>Net Property, Plant and Equipment</b>	<b>130,428</b>	<b>129,619</b>	<b>128,625</b>	<b>127,295</b>	<b>125,610</b>
<b>Total Assets</b>	<b>\$ 240,957</b>	<b>\$ 244,541</b>	<b>\$ 246,792</b>	<b>\$ 249,263</b>	<b>\$ 253,170</b>
<b>Liabilities and Net Assets</b>					
Current Liabilities:					
Current Maturities of Long-Term Debt	\$ 2,975	\$ 3,055	\$ 3,140	\$ 1,835	\$ 470
Accounts Payable	2,271	2,339	2,409	2,481	2,556
Accrued Salaries and Wages	454	468	482	496	511
Accrued Interest Payable	945	945	945	945	945
Other Accrued Liabilities	1,438	1,481	1,526	1,571	1,619
Current Portion of Refundable Entrance Fees	1,700	1,700	1,700	1,700	1,700
Entrance Fee Deposits	1,400	1,400	1,400	1,400	1,400
<b>Total Current Liabilities</b>	<b>11,183</b>	<b>11,388</b>	<b>11,602</b>	<b>10,428</b>	<b>9,201</b>
Long-Term Debt, Net of Current Portion and Deferred Financing Costs, Net	49,357	46,063	42,684	40,610	39,901
Deferred Parking Revenue	516	501	486	471	456
Deferred Customization Revenue	862	862	862	862	862
Refundable Parking Revenue	85	85	85	85	85
Deferred Revenue from Entrance Fees	83,991	85,780	86,306	87,115	88,217
Refundable Entrance Fees, Net of Current Portion	12,186	12,227	12,309	12,459	12,647
<b>Total Liabilities</b>	<b>158,180</b>	<b>156,906</b>	<b>154,334</b>	<b>152,030</b>	<b>151,369</b>
Net Assets:					
Without Donor Restriction	75,384	80,242	85,065	89,840	94,408
With Donor Restriction	7,393	7,393	7,393	7,393	7,393
<b>Net Assets</b>	<b>82,777</b>	<b>87,635</b>	<b>92,458</b>	<b>97,233</b>	<b>101,801</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 240,957</b>	<b>\$ 244,541</b>	<b>\$ 246,792</b>	<b>\$ 249,263</b>	<b>\$ 253,170</b>

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

# Summary of Significant Forecast Assumptions and Accounting Policies

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## **Introduction and Background Information**

### **Basis of Presentation**

The financial forecast (the “Forecast”) presents, to the best of the knowledge and belief of management’s (“Management”) of Deerfield Episcopal Retirement Community, Inc. (the “Organization” or “Deerfield”), the Organization’s expected consolidated financial position, results of operations and cash flows as of September 30, 2021, 2022, 2023, 2024, and 2025 and each of the years then ending (the “Forecast Period”).

During 2019, Deerfield formed a subsidiary, The Deerfield Charitable Foundation (the “Foundation”). The purpose of the Foundation is to provide assistance to the retirement community and health facilities owned or affiliated with Deerfield. Management’s financial forecast includes the activities of the subsidiary.

Accordingly, the Forecast reflects Management’s judgment as of February 26, 2021, the date of this forecast, of the expected conditions and its expected course of action.

The assumptions disclosed herein are the assumptions that Management believes are significant to the Forecast. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

***The accompanying forecasted information and the 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 Organization’s disclosure statement filing), and is not intended to be and should not be used, by anyone other than these specified parties.***

The presentation of Management’s financial forecast reflects additional expense and revenue categorizations that differ from Management’s historical financial presentation in its historical audited financial statements. The additional categories have been included at the request of the North Carolina Department of Insurance. The Organization is a “Type A” entrance fee community. In this type of community, residents enter the community under a contract that allows for discounted healthcare fees when the resident moves into assisted living or nursing. As a result, there is no relevant stand-alone measure of “profitability” for only the health center since the revenue associated with the health center units are discounted. For this reason, Management has not presented its resident revenue separately in its historical audited financial statements, which differs from the presentation in its forecast.

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

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

#### **Background**

The Organization is a non-profit corporation organized in 1955 and existing under the laws of the State of North Carolina for the purpose of providing senior housing and long-term care services to the elderly. The Organization is a North Carolina licensed continuing care retirement community primarily offering lifecare contracts and is accredited by the Commission on Accreditation of Rehabilitation Facilities - Continuing Care Accreditation Commission. The Organization is governed by a rotating Board of Directors with at least 11, but no more than 16 members.

The Organization currently owns and operates a continuing care retirement community located in Asheville, North Carolina, known as Deerfield Episcopal Retirement Community, Inc. ("Deerfield"). The community has 378 independent living units, 62 assisted living units, and 62 skilled nursing beds.

## Summary of Significant Forecast Assumptions and Accounting Policies

### Introduction and Background Information (continued)

The following table reflects Deerfield's unit configurations:

**Table 1**  
**Deerfield**  
**Unit Configuration**  
**Type, Number and Pricing**

Unit Type	Existing Facility Number of Units	Estimated Square Feet <sup>(1)</sup>	Monthly Service Fee (Daily for Nursing) (2020)	Type of Refund Plan (2021)		
				Standard Plan	50% Refund Plan	90% Refund Plan
<i>Independent Living Units</i>						
One-bedroom	22	800	\$2,909	\$215,228	\$286,253	\$398,171
One-bedroom with Carolina room	36	946	\$3,086	\$245,326	\$326,284	\$453,854
Two-bedroom	48	1,203	\$3,540	\$316,808	\$421,355	\$586,096
Two-bedroom Corner	9	1,440	\$3,720	\$364,038	\$484,171	\$673,470
Two-bedroom with Carolina room	50	1,346	\$3,631	\$349,749	\$465,166	\$647,035
Two-bedroom with Den	26	1,456	\$3,761	\$378,144	\$502,931	\$699,566
Two-bedroom Deluxe	28	1,552	\$3,923	\$403,363	\$536,473	\$746,222
Two-bedroom Grande	28	1,612	\$4,017	\$418,399	\$556,471	\$774,039
Two-bedroom Deluxe with Carolina room	4	2,314	\$4,644	\$578,892	\$769,926	\$1,070,950
Two-bedroom Deluxe with Two Balconies	1	2,517	\$4,873	\$643,213	\$855,473	\$1,189,943
Cottage A	9	1,780	\$4,237	\$472,384	\$628,270	\$873,910
Cottage A with Den	28	2,044	\$4,491	\$537,528	\$714,912	\$994,427
Cottage B	1	1,713	\$4,177	\$468,086	\$622,555	\$865,960
Cottage B with Den	8	1,946	\$4,315	\$513,039	\$682,342	\$949,122
Cottage C	25	1,943	\$4,303	\$510,988	\$679,614	\$945,328
Cottage D	10	2,565	\$4,950	\$654,358	\$870,296	\$1,210,562
Villa I	4	1,592	\$4,084	\$455,858	\$606,292	\$843,338
Villa II	8	1,650	\$4,140	\$463,111	\$615,937	\$856,755
Villa III	4	2,146	\$4,639	\$548,788	\$729,888	\$1,015,258
Cluster Homes - A, B	8	1,316	\$3,086	\$328,256	\$436,580	\$607,273
Cluster Homes - D	5	1,487	\$3,631	\$370,909	\$493,309	\$686,182
St. Giles Cottages	16	(2)	(2)	(2)	(2)	(2)
<i>Second Person Fees</i>			\$1,385	\$65,000	\$86,450	\$120,250
<b>Total Independent Living Units</b>	<b>378</b>					
<i>Assisted Living Units</i>						
Standard	28	318	\$4,966	\$28,188		
Deluxe	10	364	\$6,354	\$28,188		
Double	4	364	\$6,354	\$28,188		
Grande	20	467	\$6,809	\$28,188		
<i>Second Person Fees</i>			\$4,054			
<b>Total Assisted Living Units</b>	<b>62</b>					
<i>Nursing Beds</i>						
Private with Shared Bath	16	188	\$257	\$9,401		
Private with Private Bath	46	193 - 286	\$315-\$333	\$9,401		
<b>Total Nursing Beds</b>	<b>62</b>					
<b>Total Units</b>	<b>502</b>					

Source: Management

Notes: (1) Square footages are estimated and may vary based on location and resident modifications or additions.

(2) St. Giles units vary significantly in size and pricing, and are priced individually.

**PLEASE REFER TO DISCLOSURE STATEMENT FOR SPECIFIC CONTRACT OR PRICING INFORMATION.  
INFORMATION ABOVE FOR REFERENCE PURPOSES ONLY.**

## Summary of Significant Forecast Assumptions and Accounting Policies

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### Introduction and Background Information (continued)

#### Description of Deerfield

##### *Independent Living Units*

The 378 independent living units of Deerfield consist of 253 apartment units and 125 cottages and homes. The independent living apartments are contained in mid-rise apartment buildings connected to common areas and health care services. There are various floor plans for the apartments, which include one-bedroom and two-bedroom configurations. The cottage floor plans also vary in design and size, but include two-bedroom and two-bedroom with den configurations. Each independent living unit includes wall-to-wall carpeting, numerous closets and storage areas, a fully-equipped kitchen (refrigerator/freezer, disposal, microwave, and oven/range), utility rooms, washer and dryer, bathrooms with tub and/or shower and vanities, an emergency call system with 24-hour security and emergency health care assistance, fire and smoke detectors, individualized heating and air-conditioning systems, lever door handles, pre-wired cable, telephone and computer modem outlets, and a patio or balcony. The St. Giles neighborhood cottages and cluster homes may vary from the standards in other homes.

##### *Health Center*

Deerfield consists of 62 assisted living units and 62 nursing beds, collectively known as the "Health Center." Assisted living services are offered in 62 residential-style units of the Health Center, and offer assistance with activities of daily living such as bathing, dressing, eating and toileting. The assisted living units include a living room, bedroom, full bath and kitchenette. Nursing services are offered in 62 skilled nursing beds, which consist of 46 private rooms with private baths and 16 semi-private rooms with shared baths.

##### *Common Areas*

The common areas are located throughout the campus. Deerfield offers a Community Center, as well as a Health and Wellness Center. The common areas serve as the main gathering places for residents and contain the dining areas, computer lab/business center, private dining rooms, beverage lounge, fully-equipped exercise and aerobics area, aquatic center, croquet court, arts and crafts studio, continuing education classroom, woodworking shop, multipurpose room, library, beauty and barber salon, bank, day spa and convenience store. The dining areas offered include a bistro-style café for casual meals, as well as a club-style dining room with waited service offering residents a fine dining experience. In addition, Deerfield offers its own free-standing chapel, St. Giles Chapel, and two chaplains as staff members.

#### Admissions Criteria

Deerfield is open to persons 62 years of age or older, regardless of race, sexual orientation, nationality or religion, who are able to live independently and demonstrate an ability to meet their financial obligations as residents. The applicant is asked to submit the following information:

- An application for admission containing general background information
- A personal health history recounting relevant medical experience and insurance data
- A confidential financial statement which summarizes the prospective resident's net worth and annual income

A person seeking residence in an independent living unit is required to submit an application for residency and to pay an initial reservation fee of \$1,000.



## Summary of Significant Forecast Assumptions and Accounting Policies

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### Introduction and Background Information (continued)

*The following section titled Residence & Services Agreement is a summary of key provisions of the Residence & Services Agreement. For more detailed information regarding this agreement, please refer to Deerfield's Residence & Services Agreement which is included in Deerfield's Disclosure Statement filed with the North Carolina Department of Insurance.*

#### Residence & Services Agreement

A resident who terminates the Residence & Services Agreement prior to establishing residency in the independent living unit, due to death or incapacity or changes in finances, is entitled to a full refund of the entrance fee deposit, less any non-standard costs specifically incurred by the Organization at the request of the prospective resident. A resident who voluntarily terminates the Residence & Services Agreement prior to establishing residency, for reasons other than death or incapacity or changes in finances, is entitled to a partial refund of the entrance fee deposit. The refund is equal to the entrance fee deposit less any non-standard costs specifically incurred by the Organization at the request of the prospective resident and a non-refundable fee equal to 4 percent of the entrance fee.

The Organization offers three types of contract options: 0% refundable (the "Standard Plan"), 50% refundable (the "50% Refund Plan"), and 90% refundable (the "90% Refund Plan"). The 50% Refund Plan and the 90% Refund Plan are subject to certain age restrictions.

*Standard Plan*— Under the terms of this plan, a resident who terminates the Residence & Services Agreement during the first 60 days of occupancy (the "Trial Period") is entitled to a refund of the entire entrance fee, less a 4 percent non-refundable fee. After the trial period, the refund is reduced by 2 percent of the amount of the entrance fee paid per month of occupancy for 48 months, plus an additional 4 percent charge. There is no refund after 48 months of occupancy.

*50% Refund Plan*— Under the terms of this plan, a resident who terminates the Residence & Services Agreement during the Trial Period is entitled to a refund of the entire entrance fee, less a 4 percent non-refundable fee. After the trial period, the refund is reduced by 2 percent of the amount of the entrance fee paid per month of occupancy for 23 months, plus an additional 4 percent charge. After 23 months, the resident receives a refund equal to 50 percent of the entrance fee paid.

*90% Refund Plan*— Under the terms of this plan, a resident who terminates the Residence & Services Agreement during the Trial Period is entitled to a refund of the entire entrance fee, less a 4 percent non-refundable fee. After the trial period, the refund is reduced by 1 percent of the amount of the entrance fee paid per month of occupancy for 6 months, plus an additional 4 percent charge. After 6 months, the resident receives a refund equal to 90 percent of the entrance fee paid.

The 50% Refund Plan and the 90% Refund Plan are not available to persons 85 years of age or older. The age of the older resident is used in making this determination.

**Management has forecasted that the majority of independent living residents will select the Standard 0% Refundable Entrance Fee Plan, based on historical experience.**

The resident is required to confirm his/her selection of a refund plan at the time of final payment of the entrance fee and is not allowed to change refund plans without written approval of Management. Payment of refunds is due within 60 days for the Standard Plan and 50% Refund Plan, whereas the payment of a refund for the 90% Refund Plan is due upon the earlier of re-occupancy of the unit by another prospective resident, or one year.

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

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

If the resident is unable to live independently within the range of services provided in the independent living unit, as determined by the Organization's medical director in conjunction with the resident's physician and family or guardian, the resident is transferred to an assisted living unit or nursing bed in the Health Center. If a resident is permanently transferred to an assisted living unit or a nursing bed, the independent living unit is available for occupancy by another prospective resident. However, no refund of the entrance fee is paid to the transferring resident until death or termination of the Residence & Services Agreement, as specified in the contract. The transferring resident continues to pay the monthly service fee paid prior to transferring and also pays for two additional meals and ancillary services. If, in the future, the resident recovers sufficiently to resume independent living, a similar or alternative independent living unit is made available for the resident's use, subject to availability.

Under the Residence & Services Agreement, independent living residents must pay an entrance fee and a monthly service fee and are entitled to the following services and amenities at no additional cost:

- Utilities (except telephone and cable);
- Main meal of the day (one meal per day);
- Routine maintenance and grounds keeping;
- 24-hour emergency response service;
- 24-hour security;
- Priority access to a nursing bed or to an assisted living unit, as necessary;
- Planned social and recreational activities;
- Scheduled local transportation;
- Weekly housekeeping;
- Lighted parking;
- Exercise and wellness programs;
- Additional storage;
- Routine client services; and
- Use of grounds and common facilities.

