



## Disclosure Statement


**February 27, 2024**

**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, 2025, 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, INTRODUCTION AND INFORMATION**

### **Description**

Deerfield Episcopal Retirement Community, Inc. (“Deerfield”) is faith-based, non-profit, 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, LeadingAge North Carolina and North Carolina Health Care Facilities Association (NCHCFA).

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, which develops and oversees policies.

Deerfield has received an “A” rating by Fitch Rating, a global investment rating agency. Deerfield has been accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF) since March 2003.

Responsibility for the daily management of Deerfield is delegated to the President/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, 2024 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**

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

**Chair:** Ms. Roba Whiteley  
1617 Hendersonville Road  
Asheville, NC 28803  
Background: Retired Healthcare Executive  
Ms. Whiteley is on the Deerfield waitlist.

**Vice Chair:** Mr. Eugene Carr  
PO Box 608  
Hendersonville, NC 28793  
Background: Attorney at law firm Carr, Blackwell & Associates

**Treasurer:** Mr. Glenn Mayes CPA  
1617 Hendersonville Road  
Asheville, NC 28803  
Background: Retired CFO of Asheville School

**Secretary:** Dr. Robert Kieffer  
1617 Hendersonville Road  
Asheville, NC 28803  
Background: Retired Physician  
Dr. Kieffer is on the Deerfield waitlist and his mother-in-law resides at Deerfield.

## **Board Members**

Mr. Bill Clontz  
1617 Hendersonville Road  
Asheville, NC 28803  
Background: Retired military and consultant to non-profits  
Mr. Clontz is a resident of Deerfield.

Ms. Suzanne Nesbitt Dawkins  
53 Asheland Avenue # 103  
Asheville, NC 28803  
Background: Principal/President, Design One  
Design One is a marketing communications firm. Deerfield paid Design One \$138,486 for marketing communication services for year ended 09/30/2023.  
Ms. Dawkins is on the Deerfield waitlist and her parents reside at Deerfield.

Ms. Chris Dismukes  
1617 Hendersonville Road  
Asheville, NC 28803  
Background: Retired from the Clinical field & active in the Episcopal Diocese  
Ms. Dismukes is on the Deerfield waitlist.

The Very Rev. Todd Donatelli  
1617 Hendersonville Road  
Asheville, NC 28803  
Background: Retired clergy

Mr. John Fleming  
48 Patton Avenue  
Asheville, NC 28801  
Background: Attorney, McGuire, Wood & Bisette, PA  
McGuire, Wood & Bisette, PA is a law firm. Deerfield paid McGuire, Wood & Bisette, PA \$43,859 for legal services for year ended 09/30/2023  
Mr. Flemings Parents-In-Law are residents of Deerfield.

Ms. Brenda Nash  
1617 Hendersonville Road  
Asheville, NC 28803  
Background: Community Volunteer  
Ms. Nash is on the Deerfield waitlist.

Mr. Tom Owens  
First Citizens Wealth Management  
539 North Main Street  
Hendersonville, NC 28793  
Background: Senior Vice President and wealth management consultant with First Citizens Bank

Ms. Laurel Radley  
1617 Hendersonville Road  
Asheville, NC 28803  
Background: Resident Council Chair  
Ms. Radley is a resident of Deerfield.

## **Management Staff**

### **Elizabeth B. Bush, President and Chief Executive Officer**

Ms. Bush joined the Deerfield Management Team in 2022. Prior to coming to Deerfield, she was the Chief Executive Officer for Vinson Hall Retirement Community in McLean, Virginia. Prior to that, she was Chief Operating Officer for Ingleside, a multi-site senior living organization in the District of Columbia, Maryland, and Virginia region. Over the last thirty years, Ms. Bush has served in multiple administrative positions in Life Plan Communities. Richmond, Virginia, was home for 20-plus years, where she spent her professional life at Westminster Canterbury Richmond. Ms. Bush completed evaluator training for the Continuing Care Accreditation Commission, and has served on community and association boards, most recently as Chair of LeadingAge Virginia. She went to the College of Wooster for undergraduate studies and received her master's degree at the University of Maryland at the Erickson School. As a licensed nursing home administrator, preceptor, and certified aging specialist, her life mission is to highlight each individual's best self. As a prior Leadership Academy Coach, she lives her mission through her daily work and also at a more macro community level.

### **Robert Chandler, Chief Financial Officer**

Mr. Chandler joined the Deerfield Management Team in 1999. He is responsible for the financial operations of the Corporation, including financial reporting, annual budget, forecasts, etc. Mr. Chandler is a graduate of Texas A&M University with an accounting degree. He is a CPA and began his career with Peat Marwick. He worked as controller for a financial services firm for 10 years. Mr. Chandler 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 and serves on the board of the Biltmore Forest Board of Adjustments.

### **Matthew Sharpe, Chief Operations Officer**

Mr. Sharpe joined the Deerfield Management Team in 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 2005 and earned his Nursing Home Administrator License. In 2009, Mr. Sharpe completed his graduate studies at Western Carolina University by earning a master's degree 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 and was named Chief Operating Officer in 2022.

**Faith Perkins, Chief Human Resources Officer**

Ms. Perkins joined the Deerfield Management Team in 2023 and brings more than 25 years of expertise in human resources to her work in assisting leaders and organizations to grow and change. She has used her HR skill set and change management work to build and strengthen organizations across multiple industries. Throughout her career, she has served in leadership roles at a diverse array of organizations, including Fidelity Investments, prestigious media organizations such as Cox Media Group, and higher education with both TCU and Baylor University. Ms. Perkins has a master's degree in Human Resource Development from Villanova University with continuing studies in Diversity & Inclusion at Cornell University and holds certification as both a Senior Professional in Human Resource Management by the Human Resources Certification Institute and as a SHRM-Senior Certified Professional by the Society for Human Resource Management. She is certified in the Birkman<sup>®</sup> Method for improving individual and team dynamics and is also a certified facilitator for Crucial Conversations<sup>®</sup>.

**Brian King, Director of Health Services**

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 2013 when he entered the Administrator in Training Program through the state of North Carolina and has been a licensed Nursing Home Administrator since 2014. Since then he has overseen overall operations for our skilled nursing, assisted living and independent living clinic.

**Keith Einsmann, Vice President of Facility Services**

Mr. Einsmann joined Deerfield in 2015. He is responsible for grounds, maintenance, security, housekeeping, IT, 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 & Transitions**

Ms. Foster joined the Deerfield team in 2013. Previously, she worked as an independent consultant for Deerfield, 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**

Ms. Wooley joined the Deerfield team in 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 previously 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 a better world.

**The Rev. Richard Lindsley Walton, Director of Pastoral Services**

Reverend Walton has been an Episcopal priest since 2000. He received a bachelor's degree in English and Psychology from Gordon College in Wenham, MA; a Master's of Theological Studies from Duke University; and a Master's of Divinity from Virginia Theological Seminary. Following his undergraduate studies, he was a research assistant at a Harvard-affiliated study in the area HIV/AIDS prevention and is a trained counselor by the Centers for Disease Control and Prevention. Before coming to Deerfield, Reverend Walton served a wide variety of churches in Maryland, Florida and North Carolina; and was also a lecturer in Ethics at the University of Belize, Central America, for three years. He has done short-term relief work in Pakistan, Tanzania, Uganda, Honduras and the Dominican Republic.

**Taryn Tindall, Director of Wellbeing Services**

Ms. Tindall joined the Deerfield team in 2011 as a nurse in the Simonds Health Care Center. She enjoyed serving in myriad roles in nursing leadership, including 9 years as Director of Clinical Services, before transitioning to administration and joining the senior leadership team in 2022. As Director of Wellbeing Services, Ms. Tindall is responsible for the Deerfield Clinic and Independent Living nursing services, as well as the Culinary and Resident Life departments. She holds a Bachelor's degree in Anthropology from the University of Colorado at Boulder and is currently working toward a Master of Business Administration through Western Carolina University. She is licensed in the state of North Carolina as both a Registered Nurse and a Nursing Home Administrator.