In addition to the items included in the monthly service fee, certain services are available to residents at an additional cost. These items may include, but are not limited to:

- Additional meals beyond the chosen plan;
- Guest meals;
- Cable television;
- Guest accommodations;
- Additional housekeeping services; and
- Ancillary services in the Health Center

### **Health Care Services**

Assisted living and nursing services are offered in the Health Center at residents' current monthly fee plus the additional cost of meals and fees not included in the monthly fee pursuant to the Residence & Services Agreement. All healthcare areas are under the direct supervision and responsibility of a licensed administrator, the Director of Health Services, and the Medical Director, a licensed physician.

Assisted living services are offered in 62 residential-style units of the Health Center. In addition to the services offered in the independent living units, residents in the assisted living units receive the following service:

## Summary of Significant Forecast Assumptions and Accounting Policies

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### Introduction and Background Information (continued)

- Assistance with activities of daily living (bathing, dressing, eating, toileting, mobility, transfers) as needed;
- 3 meals per day with daily snacks;
- Daily resident safety checks;
- Regular health and wellness assessments;
- Medication counseling and supervision;
- Transportation service to activities;
- Reality orientation and rehabilitation therapies; and
- Recreational activities.

Nursing services are offered in 62 skilled nursing beds located in the Health Center that consists of 46 private beds with private baths and 16 semi-private beds with shared baths. Of the 62 skilled nursing beds, 31 are sheltered beds and, accordingly, are unavailable for use by direct entrants into the Health Center from outside of the Community. Only residents of the Organization can use these sheltered beds. Nursing services provided in the Health Center include:

- Licensed nursing services 24-hours per day;
- Rehabilitation nursing services;
- Physical, speech and occupational therapies;
- Post-hospital care;
- Recreational activities;
- Respite care; and
- 3 meals per day with special diets accommodated.

For residents under the Residence & Services Agreement, transfers to the Health Center are classified as either a temporary transfer or a permanent transfer. Residents under the Residence & Services Agreement who transfer to the Health Center pay the following depending on the transfer classification:

- *Temporary Transfer* - Residents continue to pay a monthly fee plus the cost of meals provided not included in the monthly fee and other costs not reimbursed by third party payers. No additional charge is paid for the care received in the Health Center, unless there is an upgrade to a larger unit.
- *Permanent Transfer* - Upon permanent transfer to the Health Center, the resident must give up his/her independent living unit. If the independent living unit is jointly occupied and one resident transfers to the Health Center, each resident continues being charged the normal monthly fee that was in effect for their independent living unit. The cost of additional meals, and any additional fees (including upgrades to larger units, if applicable) for services provided to the resident, is paid upon permanent transfer to the Health Center.

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

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

#### **Basis of Accounting**

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

*Net assets without donor restriction* - resources of the Organization that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.

*Net assets with donor restriction* - resources that carry a donor-imposed restriction that permits the Organization to use or expend the donated assets as specified and is satisfied by the passage of time or by actions of the Organization or resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less from the date of acquisition, which are not included in assets limited as to use or investments.

#### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices in the forecasted balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the operating income unless the income or loss is restricted by donor or law. Management classifies investments as trading securities, and changes in cash flows for investments, as cash flows from operating activities.

Management has not forecasted any unrealized gains or losses during the Forecast Period.

#### **Accounts Receivable, Net**

Deerfield considers accounts receivable to be fully collectible; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Management does not expect these amounts to be material. Generally, no finance charges are assessed on trade receivables.

#### **Inventories**

Inventories are stated at the lower of cost (first-in, first-out) or market.

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

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

#### **Assets Limited as to Use**

Assets limited as to use that are required to meet current liabilities of the Organization have been classified in the balance sheets for the prospective reporting period as current.

#### **Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. Contributed property is recorded at its estimated fair value at the date of receipt. Depreciation is computed on a straight-line basis for all depreciable assets over estimated useful lives.

The Organization periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held, 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. The Organization has determined that there are no indicators of impairment during the prospective reporting period.

#### **Concentration of Risk**

The Organization's operating funds, comprised of cash and cash equivalents, are located in a certain financial institution. At various times throughout the year, the Organization anticipates having deposits at the bank in excess of the amounts covered by federal depository insurance. Management believes the financial institution has a strong credit rating and the credit risk related to these deposits is minimal.

#### **Entrance Fee Deposits**

Admission deposits consist of reservation deposits and admission deposits. The Organization collects a reservation deposit of \$1,000 to save a space on the future occupancy list for a residential unit. An admission deposit of 10 percent of the entrance fee, less the reservation deposit, is received when a unit is available and a Residence & Services Agreement is executed. When the 10 percent admission deposit is received, a residential unit is considered reserved. The reservation agreement may be terminated by the prospective resident prior to taking occupancy by giving written notice to the Organization. In the event of withdrawal from the future occupancy list or a termination of the reservation, the resident receives a refund for a portion of the deposit paid by the resident, without interest.

#### **Deferred Financing Costs**

Deferred financing costs and discounts are amortized using the straight line method over the term of the related financing.

Debt issuance costs are presented in the forecasted balance sheets as a deduction from the carrying amount of the related liability. In addition, amortization expense associated with the debt issuance costs is shown as a component of interest expense.

#### **Parking Fees**

Deferred parking revenue is amortized into other income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. Refundable parking fees represent the portion of the payment of parking fees that will be refunded to the resident when parking is no longer required.

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

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

#### **Deferred Revenue and Refundable Entrance Fees**

Fees paid by a resident upon entering into a Residence & Services Agreement, net of the estimated portion that is refundable to the resident, are recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted on an annual basis. When the Residence & Services Agreement is terminated, the amount of unamortized portion of the deferred revenue from non-refundable entrance fees is recognized as revenue. The refundable portion is not amortized and is presented separately as refundable entrance fees.

#### **Statements of Revenue, Expenses, and Other Changes in Net Assets**

Provision of resident care services is the primary function of the Organization. For purposes of display, transactions deemed by Management to be ongoing, major, or central to the provision of resident care services are reported as revenues, gains and other support and expenses. Peripheral or incidental transactions are reported as non-operating gains and losses. The Organization considers operating income to be its performance indicator.

#### **Independent Living Monthly Fees and Healthcare Revenue**

Independent living monthly fees and healthcare revenue represent the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Independent living monthly fees and healthcare revenue are recorded as revenue when earned.

#### **Contributions and Bequests**

The Organization reports contributions of cash and other assets as temporarily restricted net assets 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the forecasted statements of revenue, expenses, and other changes in net assets as assets released from restrictions. The Organization reports contributions of property and equipment as additions to unrestricted net assets 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 temporarily restricted support. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **Obligation to Provide Future Services**

The Organization enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Organization specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the Organization has the ability to increase fees as deemed necessary. At the end of each year, the Organization calculates the present value of the estimated net cost of future services to be provided, including the cost of facilities to current residents, and compares that amount with the deferred revenue from entrance fees at that date. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability (obligation to provide future services) is recorded. No liability has been recorded for the prospective reporting period because the present value of the estimated net costs of future services and use of facilities is less than anticipated deferred revenue from entrance fees.

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

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

#### **Social Accountability**

Deerfield is estimating that 5 percent of resident revenues would be spent on "social accountability." Although this accountability can take many forms, Deerfield's Management believes the Organization currently provides this level of social accountability.

#### **Income Taxes**

The Organization has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes pursuant to Section 501(a) of the IRC.

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

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### **Management's Basis for Forecast of Revenue**

Revenues for Deerfield are primarily generated from monthly service fees for the independent living units, amortization of entrance fees and monthly service fees and per diem charges from the Health Center residents.

Revenues for the independent living units are based on the monthly service fees assumed by Management to be charged to the residents and the assumed utilization of the independent living units. Health care revenues consist of revenue generated from services provided to residents transferring from the independent living units or from residents directly admitted from outside the Facility into assisted living and nursing units. All assisted living residents are private pay and the majority of nursing residents are private pay, but the Organization is certified to accept Medicare residents.

For residents under the Residence & Services Agreement, transfers to the Health Center are classified as either a temporary transfer or a permanent transfer. Residents under the Residence & Services Agreement who transfer to the Health Center pay the following depending on the transfer classification:

- *Temporary Transfer* - Residents continue to pay the normal monthly fee that was in effect for their independent living unit, plus the cost of additional meals, and any other additional fees (including upgrades to larger units, if applicable) for services provided to the resident, that are not included in the monthly fee.
- *Permanent Transfer* - Upon permanent transfer to the Health Center, the resident must give up his/her independent living unit. If the independent living unit is jointly occupied and one resident transfers to the Health Center, each resident continues being charged the normal monthly fee that was in effect for their independent living unit. The cost of additional meals, and any additional fees (including upgrades to larger units, if applicable) for services provided to the resident, is paid upon permanent transfer to the Health Center.



## Summary of Significant Forecast Assumptions and Accounting Policies

### Management's Basis for Forecast of Revenue (continued)

#### Forecasted Occupancy Levels

Management has assumed the following occupancy for the Forecast Period:

**Table 2**  
**Deerfield**  
**Forecasted Occupancy**  
**For the Years Ending September 30,**

	2021	2022	2023	2024	2025
Average Available Units:					
Independent Living Units	378	378	378	378	378
Assisted Living Units	62	62	62	62	62
Nursing Units	62	62	62	62	62
Total Available Units	502	502	502	502	502
Average Occupied Units:					
Independent Living Units	362	365	365	365	365
Assisted Living Units	57	59	59	59	59
Nursing Units	57	58	58	58	58
Total Occupied Units	476	482	482	482	482
Average Occupancy	94.8%	96.0%	96.0%	96.0%	96.0%

Source: Management

Assisted living and nursing occupancy is based on internal transfers from independent living units as well as residents directly admitted from outside the Facility. Forecasted resident transfers from independent living to assisted living and nursing, as well as from assisted living to nursing, have been provided by Management based on its historical experience.

## Summary of Significant Forecast Assumptions and Accounting Policies

### Management's Basis for Forecast of Revenue (continued)

#### Forecasted Entrance and Monthly Service Fees

Table 1 presents Management's forecasted rates for the Organization for the year ending September 30, 2021. Management primarily establishes rate increases through the actuarial evaluation of financial performance, including actual and forecasted operating experience. The overarching goal is to maintain an actuarially and financially viable community. In general, Management anticipates operating expense increases of 3.0 percent throughout the Forecast Period and has assumed similar rate increases for the monthly fee increases.

Management has forecasted that the majority of future independent living residents will select the Standard 0% Refundable Entrance Fee Plan, based on historical experience.

The following table reflects forecasted rate increases. Increases in fees are generally anticipated to equal or exceed increases in operating expenses during the Forecast Period, and can change prospectively based on actual experience, as well as achieving actuarially sound pricing practices for a retirement community, and achieving indebtedness covenants.

**Table 3**  
**Deerfield**  
**Forecasted Rate Increases**  
**For the Years Ending September 30,**

<b>Unit Type</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Independent Living Entrance Fee Increases	(1)	3.00%	3.00%	3.00%	3.00%
Independent Living Monthly Fee Increases	(1)	3.00%	3.00%	3.00%	3.00%
Health Center Rate Increase	(1)	3.00%	3.00%	3.00%	3.00%

Source: Management

Notes: (1) 2021 pricing reflected in Table 1.

#### Entrance Fee Receipts

Entrance fee receipts and refunds are based on information provided by Management. The following table notes entrance fees received, and refunds paid during the Forecast:

## Summary of Significant Forecast Assumptions and Accounting Policies

### Management's Basis for Forecast of Revenue (continued)

**Table 4**  
**Deerfield**  
**Forecasted Entrance Fee Receipts and Refunds**  
**For the Years Ending September 30,**  
**(In Thousands of Dollars)**

	2021	2022	2023	2024	2025
Entrance Fee Receipts from Unit Turnover	\$ 10,247	\$ 12,998	\$ 12,071	\$ 12,700	\$ 13,350
Entrance Fees Refunded from Unit Turnover	(1,254)	(1,233)	(1,230)	(1,201)	(1,204)
<b>Total Entrance Fees, Net of Refunds</b>	<b>\$ 8,993</b>	<b>\$ 11,765</b>	<b>\$ 10,841</b>	<b>\$ 11,499</b>	<b>\$ 12,146</b>

Source: Management

### Investment Income

Investment income consists of interest, dividends, and net realized gains earned on available cash, investments and assets limited as to use. The following table reflects Management's assumed investment earning rates during the Forecast Period.

**Table 5**  
**Deerfield**  
**Forecasted Investment Earning Rates**  
**For the Years Ending September 30,**

	2021	2022	2023	2024	2025
Cash and Cash Equivalents	0.50%	0.50%	0.50%	0.50%	0.50%
Investments	4.25%	4.50%	4.75%	5.00%	5.00%
Statutory Operating Reserve	4.25%	4.50%	4.75%	5.00%	5.00%
Benevolent Assistance Fund	4.25%	4.50%	4.75%	5.00%	5.00%
Renewal and Replacement Fund	4.25%	4.50%	4.75%	5.00%	5.00%
Mission Advancement Fund	4.25%	4.50%	4.75%	5.00%	5.00%
Under Donor Restrictions	1.00%	1.00%	1.00%	1.00%	1.00%
Under Bond Indenture Agreement	4.25%	4.50%	4.75%	5.00%	5.00%

Source: Management

## Summary of Significant Forecast Assumptions and Accounting Policies

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### Management's Basis for Forecast of Expenses

#### Operating Expenses

Operating expenses have been forecasted to be recognized during the month incurred. Management has forecasted operating expenses based upon historical experience. In general, operating expenses are forecasted to increase 3.0 percent annually throughout the Forecast Period.

#### Salaries and Benefits

A full-time equivalent employee ("FTE") represents 2,080 hours of time paid annually. Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, pension plan, incentives, and other miscellaneous benefits for the entire campus. These benefit costs are assumed to approximate 27 percent of wages during the Forecast Period.

#### Resident Services

Resident services include costs of providing activities and other such services to residents. These costs are anticipated to increase for inflation at approximately 3.0 percent annually throughout the Forecast Period and for changes in volume.

#### Food Service

Food service includes costs of providing meals to residents. These costs are anticipated to increase for inflation at approximately 3.0 percent annually throughout the Forecast Period and for changes in volume.

#### Healthcare

Healthcare services include costs of providing healthcare services to residents. These costs are anticipated to increase for inflation at approximately 3.0 percent annually throughout the Forecast Period and for changes in volume.

#### Housekeeping

Housekeeping service includes costs of providing housekeeping to residents and for the Organization. These costs are anticipated to increase for inflation at approximately 3.0 percent annually throughout the Forecast Period and for changes in volume.

#### Laundry

Laundry includes costs of providing laundry services to residents and for the Organization. These costs are anticipated to increase for inflation at approximately 3.0 percent annually throughout the Forecast Period and for changes in volume.

#### Management and General

Costs include supplies, professional fees, marketing, and other miscellaneous costs. These costs are anticipated to increase for inflation at approximately 3.0 percent annually throughout the Forecast Period and for changes in volume.

#### Plant Operations and Maintenance

Costs in this department include general maintenance supplies. In addition, these costs include costs of maintaining the campus and grounds keeping. These costs are anticipated to increase for inflation at approximately 3.0 percent annually throughout the Forecast Period and for changes in volume.

#### Income Taxes

The Organization has been registered as a tax-exempt entity relative to Federal corporate income taxes under Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from federal taxation.

## Summary of Significant Forecast Assumptions and Accounting Policies

### Management's Basis for Forecast of Other Items

#### Assets Limited as to Use

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

#### *Held by Deerfield Episcopal Retirement Community, Inc.*

*Statutory Operating Reserve* - Section 58-64-33 of the General Statutes of North Carolina, as amended, establishes an operating reserve requirement that must be satisfied on an annual basis. Specifically, in years where the overall occupancy of the facility exceeds 90%, the operating reserve amount required equals 25% of operating expenses. In years where overall occupancy is under 90%, a reserve equal to 50% of operating expenses must be established. To the extent that funds have been set aside for the payment of interest and principal on debt (Debt Service Reserve Fund), interest expense and principal payments would be excluded from the statutory operating reserve requirements.

**Table 6**  
**Deerfield**  
**North Carolina Statutory Operating Reserve**  
**For the Years Ending September 30,**

	2021	2022	2023	2024	2025
<b>Statutory Operating Reserve Calculation (Expenses in Thousands):</b>					
Total Operating Expenses <sup>(1)</sup>	\$ 27,627	\$ 28,455	\$ 29,308	\$ 30,187	\$ 31,093
Interest	1,804	1,728	1,646	1,561	1,476
Principal	2,910	2,975	3,055	3,140	1,835
Total Operating Costs	\$ 32,341	\$ 33,158	\$ 34,009	\$ 34,888	\$ 34,404
Required Reserve <sup>(2)</sup>	25%	25%	25%	25%	25%
Required Operating Reserve (In Thousands)	\$ 8,085	\$ 8,290	\$ 8,502	\$ 8,722	\$ 8,601
Average Available Units:					
Independent Living Units	378	378	378	378	378
Assisted Living Units	62	62	62	62	62
Total Available Units	440	440	440	440	440
Average Occupied Units:					
Independent Living Units	362	365	365	365	365
Assisted Living Units	57	59	59	59	59
Total Occupied Units	419	424	424	424	424
Average Occupancy at Year End	95.2%	96.4%	96.4%	96.4%	96.4%

Source: Management

Notes:

- (1) Operating expenses exclude interest expense, depreciation, and amortization expense.
- (2) Due to the Organization projecting occupancy in excess of 90%, the Organization is required to have a 25% operating reserve.

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

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### **Management's Basis for Forecast of Other Items (continued)**

*Replacement and Renewal Fund* – The Organization has set aside, by the direction of the Board of Directors, funds to be used for the renewal and replacement of property and equipment. The Board of Directors retains control over these assets and may at its discretion subsequently use them for other purposes.

*Under Bond Indenture Agreement (Held by Trustee Pursuant to Financing Agreements)* – The Organization is required to maintain certain funds for the existing bonds.

#### ***Held by the Foundation***

*Benevolent Assistance Fund* – The Organization has a policy of providing benevolent assistance to residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since the Organization does not expect to collect the normal charges for services provided, estimated charges for benevolent assistance are not included in revenue. Funds donated by outside parties to assist these needy residents are placed by Management into a separate Benevolent Assistance Fund. Such amounts are designated by the Board of Directors and utilized to offset the cost of providing financial assistance to residents who are unable to meet their financial commitments.

*Mission Advancement Fund* – The Organization has set aside, by direction of the Board of Directors, funds to be used to meet the mission of the Organization. The Board of Directors retains control over these assets and may at its discretion subsequently use them for other purposes.

*Amounts Restricted by Donors* - The Organization receives certain contributions from outside parties that are intended to be used for specific purposes, primarily for future improvements to be made to the chapel and future residency assistance. Contributions of such assets with explicit restrictions that specify how the assets are to be used are reported by Management as restricted support. Specifically, externally restricted resources are accumulated in a separate fund until the restrictions end and the funds are released.

## Summary of Significant Forecast Assumptions and Accounting Policies

### Management's Basis for Forecast of Other Items (continued)

#### Property and Equipment

Property and equipment balances, net of accumulated depreciation, were forecasted based on property and equipment additions during the Forecast Period, reduced by estimated annual depreciation.

Management has forecasted the following major property and equipment categories:

**Table 7**  
**Deerfield**  
**Forecasted Property and Equipment Major Categories (In Thousands)**  
**For the Years Ending September 30,**

	2021	2022	2023	2024	2025
Land	\$ 13,966	\$ 13,966	\$ 13,966	\$ 13,966	\$ 13,966
Building and Improvements	189,581	194,992	200,565	206,307	212,222
Furniture and Fixtures	10,756	11,068	11,390	11,722	12,064
Vehicles	692	712	733	754	776
Less: Accumulated Depreciation	(84,567)	(91,119)	(98,029)	(105,454)	(113,418)
Net Property and Equipment	\$ 130,428	\$ 129,619	\$ 128,625	\$ 127,295	\$ 125,610

Source: Management

#### Long-Term Debt and Interest Expense

The following table summarizes related principal payments on the Series 1997 Bonds, Series 2014 Bonds, and the Series 2016 Bonds.

**Table 8**  
**Deerfield**  
**Forecasted Principal Activity**  
**(In Thousands of Dollars)**

For the Years Ending September 30,	Series 1997 Bonds	Series 2014 Bonds	Series 2016 Bonds	Total
2021	\$ -	\$ 2,475	\$ 435	\$ 2,910
2022	\$ -	\$ 2,535	\$ 440	\$ 2,975
2023	\$ -	\$ 2,600	\$ 455	\$ 3,055
2024	\$ -	\$ 2,670	\$ 470	\$ 3,140
2025	\$ -	\$ 1,345	\$ 490	\$ 1,835
2026	\$ -	\$ -	\$ 470	\$ 470
2027	\$ -	\$ -	\$ 495	\$ 495
2028	\$ 50	\$ -	\$ 485	\$ 535
Thereafter	-	-	35,570	35,570
		Subtotal		\$ 50,985
		Plus: Original Issue Premium		4,849
		Less: Deferred Financing Costs		(592)
Total Long-Term Debt, Net of Original Issue Discount and Deferred Financing Costs, Net				<u>\$ 55,242</u>

Source: Management

Note: The principal payments noted above do not include original issue discount or issuance costs.

## Summary of Significant Forecast Assumptions and Accounting Policies

### Management's Basis for Forecast of Other Items (continued)

A summary of the long-term debt is presented below:

- Series 1997 Bonds – Term bonds with an annual interest rate of 6% with principal payments due in accordance with Table 8.
- Series 2014 Bonds – Serial bonds with an annual interest rate of 2.50% with principal payments due in accordance with Table 8.
- Series 2016 Bonds – Serial and term bonds with varying interest rates of 0.75% - 4.00% on the serial bonds and 3.00% - 5.00% on the term bonds with principal payments due in accordance with Table 8.

All bonds are secured on a parity basis by a deed of trust on substantially all land, buildings, equipment and furnishings and fixtures owned by the Organization and a first security interest in accounts receivable, equipment and proceeds thereof.

### Net Assets With Donor Restriction

Management has forecasted net assets with donor restrictions to be available for the following purposes at September 30 once satisfying donor intent or remaining in perpetuity:

Resident Assistance	\$ 2,510
Daniel Boone Scholarship	482
Annuity Gifts	298
Donated Property	3,205 (1)
Other	898
Total Net Assets with Donor Restriction	<u>\$ 7,393</u>

Note:

- (1) In July 1995, Deerfield received a non-cash contribution of real property and improvements valued at approximately \$3,205,000, consisting of the existing facilities for which legal title had been held by the Diocese of Western North Carolina of the Protestant Episcopal Church of the United States of America (the "Diocese"). This contribution was made for the express purpose of facilitating a major expansion project. The donated property will revert to the Diocese if the property ceases to be used exclusively as a retirement community.



## Summary of Significant Forecast Assumptions and Accounting Policies

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### Management's Basis for Forecast of Other Items (continued)

#### Current Assets and Current Liabilities

##### Cash and Cash Equivalents

Cash and cash equivalents balances for the Forecast Period are based on the results of the Forecasted Statements of Cash Flows. For purposes of presentation, cash and cash equivalents balances are forecasted to be \$11,000,000 during the Forecast Period.

##### Investments

Investments are forecasted based on the anticipated cash flows based on the Forecasted Statements of Cash Flows.

##### Accounts Receivable, Net

Accounts receivable, net of allowance for non-collectible accounts, are forecasted based on historical levels.

##### Prepaid Expenses

Prepaid expenses consisting of prepaid insurance and other prepaid items, are forecasted based on historical levels.

##### Inventories

Inventory items are forecasted based on historical levels.

##### Accounts Payable

Accounts payable is forecasted based on historical levels.

##### Accrued Salaries and Wages

Accrued salaries and wages are forecasted based on historical levels.

##### Accrued Interest Payable

Accrued interest payable has been calculated based on historical levels.

##### Other Accrued Liabilities

Other accrued liabilities are forecasted based on historical levels.

### Risks and Uncertainties

During March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of the Organization's operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the potential negative impact of COVID-19 on its operations.

E

## **AGREEMENTS/CONTRACTS**

**Deerfield Episcopal Retirement  
Community, Inc.**

**Future Residency Agreement**



**FUTURE RESIDENCY AGREEMENT**

**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.  
ASHEVILLE, NORTH CAROLINA**

This Future Residency Agreement (hereinafter called "the Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, by and between Deerfield Episcopal Retirement Community, Incorporated, a North Carolina not-for-profit corporation (hereinafter called "Deerfield") and \_\_\_\_\_ (hereinafter called "Future Resident").

WHEREAS, Deerfield owns and operates a LifeCare retirement community in Asheville, North Carolina, consisting of independent apartment Residences in mid-rise buildings, cottage Residences, a Community Center with common areas and amenities, and a Health Center providing assisted living and skilled nursing care;

NOW, THEREFORE, Future Resident and Deerfield agree as follows:

**I. PRIORITY, APARTMENT TYPE, AND PROJECTED DATE OF OCCUPANCY**

- A. Priority Reservation Number.** Deerfield agrees to assign to the Future Resident a Priority Reservation Number \_\_\_\_\_. The priority number is based on the date of this Agreement and the chronological order in which all Future Residents enter into such Future Residency Agreements, regardless of the Residence type selected.
- B. Residence Type Preference.** The Future Resident prefers to occupy a \_\_\_\_\_ type of Residence at Deerfield (hereinafter referred to as the "Residence") at some time in the future.
- C. Projected Date of Occupancy.** The Future Resident projects readiness for actual occupancy of the Residence at approximately \_\_\_\_\_(Year). It is understood that such a Projected Date of Occupancy is an estimate and may vary due to the Future Resident's readiness and the actual availability of the Residence.

**II. PRIVILEGES**

In addition to the Priority established for the Future Resident for the Residence and Projected Date of Occupancy, the Future Resident shall have the following privileges at Deerfield:

- A. Meals.** The Future Resident may have meals in Deerfield's dining room at a specified time and with prior reservations and at the established Future Resident meal rate. Catering services are available for groups.

- B. Use of Common Areas and Amenities.** The Future Resident may use the common areas and amenities, including the dining room, private dining room, multi-purpose room, chapel, living room, lounges, and other common areas and amenities, from time to time with prior reservations and rates established by Deerfield, if any.
- C. Participation in Planned Activities.** The Future Resident may participate in planned social, recreational, educational, spiritual, arts and crafts, and exercise programs provided by Deerfield with prior reservations and at rates established by Deerfield, if any.
- D. Priority Admission to the On-Site Health Center.** Future Resident will have a priority for admission to the facilities and services of the on-site Health Center within Deerfield for skilled nursing care or assisted living care should such care be needed by the Future Resident before taking occupancy of the Residence. Such priority will be secondary to the needs of the current residents at Deerfield, and such admission is at the sole discretion of the Admissions Committee of Deerfield.

### III. ADMISSION PROCEDURES

- A. Application Forms.** Within Thirty (30) Days after execution of this Agreement, the Future Resident will submit completed application forms for initial review by the Admissions Committee. The application forms shall be provided by Deerfield and include an Application for Admission, a Personal Health History, and a Confidential Financial Statement.
- B. Admissions Committee Review.** Upon receipt of the completed application forms, Deerfield's Admissions Committee will review the forms submitted by the Future Resident as a basis for initial admission. The Admissions Committee, in its sole discretion, will approve or deny the application based on admissions criteria and policies established by the Board of Directors of Deerfield and will notify the Future Resident of such approval or denial.
- C. Notification of Availability of Residence.** Deerfield will notify the Future Resident of availability of the Residence Type specified by the Future Resident at the time the Residence becomes available for occupancy at or near the Future Resident's Projected Date of Occupancy. The Future Resident may accept or reject Deerfield's offer to take actual occupancy of the Residence. The Future Resident has Three (3) Days from the date of notification by Deerfield to accept the Residence. The Future Resident may reject any offer by Deerfield to take occupancy without losing the Future Resident's Priority Reservation Number.
- D. Residence and Services Agreement.** The Future Resident shall execute a Residence and Services Agreement and pay the required fees as outlined in the Residence and Services Agreement within Ten (10) Days after acceptance of a Residence.

**E. Upon Acceptance of Residence.** Upon acceptance of the Residence offered, the Future Resident has Sixty (60) Days to assume financial responsibility for the Residence. During the Sixty (60) Day period after acceptance of the Residence, the Future Resident will:

1. Submit a Physician's Examination Report completed by the Future Resident's personal physician on such form provided by Deerfield for review by Deerfield's Admissions Committee before taking occupancy.
2. Provide Updated Application Forms, If Requested, for review by the Admissions Committee before taking occupancy.
3. Have a Final Review by Admissions Committee and, at the sole discretion of the Admissions Committee, be approved or denied based on the admission criteria and policies established by the Board of Directors of Deerfield at the time of occupancy.

**F. Balance of Entrance Fee.** The balance of the total Entrance Fee for the Entrance Fee Option selected by the Resident will be due and payable prior to occupancy, unless otherwise agreed to in writing by Deerfield.

#### **IV. CONSIDERATION FROM FUTURE RESIDENT**

**Future Residency Fee.** In consideration for the rights and privileges as outlined in this Agreement, the Future Resident agrees to pay a Future Residency Fee of One Thousand Dollars (\$1,000.00). The Future Residency Fee is a non-interest bearing administrative fee associated with this Future Residency Agreement and will be credited toward the fees due by the Future Resident at the time of occupancy of the Residence at Deerfield as outlined in the Residence and Services Agreement. This Future Residency Fee does not lock-in the Entrance Fee amount for a Residence.