**History**

Deerfield is located in 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 379 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 couples 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 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, a charge for a room larger than the 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, a charge for a room larger than the standard room (if a 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 contracts will be identified.

As of January 31, 2024, there were 638 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 examinations. 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/she 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 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 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 non-standard 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 if 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 85 or older. 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 85 or older. 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 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 a 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 the 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 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 days, 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, cable television, and internet
- 24-hour, 7 days, security staff and systems
- Weekly housekeeping
- Maintenance of the unit (interior and exterior)
- 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 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, cable television, and internet
- Security
- 24 hour nursing staff available for emergencies and consultation
- Planned activities and social events
- Assisted Living direct admits have 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 daily 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, cable television, and internet
- Security

## **FEES**

### **Reservation Deposit**

Prospective Residents begin the application process by executing either a Future Residency Agreement or Residence & Services 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 Residence & Services 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



Residence & Services 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 Residence & Services 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 Residence & Services 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 Residence & Services 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 \$38,000 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 \$13,000 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 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 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, 2023

				Type of Refund Plan 2023-2024		
Unit Type	Number of Units	Estimated Square Feet (1)	Monthly Service Fee (Daily for Nursing)	Standard	50% Refund Plan	90% Refund Plan
Independent Living Units						
One-bedroom	22	800	\$3,399	\$283,154	\$376,595	\$523,835
One-bedroom w/Carolina room	36	946	\$3,606	\$322,751	\$429,259	\$597,089
Two Bedroom	48	1,203	\$4,137	\$416,792	\$554,334	\$771,066
Two Bedroom-Corner	9	1,440	\$4,347	\$478,929	\$636,976	\$886,019
Two-bedroom with Carolina room	50	1,346	\$4,243	\$460,130	\$611,973	\$851,240
Two bedroom w/ Den	26	1,456	\$4,395	\$497,487	\$661,657	\$920,350
Two bedroom Deluxe	28	1,552	\$4,584	\$530,665	\$705,785	\$981,731
Two bedroom Grande	28	1,612	\$4,694	\$550,446	\$732,094	\$1,018,326
Two-bedroom-Deluxe w/Carolina room	4	2,314	\$5,426	\$761,591	\$1,012,916	\$1,408,943
Two-bedroom Deluxe with two balconies	1	2,517	\$5,695	\$825,588	\$1,098,032	\$1,527,338
Cottage A with Den	37	2044	\$5,247	\$707,172	\$940,538	\$1,308,268
Cottage B with Den	9	1,946	\$5,042	\$674,955	\$897,690	\$1,248,666
Cottage C	25	1,943	\$5,027	\$672,257	\$894,101	\$1,243,675
Cottage D	10	2,565	\$5,785	\$860,873	\$1,144,961	\$1,592,615
Villa I	4	1,592	\$4,771	\$599,726	\$797,636	\$1,109,493
Villa II	8	1,650	\$4,837	\$609,269	\$810,328	\$1,127,147
Villa III	6	2,146	\$5,421	\$721,986	\$960,242	\$1,335,674
Cluster A,B	8	1,316	\$3,606	\$431,854	\$574,365	\$798,929
Cluster Homes –D	5	1,487	\$4,243	\$487,968	\$648,997	\$902,741
St. Giles Cottages	15	(2)	(2)	(2)	(2)	(2)
Second Person Fee			\$1,618	\$87,285	\$116,089	\$161,477
Total Independent Living	379					
Assisted Living Units						
Standard	28	318	\$6,420	\$38,000		
Deluxe	10	364	\$8,041	\$38,000		
Double	4	364	\$8,041	\$38,000		
Large Grande	20	467	\$8,573	\$38,000		
Second Person Fee			\$5,240			
Total Assisted Living Units	62					
Nursing Beds						
Private w/ Shared Bath	16	188	\$358	\$13,000		
Private with Private Bath	46	193 - 286	\$426 - \$446	\$13,000		
Total Nursing Beds	62					

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 \$1,385.

### **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, 2024 will vary from \$3,399 to \$5,785. An additional \$1,618 will be added for double occupancy.

### **Health Care – Direct Admission Contract**

For the Health Care Center, direct admission rates will be as follows:

Assisted Living Standard Suite	\$6,420/month
Assisted Living Deluxe Suite	\$8,041/month
Assisted Living Double Suite	\$8,041/month
Assisted Living Grande Suite	\$8,573/month
Assisted Living Second Person Fee	\$5,240/month
Nursing-Semi-Private Room	\$358/day
Nursing-Private Room	\$426/day
Nursing-Private Room (Large)	\$446/day

Monthly fees cover 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 2019-2023

	10/01/19	10/01/20	10/01/21	10/01/22	10/01/23
<b>Skilled Nursing</b>					
Daily Rates: Average \$ Increase					
Private room with Shared Bath	\$6	\$4	\$10	\$17	\$74
Private room with Private bath	\$8	\$5	\$12	\$21	\$78
Private Room with Private Bath (large)	\$8	\$6	\$12	\$22	\$79
Daily Rates: Average % Increase					
Private room with Shared Bath	2.5%	1.75%	3.75%	6.5%	26.0%
Private room with Private Bath	2.5%	1.75%	3.75%	6.5%	22.4%
Private Room with Private Bath Large	2.5%	1.75%	3.75%	6.5%	21.5%
<b>Assisted Living</b>					
Monthly Rates: Average \$ Increase					
Standard Assisted Living Suite	\$119	\$85	\$186	\$335	\$933
Deluxe Assisted Living Suite	\$152	\$109	\$238	\$428	\$1,021
Double Assisted Living Suite	\$152	\$109	\$238	\$428	\$1,021
Grande assisted Living Suite	\$163	\$117	\$255	\$459	\$1,050
2 <sup>nd</sup> Person Fee	\$97	\$70	\$152	\$273	\$761
Monthly Rates: Average % Increase					
Standard Assisted Living Suite	2.5%	1.75%	3.75%	6.5%	17.0%
Deluxe Assisted Living Suite	2.5%	1.75%	3.75%	6.5%	14.5%
Double Assisted Living Suite	2.5%	1.75%	3.75%	6.5%	14.5%
Grande assisted Living Suite	2.5%	1.75%	3.75%	6.5%	13.9%
2 <sup>nd</sup> Person Fee	2.5%	1.75%	3.75%	6.5%	17.0%
<b>Independent Living – Life Care</b>					
Monthly Rates: Average \$ Increase					
One Occupant	\$95	\$68	\$149	\$196	\$252
2 <sup>nd</sup> Occupant	\$33	\$24	\$52	\$93	\$88
Approximate Average Percentage Increase	2.5%	1.75%	3.75%	6.5%	5.75%

## **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:

Operating Reserve Requirements as of March 1, 2024	
Total Operating Expenses	\$42,030,000
Add Principal Payment	3,140,000
Less Depreciation	(6,910,000)
Less Amortized Expenses	-0-
Less Extraordinary Items	-0-
Less Debt Service	-0-
Operating Cost	\$38,260,000
Occupancy Factor	<u>x25%</u>
Total Operating Reserve	
Required March 1, 2024	\$ 9,565,000

As is required by N.C.G.S. 58-64-33 (b), this reserve has been funded in order to meet the requirements for 2024.

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, 2024, the following individuals had been appointed to serve on this committee:

Mr. Glenn Mayes, CPA, Retired Chief Financial Officer of Asheville School  
Mr. John Fleming, Attorney, McGuire Wood & Bissette  
Mr. Gene Carr, Attorney. Carr, Blackwell and Associates  
Ms. Chris Dismukes, Retired from the Clinical field and active in the Episcopal Diocese  
Mr. Tom Owens, Wealth Management of First Citizens Bank  
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, 2023 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 were complete.