#### **V. TERMINATION AND REFUND**

- A. Termination by the Future Resident.** The Future Resident may terminate this Agreement for any reason prior to occupancy by giving written notice to Deerfield. Five Hundred Dollars (\$500) of the Future Residency Fee is refundable to the Future Resident within Sixty (60) Days of such notification of termination.
- B. Termination by Deerfield.** Deerfield may terminate this Agreement at any time if there has been a material misrepresentation or omission submitted by the Future Resident in the Future Resident's Application for Admission, Personal Health History, Confidential Financial Statement, or Physicians Examination Report. In the event of such termination, the Future Residency Fee is non-refundable. Deerfield may terminate this Agreement if the Future Resident does not meet the admission criteria set by the Board of Directors of Deerfield. Upon such termination, Deerfield shall notify the Future Resident of the reasons for such non-acceptance of admission, and Deerfield shall refund the Future Resident the full amount of the Future Residency Fee within Thirty (30) Days of such notification of termination.

## VI. GENERAL PROVISIONS

- A. **Assignment.** The rights and privileges of the Future Resident under this Agreement to the facilities, services, and programs of Deerfield are personal to the Future Resident and may not be transferred or assigned by the Future Resident or otherwise.
- B. **Entire Agreement.** This Agreement constitutes the entire agreement between Deerfield and the Future Resident and is preliminary to the Residence and Services Agreement.
- C. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Deerfield and the heirs, executors, administrators, and assigns of the Future Resident.
- D. **Religious Affiliation.** Deerfield is affiliated with the Episcopal Diocese of Western North Carolina; however, the Diocese has no responsibility for any of the obligations of Deerfield under this Agreement.
- E. **Governing Laws.** This Agreement shall be governed by the laws of the State of North Carolina.
- F. **Copy of the Agreement.** Deerfield will provide the Future Resident with a copy of this Agreement upon execution by Deerfield and Future Resident.
- G. **Notice Provisions.** Any notices, consents, or other communications to Deerfield hereunder (collectively "notices") shall be in writing and addressed as follows:

President/ Chief Executive Officer  
Deerfield Episcopal Retirement Community  
1617 Hendersonville Road  
Asheville, North Carolina 28803

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

## VII. RIGHT OF RESCISSION

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by the Future Resident's giving written notice of such rescission to Deerfield 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, the Future Resident shall receive a full refund of the Future Residency Fee paid by the Future Resident. Any such refund shall be paid by Deerfield within Sixty (60) Days following receipt of written notice of rescission pursuant to this Paragraph.

IN WITNESS WHEREOF, Deerfield and the Future Resident have executed this Agreement and the One Thousand Dollar (\$1,000.00) Reservation Fee has been paid as of the day and year first above written.

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

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

\_\_\_\_\_  
Current Address (Number and Street)

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
E-mail Address

\_\_\_\_\_  
Telephone

**DEERFIELD EPISCOPAL  
RETIREMENT COMMUNITY, INC.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



**Deerfield Episcopal Retirement  
Community, Inc.**

**Residence and Services Agreement  
(LifeCare)**



## RESIDENCE AND SERVICES AGREEMENT

Deerfield Episcopal Retirement Community, Inc.  
Asheville, North Carolina

This Residence and Services Agreement (hereinafter called "the Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, in the year 20\_\_\_\_, by and between Deerfield Episcopal Retirement Community, Inc., a North Carolina not-for-profit Corporation (hereinafter called "Deerfield") and \_\_\_\_\_ (hereinafter called "Resident").

WHEREAS, Deerfield owns and operates a LifeCare retirement community located in Asheville, North Carolina, consisting of independent apartment residences in mid-rise buildings, cottage residences, a Community Center with common areas and amenities, and a Health Center providing assisted living and skilled nursing care (hereinafter referred to as the "community"); and

WHEREAS, Resident desires to reserve an independent living residence and become a resident in the Community;

NOW, THEREFORE, Resident and Deerfield agree as follows:

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

- A. Residence.** Resident shall have the exclusive right to occupy, use, and enjoy residence number \_\_\_\_\_, a \_\_\_\_\_ type of residence, located within the Community (hereinafter referred to as the "Residence").
- B. Furnishings in the Residence.** Deerfield generally provides wall-to-wall carpeting, emergency signal equipment, refrigerator with icemaker, stove, oven, hood vent, microwave oven, dishwasher, washer and dryer, garbage disposal, and other furnishings as described in the Community's current literature. Some exceptions may apply. Other furnishings, decorations, and personal property are to be provided by the Resident.
- C. Addition of Custom Features in the Residence.** Resident may choose to modify or add to the Residence, with the permission of Deerfield, and at the Resident's expense. Such modifications and/or additions will be subject to Deerfield's stated policies for such improvements, and will become part of the Residence and the property of Deerfield upon termination of this Agreement. The value of such improvements will not be considered in computing refunds and Deerfield will have a vested interest in such improvements. The addition of extra square footage may increase the costs of maintenance and upkeep in the monthly fee.

- D. Common Areas and Amenities.** Deerfield provides common areas and amenities for the use and benefit of all residents such as a central dining room, private dining room, library, mail boxes, multi-purpose room, lounges, woodworking shop, arts and crafts room, walking areas, exercise areas, an on-site Health Center, and other common areas and amenities.
- E. Parking.** Deerfield provides lighted and well maintained parking areas for the Resident's personal vehicle (limited to one vehicle for each individual resident) and parking for guests. Covered parking is available at additional cost to the Resident.
- F. Storage.** Deerfield provides limited storage space for personal items other than that space which is in the Residence for Residents in the central apartment buildings.
- G. Services and Programs.**
1. Utilities. Deerfield furnishes heating, air conditioning, electricity, water, sewer, trash removal, and municipal services. The Resident is responsible for the charges related to telephone and cable television.
  2. Meals. Deerfield makes available to Residents three nutritionally well-balanced meals each day. The cost of the main meal each day is included in the Monthly Fee. The cost of other meals taken by the Resident is to be paid for by the Resident and billed on a monthly basis. Residents who are away from Deerfield for seven consecutive days or more will receive a credit for the daily meal on their monthly bill. Residents may not use their daily meal allotment on another day or transfer them to other persons.
  3. Special Diets and Tray Service. Meals containing substitute or special diets and tray service delivery to the Residence are provided when approved by authorized staff.
  4. Housekeeping Services. Deerfield agrees to maintain the Residence by providing regular housekeeping services including vacuum cleaning, dusting, cleaning of baths and kitchens, and trash removal. Additional housekeeping may be scheduled at the request and expense of the Resident.
  5. Laundry and Linens. Deerfield changes the Resident's bed linens weekly. Personal laundry and dry cleaning are the responsibility of the Resident. Washer and dryer facilities are provided by Deerfield.
  6. Groundskeeping. Deerfield furnishes basic groundskeeping service, including lawn, tree, and shrubbery care. Subject to approval by Deerfield, Residents may plant and maintain certain areas designated for such purpose by Deerfield.
  7. Maintenance and Repairs. Deerfield maintains and keeps in repair its own improvements, furnishings, and equipment. Resident is responsible for the cost of repairing damage to property of Deerfield caused by the negligence of Resident or any guests of the Resident, ordinary wear and tear excepted.
  8. Transportation. Deerfield provides local transportation for Residents, on a regularly scheduled basis, and transportation to local doctor and medical appointments without additional charge. An additional charge may be made for transportation for special, personal, or group trips.

9. Security. Deerfield provides Twenty-four (24) hour staffing, evening and nighttime security patrol, emergency call devices and smoke detectors in each residence, and a central security system and security procedures.
10. Activities. Deerfield provides planned and scheduled social, recreational, spiritual, educational and cultural activities, arts and crafts, exercise and health programs, and other special activities designed to meet the needs of the residents.
11. Nursing and Health Care. Deerfield provides nursing and health care facilities and services as follows:
  - a. Levels of Care. A Health Center is provided at Deerfield for the benefit of the residents. The Health Center includes accommodations and staffing necessary for skilled nursing care and assisted living care.
  - b. Clinic. A Clinic for certain examinations, consultations, checks, tests, and appointments as authorized by Deerfield is provided.
  - c. Staffing. Twenty-four (24) hour licensed nursing staff is maintained in the Health Center.
  - d. Medical Director. The overall coordination and supervision of health care services by the Community is provided by a Medical Director who is a licensed physician selected by Deerfield.
  - e. Charges. Charges for the nursing and health care accommodations and services described above are as set forth in Paragraph II.F of this Agreement.
  - f. Other Services and Supplies. Other health care services may be made available to the Resident at the Resident's expense, including, but not limited to: pharmacy services; podiatry, dental and optical services; laboratory tests; physical therapy; speech therapy; occupational therapy, including therapeutic activities; rehabilitative treatments; and wheelchairs and other medical equipment and supplies. The cost of such services and supplies shall not be covered by and are in addition to the charges described in Paragraph II.F.
  - g. Personal Physician. Residents may choose their own personal physician and are responsible for the charges by each physician.

**II. FINANCIAL ARRANGEMENTS**

**A. Entrance Fee Options.** The Resident agrees to pay to Deerfield an Entrance Fee as a condition of becoming a Resident. The Resident shall choose one of the following options, amounts, and amortization schedules as to the Entrance Fee to be paid:

<u>Entrance Fee Option</u>	<u>Amount of Entrance Fee</u>	<u>Amortization Schedule</u>
1. Standard	\$ _____	2% per month for 48 months less a 4% non-refundable fee.
2. 50% Refund	\$ _____	2% per month for 23 months less a 4% non-refundable fee. Refund never less than 50%.
3. 90% Refund	\$ _____	1% per month for 6 months less a 4% non-refundable fee. Refund never less than 90%.

The amounts shown prior for the 50% Refund Entrance Fee Option and the 90% Refund Entrance Fee Option are based on premiums in addition to the Standard Entrance Fee Option based on industry calculations by a financial consultant. The 50% Refund Entrance Fee Option and the 90% Refund Entrance Fee Option are not available to persons 85 or older. The age of the older Resident is used in making this determination.

The Resident must notify Deerfield in writing of the selection of the 50% Refund or 90% Refund Entrance Fee Options on or before the date that the balance of the Entrance Fee is due as provided in Paragraph II.B.3 below. Without written approval of Deerfield, the Resident may not change the option selected after the date the balance of the Entrance Fee is due. The selection of either the 50% or 90% Refund Option may subject the Resident to the payment of imputed interest. Deerfield advises that the Resident consult a financial advisor with respect to that possibility.

**B. Terms of Payment of the Entrance Fee.** The terms of payment of the Entrance Fee shall be as follows:

- Reservation Deposit/Future Residency Deposit. An initial Future Residency Deposit or Reservation Deposit of One Thousand Dollars (\$1,000.00) has been paid upon execution of the Future Residency Agreement or Reservation Agreement; and
- Ten Percent (10%) Deposit. An amount equal to Ten Percent (10%) of the total Standard Entrance Fee, less the One Thousand Dollar (\$1,000.00) Future Residency Deposit or Reservation Deposit, or \$ \_\_\_\_\_ is due and payable within Ten (10) Days after the Resident has accepted the offer of the Residence from Deerfield Episcopal Retirement Community and upon execution of this Agreement; and,

3. Balance of the Entrance Fee. The balance of the total Entrance Fee for the Entrance Fee Option selected by the Resident is due and payable prior to occupancy and within Sixty (60) Days of the execution of this Agreement or at the time the Residence is declared by Deerfield to be available for occupancy, whichever occurs last, unless otherwise agreed to in writing by Deerfield.
- C. **Monthly Fee.** In addition to the Entrance Fee, Resident agrees to pay a Monthly Fee during the term of this Agreement which shall be payable in advance by the 10th of each month. The Monthly Fee associated with the Residence is \$\_\_\_\_\_per month, and an additional \$\_\_\_\_\_per month if a second Resident occupies the Residence. The Monthly Fee may be adjusted by Deerfield during the term of this Agreement as described in Paragraph II.D below. The first Month's Fee is payable in full in advance and prior to occupancy, and the following Monthly Statement will credit the Resident for any days of the month prior to occupancy.
- E. **Adjustments in the Monthly Fee.** The Monthly Fee is made to provide the facilities, programs, and services described in this Agreement and is intended to meet the cost of the expenses associated with the operation and management of the Community. Deerfield has the authority to adjust the Monthly Fee from time to time during the term of this Agreement as Deerfield in its discretion deems necessary in order to reflect changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. In the event that it should be determined that Deerfield is required to pay sales tax or ad valorem taxes upon its property, the Monthly Fee may be adjusted to reflect the amount of such taxes. Any such increases in the Monthly Fee or other charges may be made by Deerfield upon Thirty (30) Days written notice to the Resident.
- F. **Monthly Statements.** Deerfield furnishes the Resident with monthly statements showing the total amount of fees and other charges owed by the Resident which shall be payable by the 10th day of the month. Deerfield may charge interest at a rate of One and One-Half Percent (1½%) per month on any unpaid balance owed by the resident Thirty (30) Days after the monthly statement is furnished.
- F. **Nursing and Health Services Fees and Charges.**
1. Continuance of Monthly Fee. Should Resident qualify for health care services either in skilled nursing care or assisted living care, it is understood that Resident will continue to be charged the amount equal to the Monthly Fee in the Residence occupied by the Resident at the time of the transfer. In addition to the Monthly Fee, charges will be made for Two (2) additional meals per day and other charges for ancillary services as more fully described in Paragraph II.F.3 below.
  2. Participation in Medicare Program. In the event that Deerfield elects to participate in the Part A Medicare Program, the Resident hereby agrees to give assignment to Deerfield of those designated nursing home benefits under Part A and the associated benefits of the Resident's Medicare Supplement Policy. This does not alter the Resident's benefits or obligations as outlined in Paragraph II.F.1 of this Agreement.

3. Additional Charges for Ancillary Services. Additional charges for Nursing and Health Care Services may be made by Deerfield for ancillary services provided at the Community. Ancillary services will include all services not provided by the staff of the Community and are therefore not included in the Monthly Fee. Examples of such additional charges may include, but are not limited to, the cost of prescription and non-prescription medications, surgical, dental and optical services, physical examinations, laboratory tests, physical therapy, occupational therapy, rehabilitative treatments, wheelchairs, other medical equipment and supplies, and any other medical services and supplies beyond that available in the Community. Also, any professional services (medical or otherwise) contracted by Resident or in behalf of Resident shall be billed directly to Resident.
4. Additional Charges for Residence Upgrade. Should the Resident choose to upgrade the accommodations in Assisted Living or Skilled Nursing from the standard Residence, there will be an additional charge for the upgraded Residence. This charge will reflect the difference between the direct admission monthly service fee for the standard accommodation and the direct admission monthly service fee for the upgraded accommodation. In either case, the monthly fee will continue as described in Paragraph II.F.1; the additional fees for upgrade will be reflected in the monthly bill.
5. Care in Another Facility. Should Resident need a level of care beyond that licensed at the Community and require transfer to another facility, all expenses which will result from such transfer and care shall be borne entirely by Resident.

### **III. ADMISSION REQUIREMENTS AND PROCEDURES**

A prospective resident will become qualified for admission to the Community upon satisfaction of the following provisions:

- A. **Age.** The admission requirements for residence at the Community are non-discriminatory except as to age, and the Community is open to both married and single men and women of all races and religions and without regard to place of former residence. Admission is restricted to persons 62 years of age or older.
- B. **Personal Interview.** The Resident shall have an interview with a representative from Deerfield prior to taking residency. Upon review of all information required herein, additional personal interviews may be requested by Deerfield.
- C. **Application Forms.** Within Thirty (30) Days after the execution of the Reservation Agreement or Future Residency Agreement, the Resident shall have submitted for approval by the Admissions Committee appointed by Deerfield, an Application for Admission, a Personal Health History, and a Confidential Financial Statement, all on forms furnished by Deerfield.
- D. **Admissions Committee Review.** Upon receipt of the completed application forms, Deerfield's Admissions Committee will have reviewed the forms submitted by Resident as a basis for initial admission to the Community. The Admissions Committee, in its sole discretion, will have approved or denied the application for initial admission based on admissions criteria and policies established by the Board of Directors of Deerfield. The Resident shall have been notified of such action of the Admissions Committee.

- E. **Notification.** The Resident will be notified of availability of the Residence based on the Resident's wait list number, type of Residence specified by the Resident, and projected date of entry. Deerfield will notify the Resident as early as possible of the date on which the Residence will be ready for occupancy.
  
- G. **Health Requirements.** At least Thirty (30) Days prior to admission for residency at the Community, the Resident shall submit a report of a physical examination of the Resident made by a physician selected by the Resident within approximately six months of the projected occupancy date. Such report shall include a statement by such physician that the Resident is in good health, is ambulatory or can move about independently and is able to take care of himself or herself in normal living activities. Deerfield may require the Resident to have another physical examination by the Medical Director or by another physician approved by Deerfield. The Resident shall be responsible for the costs of such physical examinations. If the health of the Resident as disclosed by such physical examination differs materially from that disclosed in the Resident's Application for Admission and Personal Health History, Deerfield shall have the right to decline admission of the Resident and to terminate this Agreement, or in the discretion of Deerfield, to permit the Resident to take occupancy of accommodations within the Community more suitable to the needs of the Resident.
  
- G. **Financial Requirements.** The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligation of the Resident under this Agreement and to meet ordinary living expenses of the Resident. Deerfield may require the Resident to furnish additional, current financial information as may be needed.
  
- H. **Representations.** The Resident affirms 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 Deerfield as a basis for entering into this Agreement.

#### **IV. TERMS OF RESIDENCY**

- A. **Rights of Resident.** The Resident has the right to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of the Community during the Residents' lifetime unless this Agreement shall be 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 Deerfield other than the rights and privileges as described in this Agreement.
  
- B. **Policies and Procedures.** The Resident agrees to abide by the Community's policies and procedures and such amendments, modifications, and changes of the policies and procedures as may hereafter be adopted by Deerfield and the Community.
  
- C. **Changes in the Residence.** Deerfield has the right to change the Residence to meet requirements of any applicable statutes, law, or regulation. The Residence may not be used in any matter in violation of any zoning ordinances or other governmental law or regulation.
  
- D. **Visitors.** Except for short term visitors or guests, no person other than the Resident may reside in the Residence without the approval of Deerfield.



- E. Loss of Property.** Deerfield shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. It is understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss.
- F. Illness or Accident Away from Deerfield.** If Resident suffers an accident or illness away from the community, Deerfield will have no responsibility to pay for Resident's medical, surgical, hospital or nursing care obtained offsite; however, after Resident returns, Deerfield shall assume its responsibility to provide services as specified in this Agreement that are deemed necessary by Deerfield.
- G. Medical Insurance.** Throughout the duration of this Agreement, the Resident shall maintain, at Resident's expense, Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to Deerfield, and shall furnish Deerfield with evidence of such coverage upon request.
- H. Accident or Illness Caused by Others.** In the event Resident is physically injured by an individual or entity not a part of this Agreement, Resident grants to Deerfield a right of subrogation and authorizes Deerfield to bring such demands, claims or legal proceedings in the name of or on behalf of Resident for purposes of recovering from any third party or third party's insurer responsible for Resident's injury, the dollar value of all care provided by Deerfield to Resident as a result of such injury. Resident agrees to cooperate and sign any documents necessary to facilitate Deerfield's ability to exercise its subrogation right. After the costs and expenses incurred by Deerfield in the care of Resident (including legal fees and cost of care furnished to Resident by Deerfield because of such injury) have been reimbursed to Deerfield through subrogation, the balance of any recovery will be refunded to Resident or Resident's estate.
- I. Marriage or Addition of Second Resident During Occupancy.**
- 1. Resident to Resident Marriage.** If a Resident marries a person who is also a Resident, the two Residents may occupy either Residence and shall surrender the other. No refund will be payable with respect to the Residence surrendered except in the case of a Resident who has elected the 50% or 90% Refund Entrance Fee Option or in the case of a Resident who has occupied the Residence less than 48 months. Such married Residents will pay the Monthly Fee for double occupancy associated with the Residence occupied by them.
  - 2. Resident to Non-Resident Marriage.** In the event that a Resident shall marry a person who is not a Resident of the Community, the spouse may become a Resident if such spouse meets all the then current requirements for admission to the Community, enters into a then current version of the Residence and Services Agreement with Deerfield and pays an Entrance Fee in an amount determined by Deerfield in its discretion but in any event no more than one-half of the then current Entrance Fee associated with the type of Residence to be occupied by the Resident and spouse. The Resident and spouse shall pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the Resident's spouse shall not meet the requirements of Deerfield for admission as a Resident, the Resident may terminate this Agreement in the same manner as provided in Paragraph VI.C hereof with respect to a voluntary termination.

- J. **Right of Entry.** Resident hereby authorizes employees or agents of the Community to enter the Residence for the purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency.
  
- K. **Residents' Organizations.** Deerfield has a Residents' Association and Residents' Committees, organized by Deerfield Residents, that is open to all Residents. Such organizations elect representatives, officers, and other positions to engage in concerted activities set forth by the Residents' Association.

## V. **TRANSFERS OR CHANGES IN LEVELS OF CARE**

- A. **Transfer from One Residence to a Smaller Residence**  
In the event that the Resident occupying a Residence under the terms of this Agreement moves to a smaller Residence, the Resident shall be entitled to a refund of the difference, if any, between the following:
  - (a) the Entrance Fee paid on the larger Residence less the appropriate amortization according to the Entrance Fee Option selected by the Resident in Paragraph II.A of this Agreement for each month (or portion thereof) from the occupancy date through the date on which the Resident transfers to the smaller Residence; and
  - (b) the Entrance Fee for the smaller Residence in effect on the date of transfer less the appropriate amortization according to the Entrance Fee Option selected by the Resident in Paragraph II.A of this Agreement for each month (or portion thereof) from the occupancy date through the date on which the Resident transfers to the smaller Residence.
  
- B. **Transfer to Assisted Living or Skilled Nursing Care.** The Resident agrees that Deerfield shall have authority to determine that the Resident should be transferred from the Residence to Assisted Living or Skilled Nursing Care, or from one level of care to another level of care within the Community. Such determination shall be based on the professional opinion of the Director of Nursing, the Executive Director or Administrator, and the Medical Director of the Community, and shall be made only after consultation to the extent practical with the Resident, a representative of the Resident's family, and the Resident's attending physician.
  
- C. **Transfer to Hospital or Other Facility.** If it is determined by Deerfield that the Resident needs care beyond that which can be provided by the Community, the Resident may be transferred to a hospital, center, or institution equipped to give such care, which care will be at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident, or a representative of the Resident's family, and the Resident's attending physician.
  
- D. **Surrender of Residence.** If a determination is made by Deerfield that any transfer described in Paragraph V.B or V.C. is probably not temporary in nature, the Resident

agrees to surrender the Residence or any other accommodation in the Community occupied by the Resident prior to such transfer. If Deerfield subsequently determines that the Resident can resume occupancy in Residence or accommodations comparable to those occupied by the Resident prior to such transfer, the Resident shall have priority to such accommodations as soon as they become available.

## **VI. TERMINATION AND REFUND PROVISIONS**

- A. Termination by Resident Prior to Occupancy.** This Agreement may be automatically terminated by the Resident for any reason prior to occupancy by giving written notice to Deerfield. In the event of such termination, the Resident shall receive a refund of the Entrance Fee paid by the Resident, less a non-refundable fee equal to 4% of the total amount of the Standard Entrance Fee described in Paragraph II.A.1. No non-refundable fee will be charged, however, if such termination is because of death of a Resident, or because the Resident's physical, mental or financial condition makes the Resident ineligible for admission to the Community. Any such refund shall be paid by Deerfield within Sixty (60) Days following receipt of written notification of such termination.
- B. Trial Period.** The first Sixty (60) Days of occupancy at the Community will be considered to be a Trial Period. During such Sixty (60) Day Trial Period, the Resident will have the right to terminate this Agreement by giving Deerfield written notice of such termination. In the event of such termination by the Resident, or in the event of the death of the Resident during such Sixty (60) Day Trial Period, the Resident (or the Resident's estate) shall receive a full refund of the Entrance Fee paid, less a non-refundable fee equal to 4% of the total amount of the Entrance Fee as described in Paragraph II A. Also, during such Sixty (60) Day Trial Period, Deerfield shall have the right to terminate this Agreement based on Deerfield's determination that the Resident's physical or mental condition or emotional adjustment will not permit adaptation to the living environment at the Community. In the event of such termination by Deerfield, Deerfield will refund the full Entrance Fee paid by the Resident. Any refund due the Resident under this Paragraph shall be paid within Sixty (60) Days after the Residence has been vacated by the Resident.
- C. Voluntary Termination After Occupancy.** At any time after occupancy, the Resident may terminate this Agreement by giving Deerfield written notice of such termination. If the Resident has elected the Standard Entrance Fee option, the Resident shall receive a refund in an amount equal to the Standard Entrance Fee Option less 2% for each month of residency for up to 48 months and less a 4% non-refundable fee. If the Resident has elected the 50% Refund Entrance Fee Option, the Resident shall receive a refund in an amount equal to the 50% Refund Entrance Fee Option less 2% for each month of residency for up to 23 months and less a 4% non-refundable fee, and never less than 50% of the Entrance Fee paid. If Resident has elected the 90% Refund Entrance Fee Option, the Resident shall receive a refund in the amount equal to the 90% Refund Entrance Fee Option less 1% for each month of residency for up to 6 months and less a 4% non-refundable fee, and never less than 90% of the Entrance Fee paid. Unless the Resident has elected the 50% Refund Entrance Fee Option or the 90% Refund Entrance Fee Option, no refund of the Entrance Fee shall be paid to the Resident after 48 months of occupancy. The refund due the Resident under this Paragraph for the Standard and 50% Refund option will be made within Sixty (60) Days after the Residence has been vacated by the Resident. Any refund due the

Resident under this Paragraph for the 90% Refund Entrance Fee Option will be made at such time as such Residence shall have been reserved by a prospective resident, and the prospective resident shall have paid to Deerfield such prospective resident's full Entrance Fee, or within one year from the date of termination, whichever occurs first.

- D. Termination by One of a Couple After Occupancy.** Upon the permanent transfer to the Health Center or the death of one of such Residents, or in the event of the termination of this Agreement with respect to one of such Residents, the Agreement shall continue in effect as to the remaining or surviving Resident, who shall have the option to retain the same Residence, in which event there will be no addition to or refund of the Entrance Fee, or to move to a smaller Residence, in which event there may be a refund of the Entrance Fee (see Paragraph V.A.). The remaining or surviving Resident will thereafter pay the Monthly Fee associated with the occupied Residence.
- E. Termination Upon Death.** In the event of death of the Resident at any time after occupancy, this Agreement shall terminate and the refund of the Entrance Fee paid by the Resident shall be determined in the same manner described in Paragraph VI.C above.
- F. Termination by Deerfield.** Deerfield may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History, or Confidential Financial Statement; if the Resident fails to make payment to Deerfield of any fees or charges due Deerfield within Sixty (60) Days of the date when due; or if the Resident does not abide by the policies, rules and regulations adopted by the Community and Deerfield or breaches any of the terms and conditions of this Agreement. In the event of termination of any of such causes, the refund of the Entrance Fee paid by the Resident shall be determined in the same manner described in Paragraph VI.C above.
- G. Condition of Residence.** At the effective date of termination of this Agreement, the Resident agrees to vacate the Residence and shall leave it in good condition except for normal wear and tear. The Resident or Resident's representative agrees to remove personal belongings from the Residence within Thirty (30) Days after vacating the Residence, unless otherwise agreed to in writing by Deerfield. After Thirty (30) Days from vacating the Residence, Deerfield has the right to remove Resident's belongings and charge Resident for removal and storage. The Resident shall be liable to Deerfield for any cost incurred in restoring the Residence to good condition except for normal wear and tear.

## **VII. RIGHT OF RESCISSION**

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by the Resident giving written notice of such rescission to Deerfield 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, the Resident shall receive a full refund of the Entrance Fee paid by the Resident. The Resident shall not be required to move into the Community before the expiration of such Thirty (30) Day period. Any such refund shall be paid by Deerfield within Sixty (60) Days following receipt of written notice of rescission pursuant to this Paragraph.

## **VIII. FINANCIAL ASSISTANCE**

- A. Residency Continuance and Assistance Fund.** Deerfield declares that it is the policy and intent of Deerfield to permit a Resident to continue to reside in the Residence or other accommodations within the Community if the Resident is no longer capable of paying the prevailing fees and charges of Deerfield as a result of financial reverses occurring after occupancy, provided such reverses, in Deerfield's judgment, are not the result of willful or unreasonable dissipation of the Resident's finances. In the event of such circumstances, Deerfield will give careful consideration to subsidizing the fees and charges payable by the Resident so long as such subsidy can be made without impairing the ability of Deerfield to attain its objectives while operating on a sound financial basis. Any determination by Deerfield with regard to the granting of financial assistance shall be within the sole discretion of Deerfield.
- B. The Residency Fund.** Deerfield has established The Residency Fund, the income of which is used to assist Residents who would otherwise not be able to live at the Community. The income from such Fund may be used for the purpose of providing financial assistance in accordance with the provisions of Paragraph VIII.A above.
- C. Other Charitable Contributions or Financial Assistance.** In addition to Paragraphs VIII.A and VIII.B above, in fulfillment of its charitable purpose and mission, Deerfield in its sole discretion through whichever means and methods Deerfield solely determines are fiscally appropriate and reasonable may make decisions from time to time to provide additional financial assistance to prospective or current Residents and/or to participate financially in identified community outreach opportunities that further Deerfield's charitable mission. Any determination by Deerfield with regard to the granting or denying financial assistance or granting or denying charitable contributions, for community outreach or otherwise, shall be within the sole discretion of Deerfield.

## **IX. GENERAL**

- A. Assignment.** The rights and privileges of the Resident under this Agreement to the Residence, common areas and amenities, and services and programs of the Community are personal to the Resident and may not be transferred or assigned by the Resident or otherwise.
- B. Management of the Community.** The absolute rights of management are reserved by Deerfield, its Board of Directors, and its administrators as delegated by said Board of Directors. Deerfield 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 other Resident.