During 2022, Deerfield was working on a possible expansion project that would add independent living units, healthcare units and other amenities. Due to higher than anticipated construction costs, in August 2022 Deerfield decided to put the project on hold. Deerfield is currently reviewing all aspects of the project and hopes to decide on updated plans in the near future.



**A**

**CURRENT INTERIM  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

Deerfield Episcopal Retirement Community, Inc.(Consolidated)  
Balance Sheet (Unaudited)  
As of December 31, 2023 and September 30, 2023

[https://deerfield1.sharepoint.com/sites/Acct/Shared Documents/Acct/data/Occupancy Statistics/\[occupancystatistics 093024.xlsx\]qtr](https://deerfield1.sharepoint.com/sites/Acct/Shared Documents/Acct/data/Occupancy Statistics/[occupancystatistics 093024.xlsx]qtr)

	<u>12/31/2023</u>	<u>9/30/2023</u>
Cash and cash equivalents	\$ 10,281,356	\$ 12,283,956
Investments	76,671,008	70,917,379
Accounts receivable	1,531,539	1,732,426
Prepaid expenses	257,487	294,850
Inventories	175,485	175,485
Current portion of assets limited as to use	58,824	58,406
Total current assets	<u>88,975,699</u>	<u>85,462,502</u>
Assets limited as to use:		
By Board for:		
Statutory operating reserves	9,097,000	9,097,000
Benevolent assistance	2,288,651	2,201,467
Under escrow agreements	119,069	119,048
Renewal and replacement fund	10,400,000	10,400,000
Mission advancement fund	10,342,493	9,480,915
Under bond indenture agreement	58,824	58,406
Under donor restrictions	5,185,717	5,040,580
Total assets limited as to use	<u>37,491,755</u>	<u>36,397,416</u>
Less current portion	<u>(58,824)</u>	<u>(58,406)</u>
	<u>37,432,931</u>	<u>36,339,010</u>
Property, plant and equipment, net	129,987,993	130,109,081
Total Assets	<u>256,396,623</u>	<u>251,910,593</u>
	-	
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	3,063,552	4,328,787
Accrued salaries and wages	428,887	656,397
Accrued interest payable	382,211	845,173
Other accrued liabilities	1,216,491	1,158,499
Refundable entrance fees	1,400,000	1,400,000
Current maturities of bonds payable	3,140,000	3,140,000
Total current liabilities	<u>9,631,142</u>	<u>11,528,856</u>
Long-term Liabilities:		
Deferred parking revenue	591,121	591,121
Refundable parking fees	55,000	55,000
Admission deposits	2,176,981	1,873,074
Refundable entrance fees, less current portion	13,553,512	13,553,512
Deferred revenue from advance fees	90,897,782	90,097,863
Deferred customization revenue	581,819	620,570
Bonds payable less current maturities	40,838,957	42,683,744
Total Long-term liabilities	<u>148,695,173</u>	<u>149,474,884</u>
Net Assets:		
Without donor restrictions	89,948,706	82,840,157
With donor restrictions	8,121,602	8,066,696
Total net assets	<u>98,070,308</u>	<u>90,906,853</u>
Total Liabilities and Net Assets	<u>\$ 256,396,623</u>	<u>\$ 251,910,593</u>

Deerfield Episcopal Retirement Community, Inc.(Consolidated)

Income Statement (Unaudited)

For periods ended 12/31/23 and 09/30/23

[https://deerfield1.sharepoint.com/sites/Acct/Shared Documents/Acct/data/Occupancy Statistics/\[occupancystatistics 093024.xlsx\]qtr](https://deerfield1.sharepoint.com/sites/Acct/Shared Documents/Acct/data/Occupancy Statistics/[occupancystatistics 093024.xlsx]qtr)

	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues, gains and other support:	<u>12/31/2023</u>	<u>12/31/2023</u>	<u>12/31/2023</u>	<u>9/30/2023</u>
Resident fees	\$ 7,783,902		\$ 7,783,902	\$ 28,927,302
Realized gain(loss) on investments	6,530		6,530	1,862,618
Net unrealized gains (losses) on investments	5,336,139	90,372	5,426,511	6,301,335
Contributions and bequests	77,473		77,473	252,463
Interest and dividend income	1,628,862	10,874	1,639,736	2,925,321
Amortization of deferred fees	2,522,386		2,522,386	10,108,781
Other income	232,224		232,224	930,368
Net assets released from restrictions - operat	96,754	(96,754)	-	-
Total revenues, gains and other support	<u>17,684,269</u>	<u>4,492</u>	<u>17,688,761</u>	<u>51,308,188</u>
Expenses:				
Resident care	5,188,708		5,188,708	18,765,294
Management and general	1,377,354		1,377,354	6,436,848
Plant operations and maintenance	1,828,540		1,828,540	7,817,101
Fund development	63,114		63,114	162,133
Interest	390,501		390,501	1,610,097
Depreciation and amortization	1,727,499		1,727,499	6,618,482
Total expenses	<u>10,575,716</u>	<u>-</u>	<u>10,575,716</u>	<u>41,409,954</u>
Operating income	7,108,553	4,492	7,113,045	9,898,234
Other changes in net assets:				
Contributions	-	50,410	50,410	1,120,590
Change in net assets	7,108,553	54,902	7,163,455	11,018,824
Net assets, beginning of year	82,840,153	8,066,700	90,906,853	79,888,029
Net assets, end of year	<u>\$ 89,948,706</u>	<u>\$ 8,121,602</u>	<u>\$ 98,070,308</u>	<u>\$ 90,906,853</u>

Deerfield Episcopal Retirement Community, Inc.(Consolidated)

Statements of Cash Flows (Unaudited)

For periods ended 12/31/23 and 09/30/23

[https://deerfield1.sharepoint.com/sites/Acct/Shared Documents/Acct/data/Occupancy Statistics/\[occupancystatistics 093024.xlsx\]qtr](https://deerfield1.sharepoint.com/sites/Acct/Shared Documents/Acct/data/Occupancy Statistics/[occupancystatistics 093024.xlsx]qtr)

	<u>12/31/2023</u>	<u>9/30/2023</u>
Operating activities:		
Changes in net assets	\$ 7,163,455	\$ 11,018,824
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation and amortization	1,727,499	6,618,482
Amortization of bond premium	(75,362)	(301,449)
Amortization of bond issuance costs	15,575	62,300
Entrance fees received	3,241,375	12,690,358
Amortization of deferred fees	(2,522,386)	(10,108,781)
Net change in:		
Investments and other assets limited as to use	(6,847,554)	(10,729,697)
Accounts Receivable	200,887	(329,481)
Prepaid expenses	37,363	6,890
Inventories	0	(62,278)
Accounts payable and accrued liabilities	(1,897,714)	897,371
Deferred parking revenue and refundable parking fees	0	51,642
Admission deposits	105,072	161,486
Net cash provided (used) by operating activities	<u>1,148,211</u>	<u>9,975,668</u>
Investing activities		
Purchases of property and equipment	(1,606,409)	(3,537,776)
Change in assets limited as to use	(418)	(3,725)
Net cash flow provided (used) by investing activities	<u>(1,606,827)</u>	<u>(3,541,501)</u>
Financing activities		
Payment on bonds payable	(1,785,000)	(3,055,000)
Refunds of deposits and refundable fees	-	(1,299,709)
Refundable entrance fees received	241,014	241,014
Net cash flows (used by) provided by financing activities	<u>(1,543,986)</u>	<u>(4,113,695)</u>
Net increase(decrease) in cash and cash equivalents	(2,002,602)	2,320,472
Cash and cash equivalents, beginning of year	12,283,958	9,963,486
Cash and cash equivalents, end of year	<u>\$ 10,281,356</u>	<u>\$ 12,283,958</u>
	(0)	0

**B**

**AUDITOR'S REPORT  
SEPTEMBER 30, 2023**




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# **Deerfield Episcopal Retirement Community, Inc. and Affiliate**

## **Independent Auditor's Report and Consolidated Financial Statements**

September 30, 2023 and 2022



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## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the consolidated financial statements of Deerfield Episcopal Retirement Community, Inc. and Affiliate (collectively "Deerfield"), which comprise the consolidated balance sheets as of September 30, 2023 and 2022, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Deerfield as of September 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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



In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental information listed in the foregoing table of contents are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and are not a required part of the individual companies for the year ended September 30, 2023. 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.