- C. **Entire Agreement.** This Agreement constitutes the entire contract between Deerfield and the Resident. Deerfield shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Deerfield and the heirs, executors, administrators, and assigns of the Resident.
- E. **Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** Resident agrees to execute a general power of attorney designating some competent person as attorney-in-fact. Resident agrees to execute a will. Resident is further encouraged to consider execution of a Living Will and Health Care Power of Attorney. The Resident agrees to provide Deerfield with copies of Power of Attorney, Living Will, and Health Care Power of Attorney as well as the location of the Will upon execution.
- F. **Transfer of Property.** The Resident agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.
- G. **Religious Affiliation.** Deerfield is affiliated with the Episcopal Diocese of Western North Carolina; however, such Diocese has no responsibility for any of the obligations of Deerfield under this Agreement.
- H. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.
- I. **Notice Provisions.** Any notices, consents, or other communications to Deerfield hereunder (collectively "notices") shall be in writing and addressed as follows:

President/Chief Executive Officer  
Deerfield Episcopal Retirement Community  
1617 Hendersonville Road  
Asheville, North Carolina 28803

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

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

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Prospective Resident

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Prospective Resident

---

Current Address (Number and Street)

---

City, State, Zip Code

---

Telephone

**DEERFIELD EPISCOPAL RETIREMENT  
COMMUNITY, INC.**

---

Signature

---

Title

---

Date

**Deerfield Episcopal Retirement  
Community, Inc.**

**Residence and Services Agreement  
(Assisted Living)**



**RESIDENCE AND SERVICES AGREEMENT  
Direct Admission to Assisted Living Residences  
Deerfield Episcopal Retirement Community  
Asheville, North Carolina**

This Residence and Services Agreement (hereinafter called "the Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, by and between Deerfield Episcopal Retirement Community, Inc., a North Carolina non-profit Corporation (hereinafter called "Deerfield") and \_\_\_\_\_ (hereinafter called "Resident").

WHEREAS, Deerfield presently owns and operates a continuing care retirement community located at 1617 Hendersonville Road in Asheville, North Carolina (hereinafter referred to as the "Community"); and

WHEREAS, Resident desires to reserve an Assisted Living residence in the Health Center and become a resident of the Community;

NOW, THEREFORE, Resident and Deerfield agree as follows:

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

- A. Residence.** Resident shall have the exclusive right to occupy, use, and enjoy residence number \_\_\_\_\_, a \_\_\_\_\_ type of residence, located within the Community (hereinafter referred to as the "Residence").
- B. Furnishings in the Residence.** Deerfield will provide wall-to-wall carpeting, emergency call equipment, blinds, kitchenette with sink, accessible bath with roll-in shower. All other furniture, furnishings, decorations, and other personal property will be provided by the Resident.
- C. Common Areas and Amenities.** Deerfield will provide common areas and amenities within the Assisted Living area of the Health Center, for the use and benefit of all residents such as central dining rooms, mail boxes, lounges, and other common areas and amenities in the Community.
- D. Parking.** Deerfield will provide lighted and well maintained parking areas for the Resident's personal vehicle (limited to one vehicle for each individual resident) and parking for guests.
- E. Services and Programs.**
  - 1. Utilities. Deerfield will furnish heating, air conditioning, electricity, water, sewer, trash removal, and municipal services. The Resident is responsible for the charges related to telephone and cable television.

2. Meals. Deerfield will make available to Residents three nutritionally well-balanced meals each day served in the central dining rooms of the Assisted Living building of the Health Center.
3. Special Diets and Tray Service. Meals containing substitute or special diets and tray service delivered to the Residence will be provided when approved by authorized staff and ordered by the Resident's physician.
4. Housekeeping Services. Deerfield agrees to maintain the Residence by providing weekly housekeeping services including vacuum cleaning, dusting, cleaning of baths and kitchenettes, window cleaning, and trash removal. Additional housekeeping may be scheduled at the request and expense of the Resident.
5. Laundry and Linens. Deerfield will provide, launder, and change the Resident's bed and bath linens weekly. Dry cleaning is the responsibility of the Resident. Washer and dryer facilities are also provided by Deerfield on each floor of the Assisted Living building. Resident may choose to have Deerfield launder personal clothing based on current pricing.
6. Groundskeeping. Deerfield will furnish basic groundskeeping service for the grounds, including lawn, tree, and shrubbery care. Subject to approval by Deerfield, Residents may plant and maintain certain areas designated for such purpose by Deerfield.
7. Maintenance and Repairs. Deerfield will maintain and keep in repair its own improvements, furnishings, and equipment. Resident will be responsible for the cost of repairing damage to property of Deerfield caused by the negligence of Resident or any guests of the Resident, ordinary wear and tear excepted.
8. Transportation. Deerfield will provide local transportation for Residents for shopping on a regularly scheduled basis, and scheduled transportation to local doctor and medical appointments within Asheville without an additional charge. An additional charge may be made for transportation for special, personal, or group trips planned by the activities department, as well as those in which a staff member must accompany the Resident to the appointment or remain with the Resident at the physician's office.
9. Security. Deerfield will provide Twenty-Four (24) hour staffing, evening and nighttime security patrol, emergency call devices and smoke detectors in each residence, and a central security system and security procedures.
10. Activities. Deerfield will provide planned and scheduled social, recreational, spiritual, educational and cultural activities, arts and crafts, exercise and health programs, and other special activities designed to meet the needs of the residents.

11. Nursing and Health Care. Deerfield will provide nursing and health care facilities and services as follows:
- a. Levels of Care. A Health Center at Deerfield is provided for the benefit of the residents. The Health Center will have accommodations, equipment, and staffing necessary for skilled nursing care and assisted living care.
  - b. Clinic. A Clinic is available for nursing assessments, consultations, and MAHEC physician appointments as authorized and provided by Deerfield.
  - c. Staffing. Twenty-four (24) hour licensed nursing staff will be maintained in the Health Center.
  - d. Medical Director. The overall coordination and supervision of health care services by the Community will be provided by a Medical Director who will be a licensed physician selected by Deerfield.
  - e. Access. Assisted Living Residents will have priority access to the Skilled Nursing section of the Health Center over non-residents of Deerfield.
  - f. Other Services. Other health care services will be made available to the Resident at the Resident's expense, including, but not limited to: pharmacy services, surgical, dental and optical services, laboratory tests, physical therapy, occupational therapy, including therapeutic activities, rehabilitative treatments, and wheelchairs and other medical equipment and supplies. The cost of such services shall not be covered by the monthly fee.
  - g. Personal Physician. Residents may choose their own personal physician and will be responsible for the charges by such physician. All Residents must have a personal physician selected prior to move-in.

## II. FINANCIAL ARRANGEMENTS

- A. Admission Fee. The Resident agrees to pay to Deerfield an Admission Fee as a condition of becoming a Resident. The Admission Fee is a one-time fee which amortizes over a six (6) month period from the date of occupancy.

The Admission Fee is \$\_\_\_\_\_ for one person, and \$\_\_\_\_\_ for a second person in the residence.

- B. Terms of Payment of the Admission Fee. The terms of payment of the Admission Fee shall be as follows:

The Admission Fee. The Admission Fee of \$\_\_\_\_\_ will be due and payable Ten (10) Days prior to the projected date of occupancy as established by Deerfield unless Deerfield shall agree in writing to other arrangements.

Resident must occupy or begin paying all fees associated with the Residence by the date of occupancy.

- C. **Monthly Fee.** In addition to the Admission Fee, Resident agrees to pay a Monthly Fee during the term of this Agreement which shall be payable in advance by the 10th of each month. As of the date of this Agreement, Deerfield projects that the Monthly Fee associated with the Residence will be approximately \$\_\_\_\_\_ per month, and an additional \$\_\_\_\_\_ per month if a second Resident occupies the Residence. The Monthly Fee may be adjusted by Deerfield during the term of this Agreement as described in Paragraph II D below.
- D. **Adjustments in the Monthly Fee.** The Monthly Fee is made to provide the facilities, programs, and services described in this Agreement and is intended to meet the cost of the expenses associated with the operation and management of the Community. Deerfield shall have the authority to adjust the Monthly Fee from time to time during the term of this Agreement as Deerfield in its discretion deems necessary in order to reflect changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. In the event that it should be determined that Deerfield is required to pay sales tax or ad valorem taxes upon its property, the Monthly Fee may be adjusted to reflect the amount of such taxes. Any such increases in the Monthly Fee or other charges may be made by Deerfield upon Thirty (30) Days written notice to the Resident.
- E. **Monthly Statements.** Deerfield will furnish the Resident with monthly statements showing the total amount of fees and other charges owed by the Resident which shall be payable by the 10th day of the month. Deerfield may charge interest at a rate of One and One-Half Percent (1½%) per month on any unpaid balance owed by the resident Thirty (30) Days after the monthly statement is furnished. Non-payment of monthly fees after Sixty (60) Days may result in discharge.
- F. **Skilled Nursing Fees and Charges.**

The Resident is entitled to up to Fifteen (15) days without extra charge for room and board in a standard accommodation in Skilled Nursing per calendar year. These days are non-cumulative and need not be taken consecutively. Deerfield will establish and publish per diem rates and charges for the accommodations and services in the Skilled Nursing Health Center. If the Resident becomes a permanent resident in Skilled Nursing, the fees for Skilled Nursing shall apply and the 15 days without charge shall not apply.

### III. **ADMISSION REQUIREMENTS AND PROCEDURES**

A prospective resident will become qualified for admission to an Assisted Living Residence upon satisfaction of the following provisions:

- A. **Age.** The admission requirements for residence at the Community are non-discriminatory except as to age, and the Community is open to both married and

single men and women of all races and religions and without regard to place of former residence. Admission is restricted to persons 62 years of age or older.

- B. **Personal Interview.** The Resident shall have an interview with a representative from Deerfield prior to taking residency. Upon review of all information required to be furnished herein, additional personal interviews may be requested by Deerfield.
- C. **Application Forms.** The Resident shall have submitted for approval by Deerfield, an Application for Admission, a Personal Health History, and a Confidential Financial Statement, all on forms furnished by Deerfield to be completed and given to Deerfield staff at the personal interview.
- D. **Notification of Acceptance.** Deerfield will notify Resident or Resident's responsible party within 30 days of the personal interview whether or not Resident is accepted for admission to Assisted Living Residence. If acceptance is denied, and space is available, Resident may apply for direct admission to a Skilled Nursing Residence.
- E. **Notification of Occupancy.** Deerfield will notify the Resident as early as possible of the date on which the Residence is to be ready for occupancy.
- F. **Health Requirements.** Prior to admission for residency at the Community, the Resident shall submit a report of a physical examination of the Resident made by a physician selected by the Resident within approximately Sixty (60) Days of the projected occupancy date. Such report shall include a statement by such physician that the Resident is ambulatory or can move about with assisted devices without the help of another person and is able to actively assist in the care of himself or herself in normal activities of daily life. Deerfield may require the Resident to have another physical examination by the Medical Director or by another physician approved by Deerfield. The Resident shall be responsible for the costs of such physical examinations. If the health of the Resident as disclosed by such physical examination differs materially from that disclosed in the Resident's Application for Admission and Personal Health History, Deerfield shall have the right to decline admission of the Resident and to terminate this Agreement, or in the discretion of Deerfield, to permit the Resident to take occupancy of accommodations within the Community more suitable to the needs of the Resident.
- G. **Financial Requirements.** The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligation of the Resident under this Agreement and to meet ordinary living expenses of the Resident. Deerfield may require the Resident to furnish additional, current financial information as may be needed.
- H. **Representations.** The Resident affirms 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 Deerfield as a basis for entering into this Agreement.

#### IV. TERMS OF RESIDENCY

- A. **Rights of Resident.** The Resident has the right to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of the Community unless this Agreement shall be 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 Deerfield other than the rights and privileges as described in this Agreement.
- B. **Policies and Procedures.** The Resident will abide by the Community's policies and procedures and such amendments, modifications, and changes of the policies and procedures as may hereafter be adopted by Deerfield and the Community.
- C. **Changes in the Residence.** Deerfield has the right to change the Residence to meet requirements of any applicable statutes, law, or regulation. The Residence may not be used in any matter in violation of any zoning ordinances or other governmental law or regulation.
- D. **Visitors.** Except for short term visitors or guests, no person other than the Resident may reside in the Residence without the approval of Deerfield.
- E. **Occupancy by Two Residents.** In the event that two Residents occupy a Residence under the terms of this Agreement, upon the permanent transfer to the Skilled Nursing area of the Health Center, or the death of one of such Residents, or in the event of the termination of this Agreement with respect to one of such Residents, the Agreement shall continue in effect as to the remaining or surviving Resident, who will at that time move to a smaller Residence. Any refund of the Entrance Fee will depend upon the amortization schedule. The remaining or surviving Resident will thereafter pay the Monthly Fee for one Resident associated with the Residence occupied by the Resident.
- F. **Loss of Property.** Deerfield shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. Deerfield is committed to the safekeeping of the Resident's personal property and therefore strongly discourages Residents from keeping valuable possessions, such as jewelry, cash, credit cards, etc., in their rooms. A locked safe is available in each Assisted Living apartment for Resident use. It is understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss.
- G. **Medical Insurance.** The Resident shall maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to Deerfield, and shall furnish Deerfield with evidence of such coverage upon request.
- H. **Participation in Medicare Program.** In the event that Deerfield elects to participate in the Part A Medicare Program, the Resident hereby agrees to give assignment to Deerfield of those designated nursing home benefits under Part A and the associated benefits of the Resident's Medicare Supplement Policy. This does not alter the Resident's benefits or obligations as in this Agreement.

- I. **Right of Entry.** Resident hereby authorizes employees or agents of the Community to enter the Residence for the purposes of housekeeping, repairs, maintenance, inspection, nursing care, and in the event of an emergency.

## V. **TRANSFERS OR CHANGES IN LEVELS OF CARE**

- A. **Living Accommodation Assignments.** It is understood that Deerfield has the right to make or change living accommodation assignments if necessary in order to best serve the needs of Resident and Deerfield.
- B. **Transfer to Skilled Nursing Area of the Health Center.** The Resident agrees that Deerfield shall have authority to determine that the Resident should be transferred from the Residence to Skilled Nursing. Such determination shall be based on the professional opinion of the Director of Nursing, the Executive Director or Administrator, and the Medical Director of the Community, and shall be made only after consultation to the extent practical with the Resident, a representative of the Resident's family, and the Resident's attending physician.
- C. **Transfer to Hospital or Other Facility.** If it is determined by Deerfield that the Resident needs care beyond that which can be provided by the Community, the Resident may be transferred to a hospital, center, or institution equipped to give such care, which care will be at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident, or a representative of the Resident's family, and the Resident's attending physician. Deerfield will hold the Residence for the Resident as long as the Resident is appropriate for return to an appropriate level of health care and as long as all associated fees are paid in full.
- D. **Surrender of Residence.** If a determination is made by Deerfield that any transfer described in Section V is probably not temporary in nature, the Resident agrees to surrender the Residence or any other accommodation in the Community occupied by the Resident prior to such transfer. The Resident or Resident's representative agrees to remove all personal belongings from the Residence within 30 days after vacating the Residence, unless otherwise agreed to in writing by Deerfield. Charges for the Residence will continue until all personal belongings of the Resident are removed. If Deerfield subsequently determines that the Resident can resume occupancy in Residence or accommodations comparable to those occupied by the Resident prior to such transfer, the Resident shall have priority to such accommodations as soon as they become available.

## VI. **TERMINATION AND REFUND PROVISIONS**

- A. **Termination by Resident Prior to Occupancy.** This Agreement may be terminated by the Resident for any reason prior to occupancy by giving written notice to Deerfield. In the event of such termination, the Resident shall receive a full refund of any fees paid. Any such refund shall be paid by Deerfield within Sixty (60) Days following receipt of written notification of such termination.

- B. **Voluntary Termination After Occupancy.** At any time after occupancy, the Resident may terminate this Agreement by giving Deerfield written notice of such termination. The Admission Fee is refundable over a period of One Hundred and Eighty (180) Days after occupancy. After One Hundred and Eighty (180) Days of occupancy, there is no refund of the Admission Fee. Refer to Appendix A for the schedule of refundability of the Admission Fee. The refund due the Resident under this paragraph will be made within Sixty (60) Days after the Residence has been vacated by the Resident.
- C. **Termination Upon Death.** In the event of death of the Resident at any time after occupancy, this Agreement shall terminate and the refund of the Admission Fee paid by the Resident shall be determined in the same manner described in Paragraph VI B above.
- D. **Termination by Deerfield.** Deerfield may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission, Personal Health History, or Confidential Financial Statement; if the Resident fails to make payment to Deerfield of any fees or charges due Deerfield within Sixty (60) Days of the date when due; or if the Resident does not abide by the policies, rules and regulations adopted by the Community and Deerfield or breaches any of the terms and conditions of this Agreement. In the event of termination of any of such causes, the refund of the Admission Fee paid by the Resident shall be determined in the same manner described in Paragraph VI B above.
- E. **Condition of Residence.** At the effective date of termination of this Agreement, the Resident shall vacate the Residence and shall leave it in good condition except for normal wear and tear. The Resident shall be liable to Deerfield for any cost incurred in restoring the Residence to good condition except for normal wear and tear.

## VII. **GENERAL**

- A. **Assignment.** The rights and privileges of the Resident under this Agreement to the Residence, common areas and amenities, and services and programs of the Community are personal to the Resident and may not be transferred or assigned by the Resident or otherwise.
- B. **Management of the Community.** The absolute rights of management are reserved by Deerfield, its Board of Directors, and its administrators as delegated by said Board of Directors. Deerfield 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 other Resident.
- C. **Entire Agreement.** This Agreement constitutes the entire contract between Deerfield and the Resident. Deerfield shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement.



- D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Deerfield and the heirs, executors, administrators, and assigns of the Resident.
  
- E. **Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** Resident agrees to execute a general power of attorney designating some competent person as attorney-in-fact. Resident agrees to execute a will. Resident is further encouraged to consider execution of a Living Will and Health Care Power of Attorney. The Resident shall provide Deerfield with copies of Power of Attorney, Living Will, and Health Care Power of Attorney as well as the location of the Will upon execution.
  
- F. **Transfer of Property.** The Resident agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.
  
- G. **Affiliation with Religious Organization.** Deerfield is affiliated with the Episcopal Diocese of Western North Carolina; however, such Diocese and church have no responsibility for any of the obligations of Deerfield under this agreement.
  
- H. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.
  
- I. **Notice Provisions.** Any notices, consents, or other communications to Deerfield hereunder (collectively "notices") shall be in writing and addressed as follows:

President and Chief Executive Officer  
 Deerfield Episcopal Retirement Community  
 1617 Hendersonville Road  
 Asheville, North Carolina 28803

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

IN WITNESS WHEREOF, Deerfield has executed this Agreement and Resident has read and understands this Agreement and has executed this Agreement and the Admission Fee has been paid as of the day and year above written.

\_\_\_\_\_  
 Witness

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

\_\_\_\_\_  
 Witness

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

---

Current Address (Number and Street)

---

City, State, Zip Code

---

Telephone

DEERFIELD EPISCOPAL RETIREMENT  
COMMUNITY, INC.

---

Signature

---

Title

---

Date

## Appendix A

Residence and Services Agreement for Direct Admission to Assisted Living Residences  
Deerfield Episcopal Retirement Community  
Effective 10/1/2020

### Schedule of Refundability of Admission Fees:

<u>Days After Occupancy</u>	<u>Refund Due \$28,188</u>
1-30 Days	28,188
31-60 Days	23,490
60-90 Days	18,792
91-120 Days	14,093
121-150 Days	9,396
151-180 Days	4,698
Over 180 Days	0

**Deerfield Episcopal Retirement  
Community, Inc.**

**Residence and Services Agreement  
(Skilled Nursing)**

**RESIDENCE AND SERVICES AGREEMENT**  
**Direct Admission to Skilled Nursing Residences**  
**Deerfield Episcopal Retirement Community**  
**Asheville, North Carolina**

This Residence and Services Agreement (hereinafter called "the Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, by and between Deerfield Episcopal Retirement Community, Inc., a North Carolina non-profit Corporation (hereinafter called "Deerfield") and \_\_\_\_\_ (hereinafter called "Resident").

WHEREAS, Deerfield presently owns and operates a continuing care retirement community located at 1617 Hendersonville Road in Asheville, North Carolina (hereinafter referred to as the "Community"); and

WHEREAS, Resident desires to reserve an Skilled Nursing residence in the Health Center and become a resident of the Community;

NOW, THEREFORE, Resident and Deerfield agree as follows:

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

- A. Residence.** Resident shall have the exclusive right to occupy, use, and enjoy residence number \_\_\_\_\_, a \_\_\_\_\_ type of residence, located within the Community (hereinafter referred to as the "Residence").
- B. Furnishings in the Residence.** Deerfield will provide emergency call equipment, blinds, bed, armoire, nightstand, and a handicap-accessible bath. All other furniture, furnishings, decorations, and other personal property will be provided by the Resident, subject to policies listed in the Residents Handbook.
- C. Common Areas and Amenities.** Deerfield will provide common areas and amenities within the Skilled Nursing area of the Health Center, for the use and benefit of all residents such as central dining room, lounges, enclosed patios and other common areas and amenities as described in the Community's current literature.
- D. Services and Programs.**
  - 1. Utilities. Deerfield will furnish heating, air conditioning, electricity, water, sewer, and municipal services. The Resident is responsible for the charges related to telephone and cable television.
  - 2. Meals. Deerfield will make available to Residents three nutritionally well-balanced meals each day served in the central dining rooms of the Skilled Nursing building of the Health Center.

3. Special Diets and Tray Service. Meals containing substitute or special diets and tray service delivered to the Residence will be provided when approved by authorized staff and ordered by the Resident's physician.
4. Housekeeping Services. Deerfield agrees to maintain the Residence by providing weekly housekeeping services including vacuum cleaning, dusting, cleaning of baths, and trash removal. Additional housekeeping may be scheduled at the request and expense of the Resident.
5. Laundry and Linens. Deerfield will provide bed linens, towels and daily laundry service for the Resident. Residents may choose to do their personal laundry themselves, have their families do it for them, or have Deerfield launder their clothes for an additional charge. All clothes brought into the Health Center must be clearly labeled with the Resident's name. Deerfield provides a labeling service, free of charge. Deerfield is not responsible for missing or lost clothing.
6. Groundskeeping. Deerfield will furnish basic groundskeeping service for the grounds, including lawn, tree, and shrubbery care.
7. Maintenance and Repairs. Deerfield will maintain and keep in repair its own improvements, furnishings, and equipment. Resident will be responsible for the cost of repairing damage to property of Deerfield caused by the negligence of Resident or any guests of the Resident, ordinary wear and tear excepted.
8. Transportation. Deerfield will provide local transportation for Residents for shopping on a regularly scheduled basis, and scheduled transportation to local doctor and medical appointments within Asheville without an additional charge. An additional charge may be made for transportation for special, personal, or group trips planned by the activities department, as well as those in which a staff member must accompany the Resident to the appointment on the weekend or remain with the Resident at the physician's office.
9. Security. Deerfield will provide Twenty-Four (24) hour staffing, evening and nighttime security patrol, emergency call devices and smoke detectors in each residence, and a central security system and security procedures.
10. Activities. Deerfield will provide planned and scheduled social, recreational, spiritual, educational and cultural activities, arts and crafts, exercise and health programs, and other special activities designed to meet the needs of the residents.
11. Nursing and Health Care. Deerfield will provide general nursing care. The Health Center will have accommodations, equipment, and staffing necessary for skilled nursing care.
  - a. Clinic. A Clinic for certain examinations, consultations, checks, tests, and appointments as authorized will be provided by Deerfield.
  - b. Staffing. Twenty-four (24) hour licensed nursing staff will be maintained in the Health Center.

- c. Medical Director. The overall coordination and supervision of health care services by the Community will be provided by a Medical Director who will be a licensed physician selected by Deerfield.
- d. Care Plan Meeting. An interdisciplinary Care Plan Team meets quarterly for each Resident to identify concerns, set personal goals and problem solve. The Resident as well as the Resident's Power of Attorney and family are invited and encouraged to attend.
- e. Other Services. Other health care services will be made available to the Resident at the Resident's expense, including, but not limited to: pharmacy services, surgical, dental and optical services, laboratory tests, physical therapy, occupational therapy, including therapeutic activities, rehabilitative treatments, and wheelchairs and other medical equipment and supplies. The cost of such services shall not be covered by the monthly fee.
- f. Personal Physician. Residents may choose their own personal physician and will be responsible for the charges by such physician. All Residents must have a personal physician selected prior to move-in. If Resident's personal physician is not available, Deerfield may call another physician for the Resident.

## II. FINANCIAL ARRANGEMENTS

- A. **Admission Fee**. The Resident agrees to pay to Deerfield an Admission Fee as a condition of becoming a Resident. The Admission Fee is a one-time fee which amortizes over a six (6) month period from the date of occupancy.

The Admission Fee is \$ \_\_\_\_\_ .

- B. **Terms of Payment of the Admission Fee**. The terms of payment of the Admission Fee shall be as follows:

The Admission Fee. The Admission Fee of \$ \_\_\_\_\_ will be due and payable Ten (10) Days prior to the projected date of occupancy as established by Deerfield unless Deerfield shall agree in writing to other arrangements. Resident must occupy or begin paying all fees associated with the Residence by the date of occupancy.

- C. **Per Diem Rate**. In addition to the Admission Fee, Resident agrees to pay a Per Diem Rate during the term of this Agreement which shall be payable in advance by the 10th of each month. As of the date of this Agreement, the Per Diem Rate associated with the Residence is \$ \_\_\_\_\_ per day. The Per Diem Rate may be adjusted by Deerfield during the term of this Agreement as described in Paragraph II D below.
- D. **Adjustments in the Per Diem Rate**. The Per Diem Rate is made to provide the facilities, programs, and services described in this Agreement and is intended to meet the cost of the expenses associated with the operation and management of the Community. Deerfield shall have the authority to adjust the Per Diem Rate

from time to time during the term of this Agreement as Deerfield in its discretion deems necessary in order to reflect changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. In the event that it should be determined that Deerfield is required to pay sales tax or ad valorem taxes upon its property, the Per Diem Rate may be adjusted to reflect the amount of such taxes. Any such increases in the Per Diem Rate or other charges may be made by Deerfield upon Thirty (30) Days written notice to the Resident.

- E. **Monthly Statements.** Deerfield will furnish the Resident or the Resident's representative with monthly statements showing the total amount of fees and other charges owed by the Resident which shall be payable by the 10th day of the month. Deerfield may charge interest at a rate of One and One-Half Percent (1½%) per month on any unpaid balance owed by the resident Thirty (30) Days after the monthly statement is furnished. Non-payment of monthly fees after Sixty (60) Days may result in discharge.

### III. **ADMISSION REQUIREMENTS AND PROCEDURES**

A prospective resident will become qualified for admission to a Skilled Nursing Residence upon satisfaction of the following provisions:

- A. **Age.** The admission requirements for residence at the Community are non-discriminatory except as to age, and the Community is open to both married and single men and women of all races and religions and without regard to place of former residence. Admission is restricted to persons 62 years of age or older.
- B. **Personal Interview.** The Resident shall have an interview with a representative from Deerfield prior to taking residency.
- C. **Application Forms.** The Resident shall have submitted for approval by Deerfield an Application for Admission, a Physician' Health Form and a Confidential Financial Statement, all on forms furnished by Deerfield to be completed and given to Deerfield staff at the personal interview.
- D. **Notification of Acceptance.** Deerfield will notify Resident or Resident's responsible party within 10 days of the personal interview whether or not Resident is accepted for admission to Skilled Nursing Residence.
- E. **Notification of Occupancy.** Deerfield will notify the Resident as early as possible of the date on which the Residence is to be ready for occupancy.
- F. **Financial Requirements.** The Resident must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligation of the Resident under this Agreement and to meet ordinary living expenses of the Resident.



- G. Health Requirements.** Prior to admission for residency at the Community, the Resident shall submit a report of a physical examination of the Resident made by a physician selected by the Resident within approximately Sixty (60) Days of the projected occupancy date. Deerfield may require the Resident to have another physical examination by the Medical Director or by another physician approved by Deerfield. The Resident shall be responsible for the costs of such physical examinations. If the health of the Resident as disclosed by such physical examination differs materially from that disclosed in the Resident's Application for Admission and Personal Health History, Deerfield shall have the right to decline admission of the Resident and to terminate this Agreement.
- H. Representations.** The Resident affirms that the representations made in the Application for Admission and Confidential Financial Statement are true and correct and may be relied upon by Deerfield as a basis for entering into this Agreement.

#### **IV. TERMS OF RESIDENCY**

- A. Rights of Resident.** The Resident has the right to occupy, use, and enjoy the Residence, common areas, amenities, programs, and services of the Community unless this Agreement shall be 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 Deerfield other than the rights and privileges as described in this Agreement.
- B. Policies and Procedures.** The Resident will abide by the Community's policies and procedures and such amendments, modifications, and changes of the policies and procedures as may hereafter be adopted by Deerfield and the Community. Deerfield maintains a grievance procedure for resolution of complaints about the Community's practices. Copies of these procedures are in the Resident Handbook.
- C. Changes in the Residence.** Deerfield has the right to change the Residence to meet requirements of any applicable statutes, law, or regulation. The Residence may not be used in any matter in violation of any zoning ordinances or other governmental law or regulation.
- D. Visitors.** Except for short term visitors or guests, no person other than the Resident may reside in the Residence without the approval of Deerfield.
- E. Loss of Property.** Deerfield shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. Deerfield is committed to the safekeeping of the Resident's personal property and therefore strongly discourages Residents from keeping valuable possessions, such as jewelry, cash, credit cards, etc., in their rooms. A locked safe is available in the administrative offices to secure valuables temporarily and to keep petty cash for outings and miscellaneous expenses. Funds in the account should not exceed \$50 and may be accessed upon request within normal business hours Monday through Friday. Deerfield has a branch bank in the community center with safety deposit boxes available for such valuables. It is understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss.