**FORVIS, LLP**

**Asheville, North Carolina  
January 23, 2024**

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Balance Sheets**  
**September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 12,283,956	\$ 9,963,486
Investments	70,917,379	62,315,665
Accounts receivable	1,732,426	1,402,946
Prepaid expenses	294,850	301,739
Inventories	175,485	113,207
Current portion of assets limited as to use	<u>58,406</u>	<u>54,680</u>
Total current assets	<u>85,462,502</u>	<u>74,151,723</u>
Non-current assets:		
Assets limited as to use:		
By Board for:		
Statutory operating reserves	9,097,000	8,471,000
Benevolent assistance	2,201,467	1,917,786
Renewal and replacement fund	10,400,000	10,400,000
Mission advancement fund	9,480,915	8,259,809
Under bond indenture agreement	58,406	54,680
Under escrow agreements	119,048	196,406
Under donor restrictions	<u>5,040,580</u>	<u>4,966,027</u>
Total assets limited as to use	36,397,416	34,265,708
Less current portion	<u>(58,406)</u>	<u>(54,680)</u>
Total assets limited as to use, less current portion	<u>36,339,010</u>	<u>34,211,028</u>
Property and equipment, net	<u>130,109,081</u>	<u>133,189,787</u>
Total non-current assets	<u>166,448,091</u>	<u>167,400,815</u>
Total assets	<u><u>\$ 251,910,593</u></u>	<u><u>\$ 241,552,538</u></u>

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Balance Sheets**  
**September 30, 2023 and 2022**

**(Continued)**

	<b>2023</b>	<b>2022</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 4,328,787	\$ 3,235,604
Accrued salaries and wages	656,397	694,515
Accrued interest payable	845,173	880,442
Other accrued liabilities	1,158,499	1,280,925
Refundable entrance fees	1,400,000	1,800,000
Current portion of bonds payable	3,140,000	3,055,000
	<u>11,528,856</u>	<u>10,946,486</u>
Total current liabilities		
Long-term liabilities:		
Deferred parking revenue	591,121	529,479
Refundable parking fees	55,000	65,000
Admission deposits	1,873,074	1,764,588
Refundable entrance fees, less current portion	13,553,512	14,212,207
Deferred revenue from entrance fees	90,097,863	87,388,526
Deferred customization revenue	620,570	695,331
Bonds payable, net	42,683,744	46,062,892
	<u>149,474,884</u>	<u>150,718,023</u>
Total long-term liabilities		
Total liabilities	<u>161,003,740</u>	<u>161,664,509</u>
Net assets:		
Without donor restrictions	82,840,157	71,988,423
With donor restrictions	8,066,696	7,899,606
	<u>90,906,853</u>	<u>79,888,029</u>
Total net assets		
Total liabilities and net assets	<u>\$ 251,910,593</u>	<u>\$ 241,552,538</u>

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2023 and 2022**

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues, gains and other support:			
Resident fees	\$ 28,927,302	\$ -	\$ 28,927,302
Net realized gain on investments	1,862,618	-	1,862,618
Net unrealized gain on investments	6,191,481	109,854	6,301,335
Contributions and bequests	252,463	-	252,463
Interest and dividend income	2,904,206	21,115	2,925,321
Amortization of entrance fees	10,108,781	-	10,108,781
Other income	930,368	-	930,368
Net assets released from restriction-- operating	1,084,469	(1,084,469)	-
Total revenues, gains and other support	52,261,688	(953,500)	51,308,188
Expenses:			
Program services	35,366,476	-	35,366,476
Supporting services	6,043,478	-	6,043,478
Total expenses	41,409,954	-	41,409,954
Excess of revenues over (under) expenses	10,851,734	(953,500)	9,898,234
Other changes in net assets:			
Contributions	-	1,120,590	1,120,590
Change in net assets	10,851,734	167,090	11,018,824
Net assets, beginning of year	71,988,423	7,899,606	79,888,029
Net assets, end of year	\$ 82,840,157	\$ 8,066,696	\$ 90,906,853

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2023 and 2022**

**(Continued)**

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues, gains and other support:			
Resident fees	\$ 26,302,759	\$ -	\$ 26,302,759
Net realized gain on investments	4,105,009	-	4,105,009
Net unrealized loss on investments	(20,359,924)	(11,150)	(20,371,074)
Contributions and bequests	373,638	-	373,638
Interest and dividend income	2,201,397	20,984	2,222,381
Amortization of entrance fees	9,254,453	-	9,254,453
Other income	865,263	-	865,263
Net assets released from restriction-- operating	1,008,043	(1,008,043)	-
Total revenues, gains and other support	23,750,638	(998,209)	22,752,429
Expenses:			
Program services	32,646,713	-	32,646,713
Supporting services	5,943,997	-	5,943,997
Total expenses	38,590,710	-	38,590,710
Excess of revenues under expenses	(14,840,072)	(998,209)	(15,838,281)
Other changes in net assets:			
Contributions	-	1,376,991	1,376,991
Change in net assets	(14,840,072)	378,782	(14,461,290)
Net assets, beginning of year	86,828,495	7,520,824	94,349,319
Net assets, end of year	\$ 71,988,423	\$ 7,899,606	\$ 79,888,029

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
Operating activities:		
Change in net assets	\$ 11,018,824	\$ (14,461,290)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	6,618,482	6,453,762
Amortization of bond premium	(301,449)	(301,450)
Amortization of bond issuance costs	62,301	62,300
Entrance fees received	12,690,357	13,538,346
Amortization of entrance fees	(10,108,781)	(9,254,453)
Net change in:		
Investments and other assets limited as to use	(10,729,696)	13,828,271
Accounts receivable	(329,480)	642,218
Prepaid expenses	6,889	(23,861)
Inventories	(62,278)	26,387
Accounts payable and accrued liabilities	897,370	348,653
Deferred parking revenue and refundable parking fees	51,642	2,239
Admission deposits	161,420	(344,101)
Net cash provided by operating activities	<u>9,975,601</u>	<u>10,517,021</u>
Investing activities:		
Purchases of property and equipment	(3,537,776)	(7,927,824)
Change in assets limited as to use	(3,726)	(170)
Net cash used by investing activities	<u>(3,541,502)</u>	<u>(7,927,994)</u>
Financing activities:		
Payment on bonds payable	(3,055,000)	(2,975,000)
Refunds of deposits and refundable fees	(1,299,643)	(251,226)
Refundable entrance fees received	241,014	1,427,216
Net cash used by financing activities	<u>(4,113,629)</u>	<u>(1,799,010)</u>
Change in cash and cash equivalents	<u>2,320,470</u>	<u>790,017</u>
Cash and cash equivalents, beginning of year	<u>9,963,486</u>	<u>9,173,469</u>
Cash and cash equivalents, end of year	<u><u>\$ 12,283,956</u></u>	<u><u>\$ 9,963,486</u></u>
Supplemental cash flow information:		
Interest paid	<u><u>\$ 1,884,514</u></u>	<u><u>\$ 1,967,109</u></u>

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

### ***Organization***

Deerfield Episcopal Retirement Community, Inc. 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 Episcopal Retirement Community, Inc. was incorporated in North Carolina in 1955 and 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 Episcopal Retirement Community, Inc. 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 Episcopal Retirement Community, Inc.

### ***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.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

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***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 escrow agreements include amounts received as deposits from prospective residents on expansion. 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 consolidated balance sheets at September 30, 2023 and 2022. Assets limited as to use that are required to meet long term liabilities of Deerfield have been classified as long term in the consolidated balance sheets at September 30, 2023 and 2022.