- G. **Medical Insurance.** The Resident shall maintain Medicare Part A and Medicare Part B, and shall furnish Deerfield with evidence of such coverage upon request. It is suggested that Resident also maintain one supplemental health insurance policy or equivalent insurance coverage.
- H. **Right of Entry.** Resident hereby authorizes employees or agents of the Community to enter the Residence for the purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency.

V. **TRANSFERS OR DISCHARGES**

- A. **Living Accommodation Assignments.** It is understood that Deerfield has the right to make or change living accommodation assignments if necessary in order to best serve the needs of Resident and Deerfield.
- B. **Transfer or Discharge from Deerfield.** Deerfield may transfer or discharge the Resident for any of the following reasons, as provided by law: (a) medical necessity; (b) the welfare of the Resident or other Residents; (c) non payment of proper billings; (d) within 90 days after admission to Deerfield if the Resident *materially* misrepresented his or her assets or income at the time of admission. If the Resident is to be involuntarily transferred within or discharged from Deerfield, advance written notice shall be provided to the Resident, except in the case of an emergency. The notice shall state the reason for discharge, as outlined above. Deerfield shall provide the Resident with discharge or transfer planning as required by law for involuntary transfers or discharges. Upon notice of discharge, the Resident has the right to file a complaint with the Department of Facility Services, the Office of the State Long-Term Care Ombudsman, or both.
- C. **Retention of Residence.** If transferred out of the facility, the Resident may request Deerfield to keep his or her bed available for his or her return. This is called a “bed-hold.” Deerfield will charge the Resident for any such bed-hold at a rate not to exceed the basic daily rate.
- D. **Surrender of Residence.** If a determination is made by Deerfield that any transfer described in Section V.B is probably not temporary in nature, the Resident agrees to surrender the Residence or any other accommodation in the Community occupied by the Resident prior to such transfer. The Resident or Resident’s representative agrees to remove all personal belongings from the Residence within 30 days after vacating the Residence, unless otherwise agreed to in writing by Deerfield. Charges for the Residence will continue until all personal belongings of the Resident are removed. If Deerfield subsequently determines that the Resident can resume occupancy in Residence or accommodations comparable to those occupied by the Resident prior to such transfer, the Resident shall have priority to such accommodations as soon as they become available.

## VI. TERMINATION AND REFUND PROVISIONS

- A. **Termination by Resident Prior to Occupancy.** This Agreement may be terminated by the Resident for any reason prior to occupancy by giving written notice to Deerfield. In the event of such termination, the Resident shall receive a full refund of any fees paid. Any such refund shall be paid by Deerfield within Sixty (60) Days following receipt of written notification of such termination.
- B. **Voluntary Termination After Occupancy.** The Admission Fee is totally refundable in the event of death or voluntary move within the first 30 days of admission. After the first 30 days, the Admission Fee is refundable over a period of One Hundred and Eighty (180) Days after occupancy. After One Hundred and Eighty (180) Days of occupancy, there is no refund of the Admission Fee. Refer to Appendix A for the schedule of refundability of the Admission Fee. The refund due the Resident under this paragraph will be made within Sixty (60) Days after the Residence has been vacated by the Resident.
- C. **Termination by Deerfield.** Deerfield may terminate this Agreement at any time if there has been a material misrepresentation or omission made by the Resident in the Resident's Application for Admission or Confidential Financial Statement; if the Resident fails to make payment to Deerfield of any fees or charges due Deerfield within Sixty (60) Days of the date when due; or if the Resident does not abide by the policies, rules and regulations adopted by the Community and Deerfield or breaches any of the terms and conditions of this Agreement. In the event of termination of any of such causes, the refund of the Admission Fee paid by the Resident shall be determined in the same manner described in Paragraph VI B above.
- D. **Condition of Residence.** At the effective date of termination of this Agreement, the Residence shall be vacated in good condition except for normal wear and tear. The daily room charge will continue until the room is completely vacated.
- E. **Refund of Monthly Fee.** Refunds of monthly payments will be computed on the basis of unused days, minus any outstanding charges owed to Deerfield. Any such charges shall be itemized. All refunds shall be paid within Thirty (30) days of the closing of the account.

## VII. RIGHT OF RESCISSION

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by the Resident giving written notice of such rescission to Deerfield 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, the Resident shall receive a full refund of the Admission Fee paid by the Resident. The Resident shall not be required to move into the Community before the expiration of such Thirty (30) Day period. Any such refund shall be paid by Deerfield within Sixty (60) Days following receipt of written notice of rescission pursuant to this Paragraph.

## VIII. FINANCIAL ASSISTANCE

- A. **Residency Continuance and Assistance Fund.** Deerfield declares that it is the policy and intent of Deerfield to permit a Resident to continue to reside in the Residence or other accommodations within the Community if the Resident is no longer capable of paying the prevailing fees and charges of Deerfield as a result of financial reverses occurring after occupancy, provided such reverses, in Deerfield's judgment, are not the result of willful or unreasonable dissipation of the Resident's finances. In the event of such circumstances, Deerfield will give careful consideration to subsidizing the fees and charges payable by the Resident so long as such subsidy can be made without impairing the ability of Deerfield to attain its objectives while operating on a sound financial basis. Any determination by Deerfield with regard to the granting of financial assistance shall be within the sole discretion of Deerfield.
- B. **The Residency Fund.** Deerfield has established The Residency Fund, the income of which is used to assist Residents who would otherwise not be able to live at the Community. The income from such Fund may be used for the purpose of providing financial assistance in accordance with the provisions of Paragraph VIII.A above.

## IX. GENERAL

- A. **Assignment.** The rights and privileges of the Resident under this Agreement to the Residence, common areas and amenities, and services and programs of the Community are personal to the Resident and may not be transferred or assigned by the Resident or otherwise.
- B. **Management of the Community.** The absolute rights of management are reserved by Deerfield, its Board of Directors, and its administrators as delegated by said Board of Directors. Deerfield 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 other Resident.
- C. **Entire Agreement.** This Agreement constitutes the entire contract between Deerfield and the Resident. Deerfield shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Deerfield and the heirs, executors, administrators, and assigns of the Resident.
- E. **Power of Attorney, Will, Living Will, and Health Care Power of Attorney.** Resident agrees to execute a general power of attorney designating some competent person as attorney-in-fact. Resident agrees to execute a will. Resident is further encouraged to consider execution of a Living Will and Health Care Power of Attorney. The Resident shall provide Deerfield with copies of Power of Attorney, Living Will, and Health Care Power of Attorney as well as the location of the Will upon execution.

- F. **Transfer of Property.** The Resident agrees not to make any gift or other transfer of property for less than adequate consideration for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render such Resident unable to meet such obligations.
  
- G. **Affiliation with Religious Organization.** Deerfield is affiliated with the Episcopal Diocese of Western North Carolina; however, such Diocese and church have no responsibility for any of the obligations of Deerfield under this agreement.
  
- H. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina. Deerfield ensures the Resident all rights in the Resident's Bill of Rights found in North Carolina's laws and regulations, included in the Agreement as Attachment One, a copy of which shall be signed by the Resident to indicate receipt.
  
- I. **Legal Representative or Financially Responsible Party.** For purposes of this Agreement, a Legal Representative is a person who signs or co-signs this Agreement by virtue of being a conservator of the estate of the Resident, an attorney-in-fact, a trustee, or a representative payee. A Legal Representative is not financially responsible under the terms of the Agreement for making payment from his or her own funds. [However, under this Agreement, a Financially Responsible Party is a financial guarantor, who by virtue of signing or co-signing this Agreement, becomes personally liable for payment of charges incurred by a Resident.] Under this Agreement, an Agent is a person other than a Legal Representative who manages, uses or controls those funds and assets that legally may be used to pay the charges for the Resident's care. An Agent does not assume personal liability for payment of any charges incurred by the Resident.
  
- I. **Notice Provisions.** Any notices, consents, or other communications to Deerfield hereunder (collectively "notices") shall be in writing and addressed as follows:  
President and Chief Executive Officer  
Deerfield Episcopal Retirement Community  
1617 Hendersonville Road  
Asheville, North Carolina 28803  
The address of the Resident for the purpose of giving notice is the address appearing after the signature of the Resident below.

IN WITNESS WHEREOF, Deerfield has executed this Agreement and Resident has read and understands this Agreement and has executed this Agreement and the Admission Fee has been paid as of the day and year above written.

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Responsible Party

---

Current Address (Number and Street)

---

City, State, Zip Code

---

Telephone

DEERFIELD EPISCOPAL RETIREMENT  
COMMUNITY, INC.

---

Signature

---

Title

---

Date

## Appendix A

Residence and Services Agreement for Direct Admission to Skilled Nursing Residences  
Deerfield Episcopal Retirement Community  
Effective 10/1/2020

### Schedule of Refundability of Admission Fees:

<u>Days After Occupancy</u>	<u>Refund Due \$9,401</u>
1-30 Days	9,401
31-60 Days	7,834
60-90 Days	6,268
91-120 Days	4,700
121-150 Days	3,133
151-180 Days	1,567
Over 180 Days	0

**Deerfield Episcopal Retirement  
Community, Inc.**

**Reservation Agreement  
for  
Health Care**





**FUTURE RESIDENCY AGREEMENT  
FOR HEALTH CARE  
DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.  
ASHEVILLE, NORTH CAROLINA**

This Future Residency Agreement (hereinafter called "the Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, by and between Deerfield Episcopal Retirement Community, Incorporated, a North Carolina not-for-profit corporation (hereinafter called "Deerfield") and \_\_\_\_\_  
\_\_\_\_\_ (hereinafter called "Future Resident").

WHEREAS, Deerfield owns and operates a LifeCare retirement community in Asheville, North Carolina, consisting of independent apartment Residences in mid-rise buildings, cottage Residences, a Community Center with common areas and amenities, and a Health Center providing assisted living and skilled nursing care;

NOW, THEREFORE, Future Resident and Deerfield agree as follows:

**I. PRIORITY, APARTMENT TYPE, AND PROJECTED DATE OF OCCUPANCY**

- A. **Priority Reservation Number.** Deerfield agrees to assign to the Future Resident a Priority Reservation Number \_\_\_\_\_. The priority number is based on the date of this Agreement and the chronological order in which all Future Residents enter into such Future Residency Agreements, regardless of the Residence type selected.
- B. **Residence Type Preference.** The Future Resident wishes to occupy a \_\_\_\_\_ type of Health Care Residence at Deerfield (hereinafter referred to as the "Residence").
- C. **Projected Date of Occupancy.** The Future Resident projects readiness for actual occupancy of the Residence at approximately \_\_\_\_\_. It is understood that such a Projected Date of Occupancy is an estimate and may vary due to the Future Resident's readiness and the actual availability of the Residence.

**II. ADMISSION PROCEDURES**

- A. **Application Forms.** Within Fifteen (15) Days after execution of this Agreement, the Future Resident will submit completed application forms for initial review by the Admissions Committee. The application forms shall be provided by Deerfield and include an Application for Admission, a Personal Health History, and a Confidential Financial Statement.

- B. **Admissions Committee Review.** Upon receipt of the completed application forms, Deerfield's Admissions Committee will review the forms submitted by the Future Resident as a basis for initial admission. The Admissions Committee, in its sole discretion, will approve or deny the application based on admissions criteria and policies established by the Board of Directors of Deerfield and will notify the Future Resident of such approval or denial.
- C. **Notification of Availability of Residence.** Deerfield will notify the Future Resident of availability of the Health Care Residence Type specified by the Future Resident at the time the Residence becomes available for occupancy at or near the Future Resident's Projected Date of Occupancy. The Future Resident may accept or reject Deerfield's offer to take actual occupancy of the Residence. The Future Resident has Three (3) Days from the date of notification by Deerfield to accept the Residence. The Future Resident may reject any offer by Deerfield to take occupancy without losing the Future Resident's Priority Reservation Number.
- D. **Admission Agreement.** The Future Resident shall execute an Admission Agreement and pay the required fees as outlined in the Health Care Agreement within Ten (10) Days after acceptance of a Residence.
- E. **Upon Acceptance of Residence.** Upon acceptance of the Residence offered, the Future Resident will submit a Physician's Examination Report completed by the Future Resident's personal physician on such form provided by Deerfield for review by Deerfield's Admissions Committee before taking occupancy.

### III. CONSIDERATION FROM FUTURE RESIDENT

- A. **Future Residency Fee.** In consideration for the rights and privileges as outlined in this Agreement, the Future Resident agrees to pay a Future Residency Fee of One Thousand Dollars (\$1,000.00). The Future Residency Fee is a non-interest bearing administrative fee associated with this Future Residency Agreement and will be credited toward the fees due by the Future Resident at the time of occupancy of the Residence at Deerfield.

### IV. TERMINATION AND REFUND

- A. **Termination by the Future Resident.** The Future Resident may terminate this Agreement for any reason prior to occupancy by giving written notice to Deerfield. The full amount of the Future Residency Fee is refundable to the Future Resident within Sixty (60) Days of such notification of termination.
- B. **Termination by Deerfield.** Deerfield may terminate this Agreement at any time if there has been a material misrepresentation or omission submitted by the Future Resident in the Future Resident's Application for Admission, Personal Health History, Confidential Financial Statement, or Physicians Examination Report. Deerfield may terminate this Agreement if the Future Resident does not meet the admission criteria set by the Board of Directors of Deerfield. Upon such terminations, Deerfield shall notify the Future Resident of the reasons for such non-acceptance of admission, and Deerfield shall

refund the Future Resident the full amount of the Future Residency Fee within Thirty (30) Days of such notification of termination.

## VI. GENERAL PROVISIONS

- A. **Assignment.** The rights and privileges of the Future Resident under this Agreement to the facilities, services, and programs of Deerfield are personal to the Future Resident and may not be transferred or assigned by the Future Resident or otherwise.
- B. **Entire Agreement.** This Agreement constitutes the entire agreement between Deerfield and the Future Resident and is preliminary to the Residence and Services Agreement.
- C. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Deerfield and the heirs, executors, administrators, and assigns of the Future Resident.
- D. **Religious Affiliation.** Deerfield is affiliated with the Episcopal Diocese of Western North Carolina; however, the Diocese has no responsibility for any of the obligations of Deerfield under this Agreement.
- E. **Governing Laws.** This Agreement shall be governed by the laws of the State of North Carolina.
- F. **Copy of the Agreement.** Deerfield will provide the Future Resident with a copy of this Agreement upon execution by Deerfield and Future Resident.
- G. **Notice Provisions.** Any notices, consents, or other communications to Deerfield hereunder (collectively "notices") shall be in writing and addressed as follows:

President and Chief Executive Officer  
Deerfield Episcopal Retirement Community  
1617 Hendersonville Road  
Asheville, North Carolina 28803

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

## VII. RIGHT OF RESCISSION

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by the Resident giving written notice of such rescission to Deerfield 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, the Resident shall receive a full refund of the Future Residency Fee paid by the Resident. Any such refund shall be paid by Deerfield within Sixty (60) Days following receipt of written notice of rescission pursuant to this Paragraph.

IN WITNESS WHEREOF, Deerfield and the Future Resident have executed this Agreement and the One Thousand Dollar (\$1,000.00) Reservation Fee has been paid as of the day and year first above written.

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

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Current Address (Number and Street)

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone

**DEERFIELD EPISCOPAL  
RETIREMENT COMMUNITY, INC.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date