***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 Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

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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, 2023 and 2022.

***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 \$501,464 and \$439,163 at September 30, 2023 and 2022, 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.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

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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.

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 \$38,595,000 and \$38,013,000 at September 30, 2023 and 2022, 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, 2023 and 2022, approximately \$1,258,000 and \$828,000, 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.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

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***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 \$396,000 and \$394,000 for the years ended September 30, 2023 and 2022, 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, 2023 and 2022. 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 \$1,370,000 and \$1,224,000 for the years ended September 30, 2023 and 2022, 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, 2023 and 2022, 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 2023 and 2022, which is based upon the expected long-term rate of return on government obligations.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

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***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, 2023 and 2022.

***New Accounting Standard Not Yet Adopted***

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measure of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2022, and a modified retrospective approach is required, with a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. Management is currently evaluating the impact of adopting this new accounting guidance.

***Subsequent Events***

Subsequent events have been evaluated through January 23, 2024, which is the date the consolidated financial statements were issued.

**Note 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, 2023 and 2022.

There were no changes during the years ended September 30, 2023 and 2022 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, 2023 and 2022. 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.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

<b>Assets at Fair Value as of September 30, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Foreign fixed income	\$ -	\$ 4,106,091	\$ 4,106,091
Mutual fund-fixed income	17,268,360	-	17,268,360
Mutual fund-equity funds	35,186,880	-	35,186,880
Exchange traded and closed end fund	22,371,652	-	22,371,652
Corporate bonds	-	17,915,897	17,915,897
Investments and assets limited as to use	<u>\$ 74,826,892</u>	<u>\$ 22,021,988</u>	<u>\$ 96,848,880</u>
<b>Assets at Fair Value as of September 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Foreign fixed income	\$ -	\$ 7,065,762	\$ 7,065,762
Mutual fund-fixed income	17,817,202	-	17,817,202
Mutual fund-equity funds	30,710,003	-	30,710,003
Exchange traded and closed end fund	16,730,550	-	16,730,550
Corporate bonds	-	14,221,224	14,221,224
Investments and assets limited as to use	<u>\$ 65,257,755</u>	<u>\$ 21,286,986</u>	<u>\$ 86,544,741</u>

Deerfield has \$10,465,915 and \$10,036,632 of cash and cash equivalents included in investments and assets limited as to use on the consolidated balance sheets as of September 30, 2023 and 2022, respectively, which was not classified as a level as prescribed within GAAP.

### **Note 3. Property and Equipment**

Property and equipment, by major classification, at September 30, 2023 and 2022, is summarized as follows:

	<b>2023</b>	<b>2022</b>
Land	\$ 13,966,230	\$ 13,966,230
Buildings and improvements	193,658,970	190,894,917
Furniture and fixtures	11,242,618	10,998,659
Vehicles	<u>878,897</u>	<u>784,296</u>
	219,746,715	216,644,102
Accumulated depreciation	<u>(96,663,480)</u>	<u>(90,462,635)</u>
	123,083,235	126,181,467
Construction in progress	<u>7,025,846</u>	<u>7,008,320</u>
Property and equipment, net	<u>\$ 130,109,081</u>	<u>\$ 133,189,787</u>

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

**Note 4. Bonds Payable**

A summary of bonds payable at September 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</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.	4,015,000	6,615,000
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	2,410,000	2,865,000
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>
	42,045,000	45,100,000
Unamortized original premium	4,245,404	4,546,853
Unamortized issuance costs	(466,660)	(528,961)
Current portion	<u>(3,140,000)</u>	<u>(3,055,000)</u>
Bonds payable, net	<u>\$ 42,683,744</u>	<u>\$ 46,062,892</u>

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:

2024	\$ 3,140,000
2025	1,835,000
2026	470,000
2027	495,000
2028	535,000
Thereafter	<u>35,570,000</u>
	<u>\$ 42,045,000</u>

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

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**Note 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>2023</u>	<u>2022</u>
Resident assistance	\$ 1,766,995	\$ 2,044,966
Daniel Boone Scholarship	663,141	605,391
Annuity gifts	421,985	408,360
Donated property	3,204,889	3,204,889
Endowments	1,133,195	989,700
Other	<u>876,491</u>	<u>646,300</u>
Total net assets with donor restrictions	<u>\$ 8,066,696</u>	<u>\$ 7,899,606</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.

**Note 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 reserve at least equal to 25 percent of the upcoming year's total operating costs as defined by the statute. At September 30, 2023 and 2022, management has estimated that \$9,097,000 and \$8,471,000, 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.

**Note 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 \$191,000 for the years ended September 30, 2023 and 2022, 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 per person per year for the years ended September 30, 2023 and 2022. The liability for estimated unpaid claims was approximately \$120,000 and \$217,000 at September 30, 2023 and 2022, respectively, and is included in other accrued liabilities on the consolidated balance sheets.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

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**Note 8. 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.

**Note 9. 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.

**Note 10. 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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 12,283,956	\$ 9,963,486
Investments	70,917,379	62,315,665
Accounts receivable	<u>1,732,426</u>	<u>1,402,946</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 84,933,761</u>	<u>\$ 73,682,097</u>

**Note 11. 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.



**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

The following is a schedule of expenses by both nature and function for the years ended September 30, 2023 and 2022:

<b>Functional Expenses as of September 30, 2023</b>			
	<b>Program Services</b>	<b>Supporting Services</b>	<b>Total Expenses</b>
Salaries and benefits	\$ 15,585,538	\$ 2,319,197	\$ 17,904,735
Supplies and direct expenses	11,611,415	3,665,226	15,276,641
Interest	1,598,541	11,555	1,610,096
Depreciation	<u>6,570,982</u>	<u>47,500</u>	<u>6,618,482</u>
Total	<u>\$ 35,366,476</u>	<u>\$ 6,043,478</u>	<u>\$ 41,409,954</u>
<b>Functional Expenses as of September 30, 2022</b>			
	<b>Program Services</b>	<b>Supporting Services</b>	<b>Total Expenses</b>
Salaries and benefits	\$ 14,842,173	\$ 2,556,761	\$ 17,398,934
Supplies and direct expenses	9,715,617	3,328,763	13,044,380
Interest	1,681,479	12,155	1,693,634
Depreciation	<u>6,407,444</u>	<u>46,318</u>	<u>6,453,762</u>
Total	<u>\$ 32,646,713</u>	<u>\$ 5,943,997</u>	<u>\$ 38,590,710</u>

## **Note 12. 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 842. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

### **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.

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Notes to Consolidated Financial Statements**  
**September 30, 2023 and 2022**

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***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, 2023</b>			
	<b><u>Independent Living</u></b>	<b><u>Assisted Living</u></b>	<b><u>Skilled Nursing</u></b>	<b><u>Total</u></b>
Private pay	\$ 21,427,453	\$ 3,153,099	\$ 3,687,506	\$ 28,268,058
Government	<u>-</u>	<u>-</u>	<u>659,240</u>	<u>659,240</u>
<b>Total</b>	<b><u>\$ 21,427,453</u></b>	<b><u>\$ 3,153,099</u></b>	<b><u>\$ 4,346,746</u></b>	<b><u>\$ 28,927,298</u></b>
	<b>Year Ended September 30, 2022</b>			
	<b><u>Independent Living</u></b>	<b><u>Assisted Living</u></b>	<b><u>Skilled Nursing</u></b>	<b><u>Total</u></b>
<b>Private pay</b>	\$ 19,995,165	\$ 2,665,084	\$ 3,085,291	\$ 25,745,541
<b>Government</b>	<u>-</u>	<u>-</u>	<u>557,218</u>	<u>557,218</u>
<b>Total</b>	<b><u>\$ 19,995,165</u></b>	<b><u>\$ 2,665,084</u></b>	<b><u>\$ 3,642,509</u></b>	<b><u>\$ 26,302,759</u></b>

## ***Supplementary Information***

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidating Balance Sheet**  
**September 30, 2023**

<b>ASSETS</b>	<b>Deerfield</b>	<b>Foundation</b>	<b>Eliminations</b>	<b>Total</b>
Current assets:				
Cash and cash equivalents	\$ 12,137,388	\$ 146,568	\$ -	\$ 12,283,956
Investments	70,917,379	-	-	70,917,379
Accounts receivable	1,732,426	-	-	1,732,426
Due from related party	1,543,629	-	(1,543,629)	-
Prepaid expenses	294,850	-	-	294,850
Inventories	175,485	-	-	175,485
Current portion of assets limited as to use	58,406	-	-	58,406
Total current assets	86,859,563	146,568	(1,543,629)	85,462,502
Non-current assets:				
Assets limited as to use:				
By Board for:				
Statutory operating reserves	9,097,000	-	-	9,097,000
Benevolent assistance	-	2,201,467	-	2,201,467
Renewal and replacement fund	10,400,000	-	-	10,400,000
Mission advancement fund	592,241	8,888,674	-	9,480,915
Under bond indenture agreement	58,406	-	-	58,406
Under escrow agreements	119,048	-	-	119,048
Under donor restrictions	1,373,373	3,667,207	-	5,040,580
Total assets limited as to use	21,640,068	14,757,348	-	36,397,416
Less current portion	(58,406)	-	-	(58,406)
Total assets limited as to use, less current portion	21,581,662	14,757,348	-	36,339,010
Property and equipment, net	130,109,081	-	-	130,109,081
Investment in Foundation	13,916,533	-	(13,916,533)	-
Total non-current assets	165,607,276	14,757,348	(13,916,533)	166,448,091
Total assets	<u>\$ 252,466,839</u>	<u>\$ 14,903,916</u>	<u>\$ (15,460,162)</u>	<u>\$ 251,910,593</u>

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidating Balance Sheet**  
**September 30, 2023**

**(Continued)**

<b>LIABILITIES AND NET ASSETS</b>	<b>Deerfield</b>	<b>Foundation</b>	<b>Eliminations</b>	<b>Total</b>
Current liabilities:				
Accounts payable	\$ 4,328,787	\$ -	\$ -	\$ 4,328,787
Due to related party	-	1,543,629	(1,543,629)	-
Accrued salaries and wages	656,397	-	-	656,397
Accrued interest payable	845,173	-	-	845,173
Other accrued liabilities	1,158,499	-	-	1,158,499
Refundable entrance fees	1,400,000	-	-	1,400,000
Current maturities of bonds payable	3,140,000	-	-	3,140,000
Total current liabilities	11,528,856	1,543,629	(1,543,629)	11,528,856
Long-term liabilities:				
Deferred parking revenue	591,121	-	-	591,121
Refundable parking fees	55,000	-	-	55,000
Admission deposits	1,873,074	-	-	1,873,074
Refundable entrance fees, less current portion	13,553,512	-	-	13,553,512
Deferred revenue from entrance fees	90,097,863	-	-	90,097,863
Deferred customization revenue	620,570	-	-	620,570
Bonds payable, net	42,683,744	-	-	42,683,744
Total long-term liabilities	149,474,884	-	-	149,474,884
Total liabilities	161,003,740	1,543,629	(1,543,629)	161,003,740
Net assets:				
Without donor restrictions	81,739,193	11,236,709	(10,135,745)	82,840,157
With donor restrictions	9,723,906	2,123,578	(3,780,788)	8,066,696
Total net assets	91,463,099	13,360,287	(13,916,533)	90,906,853
Total liabilities and net assets	<u>\$ 252,466,839</u>	<u>\$ 14,903,916</u>	<u>\$ (15,460,162)</u>	<u>\$ 251,910,593</u>

**Deerfield Episcopal Retirement Community, Inc. and Affiliate**  
**Consolidating Statement of Operations - Without Donor Restriction**  
**Year Ended September 30, 2023**

	Deerfield	Foundation	Eliminations	Consolidated Total
Revenue, gains, and other support:				
Resident fees	\$ 28,927,302	\$ -	\$ -	\$ 28,927,302
Net realized gain on investments	1,536,489	326,129	-	1,862,618
Net unrealized gain on investments	5,232,537	958,944	-	6,191,481
Contributions and bequests	213,686	38,777	-	252,463
Interest and dividend income	2,492,431	411,775	-	2,904,206
Amortization of entrance fees	10,108,781	-	-	10,108,781
Other income	930,368	-	-	930,368
Income from related party	387,261	-	(387,261)	-
Net assets released from restriction--				
Operating	1,049,469	35,000	-	1,084,469
Total revenue, gains, and other support	50,878,324	1,770,625	(387,261)	52,261,688
Expenses:				
Expense from related party	-	387,261	(387,261)	-
Program services	35,366,476	-	-	35,366,476
Supporting services	5,522,316	521,162	-	6,043,478
Total expenses	40,888,792	908,423	(387,261)	41,409,954
Excess of revenues over expenses	\$ 9,989,532	\$ 862,202	\$ -	\$ 10,851,734

## **EXPLANATION OF MATERIAL DIFFERENCES**

Deerfield  
Explanation of Material Difference Between Previous Projected  
Balance Sheet  
For Year ended 09/30/23 and Year Ended 09/30/23 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, 2023 contained as part of the Disclosure Statement dated February 27, 2023 and the actual results of the Balance Sheet for the year ended September 30, 2023 as shown in the audited financial statements. Deerfield considers "material" variances to be \$1,209,000 (.5% of total assets).

	FY 2023 <u>Audit</u>	Most Recent 5 <u>Year Forecast</u>	<u>Difference</u>
Assets:			
Current Assets:			
Cash and Cash Equivalent(1)	\$ 12,283,956	\$ 11,000,000	\$ 1,283,956
Investments(2)	70,917,379	63,138,000	\$ 7,779,379
Accounts Receivable	1,732,426	2,002,000	(269,574)
Inventories	294,850	87,000	207,850
Prepaid Expenses	175,485	260,000	(84,515)
Current Portion of Assets Limited as to Use	58,406	55,000	3,406
Total Current Assets	<u>85,462,502</u>	<u>76,542,000</u>	<u>8,920,502</u>
Assets Limited as to use:			-
Statutory Operating Reserve	9,097,000	9,097,000	-
Benevolent Assistance Fund	2,201,467	1,918,000	283,467
Renewal and replacement Fund	10,400,000	10,400,000	-
Mission Advancement Fund	9,480,915	8,260,000	1,220,915
Under Bond Indenture Agreement	58,406	55,000	3,406
Under escrow agreements	119,048	196,000	(76,952)
Under Donor Restrictions	5,040,580	4,966,000	74,580
Total Assets Limited as to Use(2)	<u>36,397,416</u>	<u>34,892,000</u>	<u>1,505,416</u>
Less current portion	<u>(58,406)</u>	<u>(55,000)</u>	<u>(3,406)</u>
Total Assets Limited as to Use, Less Current Portion	<u>36,339,010</u>	<u>34,837,000</u>	<u>1,502,010</u>
Property and equipment, net	130,109,081	130,472,000	(362,919)
Cost of Acquiring Continuing Care Contracts net	-	-	-
Total Assets	<u>251,910,593</u>	<u>241,851,000</u>	<u>10,059,593</u>
Liabilities and Net Assets:			
Current Liabilities			
Accounts Payable	4,328,787	2,598,000	1,730,787
Accrued salaries and wages	656,397	520,000	136,397
Accrued interest payable	845,173	880,000	(34,827)
Other accrued liabilities	1,158,499	1,645,000	(486,501)
Refundable entrance fees(3)	1,400,000	1,800,000	(400,000)
Entrance fee deposits(3)	-	1,765,000	(1,765,000)
Current portion of bonds payable	3,140,000	3,140,000	-
Total current liabilities	<u>11,528,856</u>	<u>12,348,000</u>	<u>(819,144)</u>
Long term liabilities:			
Deferred parking revenue	591,121	516,000	75,121
Refundable parking fees	55,000	65,000	(10,000)
Admission deposits(4)	1,873,074	-	1,873,074
Refundable entrance fees, less current portion(3)	13,553,512	13,657,000	(103,488)
Deferred revenue from entrance fees (3)	90,097,863	87,803,000	2,294,863
Deferred customization revenue	620,570	695,000	(74,430)
Bonds payable, less current portion	42,683,744	42,685,000	(1,256)
Total long-term liabilities	<u>149,474,884</u>	<u>145,421,000</u>	<u>4,053,884</u>
Net assets:			
Without Donor Restriction	82,840,157	76,182,000	6,658,157
With Donor Restriction	8,066,696	7,900,000	166,696
Total net assets	<u>90,906,853</u>	<u>84,082,000</u>	<u>6,824,853</u>
Total liabilities and net assets	<u>\$ 251,910,593</u>	<u>\$ 241,851,000</u>	<u>\$ 10,059,593</u>
Investments and Total Assets Limited as to Use	107,314,795	98,030,000	9,284,795
Deferred revenue and refundable entrance fees(3)	\$ 106,924,449	\$ 105,025,000	\$ 1,899,449



Deerfield Episcopal Retirement Community, Inc.  
Disclosure Statement, February 27, 2024

The primary differences between the actual 2023 changes in Balance Sheet and the forecasted changes in Balance Sheet were:

- (1) Actual cash more than projected cash by \$1,283,956 -see differences noted for Statement of Cash Flow.
- (2) Actual investments more than projected investments by \$7,779,379 primarily because actual investment income more than projected (see material Change in Net Assets).
- (3) Actual Total Assets Limited as to Use more than projected Total Assets Limited as to Use by \$1,505,416 primarily because actual investment income more than projected(see material Change in Net Assets).
- (3) Actual total deferred revenue and refundable entrance fee more than projected total deferred revenue and refundable entrance fee by \$1,899,449 due to more entrance fees received than originally projected.

Deerfield Episcopal Retirement Community, Inc.  
Explanation of Material Differences Between Previous Projected Statements  
of Operations and Change in Net Assets  
For Year Ended 9/30/23 and Year Ended 9/30/23 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, 2023 contained as part of the Disclosure Statement dated February 27, 2023 and the actual results of operations for the year ended September 30, 2023 as shown in the audited financial statements. Deerfield considers "material" variances to be \$1,209,000(.5% of total assets).

	FY 2023 <u>Audit</u>	Most Recent 5 <u>Year Forecast</u>	<u>Difference</u>
Revenues, gains and other support:			
Resident fees	\$ 28,927,302	\$ 28,110,000	\$ 817,302
Health care fees		-	-
Realized gains on investments(1)	1,862,618	-	1,862,618
Net unrealized gain(losses) on investments(1)	6,301,335	-	6,301,335
Contributions and bequests	252,463	705,000	(452,537)
Interest and dividend income (Investment income)(1)	2,925,321	4,108,000	(1,182,679)
Amortization of deferred revenue	10,108,781	10,090,000	18,781
Other income (Other revenue)	930,368	930,000	368
Total revenues, gains and other support	51,308,188	43,943,000	7,365,188
Expenses:			
Program services	35,366,476	34,489,450	877,026
Supporting services	6,043,478	5,259,550	783,928
Total expenses	41,409,954	39,749,000	1,660,954
Operating income	9,898,234	4,194,000	5,704,234
Other changes in net assets:			
Contribution	1,120,590	-	1,120,590
Change in net assets	11,018,824	4,194,000	6,824,824
Change in net assets	11,018,824	4,194,000	6,824,824
Net assets, beginning balance	79,888,029	79,888,000	29
Net assets, ending balance	\$ 90,906,853	\$ 84,082,000	\$ 6,824,853
	-	-	
Total Contributions	1,373,053	705,000	668,053
Total Investment Income (interest, realized and unrealized)(1)	11,089,274	4,108,000	6,981,274

Deerfield Episcopal Retirement Community, Inc.  
Disclosure Statement, February 27, 2024

The primary differences between the actual 2023 change in Net Assets of \$11,018,824 and the forecasted change in Net Assets of \$4,194,000 were:

(1) Actual 2022 total investment income was more than 2022 projection by \$6,981,274 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.

Deerfield  
Explanation of Material Difference Between Previous Projected Statements  
of Cash Flows  
For Year ended 09/30/23 and Year Ended 09/30/23 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, 2023 contained as part of the Disclosure Statement dated February 27, 2023 and the actual results of the Statement of Cash Flow for the year ended September 30, 2023 as shown in the audited financial statements. Deerfield considers "material" variances to be \$1,209,000 (.5% of total assets).

	FY 2023 <u>Audit</u>	Most Recent 5 <u>Year Forecast</u>	<u>Difference</u>
Operating activities			
Change in net assets(1)	\$ 11,018,824	\$ 4,194,000	\$ 6,824,824
Adjustments to reconcile change in net assets to cash provided by operating activities:			
Depreciation	6,618,482	6,418,000	200,482
Amortization of bond premium	(301,449)	(301,000)	(449)
Amortization of bond issuance costs	62,301	63,000	(699)
Entrance fees received(3)	12,690,357	9,936,000	2,754,357
Amortization of entrance fees	(10,108,781)	(10,090,000)	(18,781)
Net Change in:			
Investments and other assets limited as to use(2)	(10,729,696)	-	(10,729,696)
Accounts receivable	(329,480)	(598,000)	268,520
Prepaid expenses	6,889	42,000	(35,111)
Inventories	(62,278)	26,000	(88,278)
Accounts payable and accrued liabilities	897,370	(813,000)	1,710,370
Deferred parking revenue and refundable parking fees	51,642		51,642
Other		364,000	(364,000)
Admission deposits(4)	161,420	-	161,420
Net cash provided by operating activities	9,975,601	9,241,000	734,601
		-	
Investing activities			
Purchase of property and equipment	(3,537,776)	(3,701,000)	163,224
Change in assets limited as to use(2)	(3,726)	(1,448,000)	1,444,274
Net cash flow provided by (used by) investing activities	(3,541,502)	(5,149,000)	1,607,498
Financing activities			
Payment on bonds payable	(3,055,000)	(3,055,000)	-
Refunds of deposits and refundable fees(3)	(1,299,643)	-	(1,299,643)
Refundable entrance fees received(3)	241,014	-	241,014
Net cash flows (used by)provided by financing activities	(4,113,629)	(3,055,000)	(1,058,629)
Net increase in cash and cash equivalents	2,320,470	1,037,000	1,283,470
Cash and cash equivalents, beginning of year	9,963,486	9,963,000	486
Cash and cash equivalents, end of year	\$ 12,283,956	\$ 11,000,000	\$ 1,283,956
Total change in investments and assets limited as to use(2)	\$ (10,733,422)	\$ (1,448,000)	(9,285,422)
Total change in entrance fees, admissions, and refundable fees(3)	11,793,148	9,936,000	1,857,148

Deerfield Episcopal Retirement Community, Inc.  
Disclosure Statement, February 27, 2024

The primary differences between the actual 2023 change in Cash of \$2,320,470 and the forecasted change in Cash of \$1,037,000 were:

- (1) Actual change in net assets less than projected change in net assets by \$6,824,824 - see differences noted for Statement of Operations and Change in Net Assets.
- (2) Actual 2023 net change in investments and assets limited as to use was \$9,285,422 more than 2022 projection due to more cash transferred to investments and other assets limited as to use than originally projected.
- (3) Actual entrance fees, admissions and refundable fees were \$1,857,148 more than projected primarily because there was different turnover than projected.

**D**

**FIVE YEAR PROJECTION  
FOR THE YEARS ENDING  
SEPTEMBER 30, 2024 THROUGH SEPTEMBER 30, 2028**

**DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC. AND AFFILIATE**  
**COMPILATION OF A FINANCIAL FORECAST**  
**FOR THE YEARS ENDING**  
**SEPTEMBER 30, 2024 THROUGH SEPTEMBER 30, 2028**



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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying forecasted consolidated financial statements of Deerfield Episcopal Retirement Community, Inc. and Affiliate (the "Organization"), which comprise the consolidated forecasted balance sheets as of September 30, 2024, 2025, 2026, 2027 and 2028, and the related forecasted consolidated statements of revenue and expense, consolidated statements of 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.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and 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, 2024

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

	2024	2025	2026	2027	2028
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>					
Independent Living Monthly Fees	\$ 23,284	\$ 24,029	\$ 24,714	\$ 25,414	\$ 26,214
Healthcare Revenue	6,236	6,455	6,618	6,884	7,116
Contributions and Bequests	719	733	748	763	778
Investment Income	4,568	5,172	5,850	6,715	7,356
Amortization of Entrance Fees	10,090	10,443	10,808	11,186	11,577
Other Income	960	983	1,007	1,031	1,056
Net Assets Released from Restrictions for Operations	-	-	-	-	-
<b>Total Revenue, Gains, and Other Support</b>	<b>45,857</b>	<b>47,815</b>	<b>49,745</b>	<b>51,993</b>	<b>54,097</b>
<b>EXPENSES:</b>					
Resident Services	1,356	1,403	1,452	1,503	1,556
Food Service	6,587	6,818	7,057	7,304	7,560
Healthcare	8,937	9,250	9,574	9,909	10,256
Housekeeping	2,408	2,492	2,579	2,669	2,762
Laundry	138	143	148	153	158
Management and General	6,442	6,667	6,899	7,142	7,392
Plant Operations and Maintenance	7,690	7,959	8,238	8,526	8,824
Interest	1,562	1,477	1,447	1,437	1,424
Depreciation	6,910	7,262	7,400	7,636	7,849
<b>Total Expenses</b>	<b>42,030</b>	<b>43,471</b>	<b>44,794</b>	<b>46,279</b>	<b>47,781</b>
<b>OPERATING INCOME</b>	<b>3,827</b>	<b>4,344</b>	<b>4,951</b>	<b>5,714</b>	<b>6,316</b>
<b>OTHER CHANGES IN ASSETS WITHOUT DONOR RESTRICTIONS:</b>					
Change in Unrealized Gains (Losses)	-	-	-	-	-
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$ 3,827</b>	<b>\$ 4,344</b>	<b>\$ 4,951</b>	<b>\$ 5,714</b>	<b>\$ 6,316</b>

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

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

	2024	2025	2026	2027	2028
<b>Change in Net Assets Without Donor Restrictions</b>	\$ 3,827	\$ 4,344	\$ 4,951	\$ 5,714	\$ 6,316
Assets with Donor Restrictions					
Contributions	-	-	-	-	-
Net Assets Released from Restrictions	-	-	-	-	-
<b>Change in Net Assets With Donor Restriction</b>	-	-	-	-	-
<b>Change in Net Assets</b>	3,827	4,344	4,951	5,714	6,316
<b>Net Assets, Beginning of Year</b>	90,907	94,734	99,078	104,029	109,743
<b>Net Assets, End of Year</b>	\$ 94,734	\$ 99,078	\$ 104,029	\$ 109,743	\$ 116,059

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

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

	2024	2025	2026	2027	2028
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in Net Assets	\$ 3,827	\$ 4,344	\$ 4,951	\$ 5,714	\$ 6,316
Adjustments to Reconcile Change in Net Assets to					
Net Cash Provided by Operating Activities:					
Depreciation	6,910	7,262	7,400	7,636	7,849
Amortization of Deferred Financing Costs	63	63	63	63	63
Amortization of Bond Premium	(301)	(301)	(301)	(301)	(301)
Amortization of Entrance Fees	(10,090)	(10,443)	(10,808)	(11,186)	(11,577)
(Increase) Decrease in Current Assets:					
Accounts Receivable	(371)	(68)	(61)	(69)	(73)
Inventory	83	(3)	(3)	(4)	(4)
Prepaid Expenses	19	(9)	(10)	(11)	(11)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	(1,571)	97	100	103	107
Accrued Payroll	(104)	19	20	21	21
Other	589	61	63	66	68
Entrance Fees Received from Turnover, Net of Refunds	12,201	13,447	14,654	15,759	16,613
<b>Net Cash Provided by Operating Activities</b>	<b>11,255</b>	<b>14,469</b>	<b>16,068</b>	<b>17,791</b>	<b>19,071</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Increase in Investments	(5,078)	(8,630)	(11,373)	(12,488)	(13,488)
Net Purchases of Property and Equipment	(3,853)	(4,058)	(4,270)	(4,489)	(4,716)
Change in Assets Whose Use Is Limited	(468)	54	45	(319)	(332)
<b>Net Cash Used In Investing Activities</b>	<b>(9,399)</b>	<b>(12,634)</b>	<b>(15,598)</b>	<b>(17,296)</b>	<b>(18,536)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Principal Payment on Long-Term Debt -Bonds	(3,140)	(1,835)	(470)	(495)	(535)
<b>Net Cash Used In Financing Activities</b>	<b>(3,140)</b>	<b>(1,835)</b>	<b>(470)</b>	<b>(495)</b>	<b>(535)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,284)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Balance of Cash and Cash Equivalents</b>	<b>12,284</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>
<b>Supplemental Disclosure of Cash Flow Information:</b>					
Cash Paid for Interest	\$ 1,800	\$ 1,715	\$ 1,685	\$ 1,675	\$ 1,662

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

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

	2024	2025	2026	2027	2028
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	11,000	11,000	11,000	11,000	11,000
Investments	75,995	84,625	95,998	108,486	121,974
Accounts Receivable	2,103	2,171	2,232	2,301	2,374
Inventories	92	95	98	102	106
Prepaid Expenses	276	285	295	306	317
Current Portion of Assets Limited as to Use	58	58	58	58	58
Total Current Assets	89,524	98,234	109,681	122,253	135,829
Assets Limited as to Use:					
Statutory Operating Reserve	9,565	9,511	9,466	9,785	10,117
Benevolent Assistance Fund	2,201	2,201	2,201	2,201	2,201
Renewal and Replacement Fund	10,400	10,400	10,400	10,400	10,400
Mission Advancement Fund	9,481	9,481	9,481	9,481	9,481
Under Donor Restrictions	5,041	5,041	5,041	5,041	5,041
Project Fund	119	119	119	119	119
Under Bond Indenture Agreement	58	58	58	58	58
Total Assets Limited as to Use	36,865	36,811	36,766	37,085	37,417
Less: Current Portion	(58)	(58)	(58)	(58)	(58)
Total Assets Limited as to Use, Net	36,807	36,753	36,708	37,027	37,359
Property, Plant and Equipment	224,277	228,335	232,605	237,094	241,810
Construction in Progress	6,349	6,349	6,349	6,349	6,349
Less: Accumulated Depreciation	(103,573)	(110,835)	(118,235)	(125,871)	(133,720)
Net Property, Plant and Equipment	127,053	123,849	120,719	117,572	114,439
Total Assets	\$ 253,384	\$ 258,836	\$ 267,108	\$ 276,852	\$ 287,627

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

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

	2024	2025	2026	2027	2028
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Current Maturities of Long-Term Debt	1,835	470	495	535	2,985
Accounts Payable	2,758	2,855	2,955	3,058	3,165
Accrued Salaries and Wages	552	571	591	612	633
Accrued Interest Payable	845	845	845	845	845
Other Accrued Liabilities	1,747	1,808	1,871	1,937	2,005
Current Portion of Refundable Entrance Fees	1,400	1,400	1,400	1,400	1,400
Entrance Fee Deposits	1,873	1,873	1,873	1,873	1,873
Total Current Liabilities	11,010	9,822	10,030	10,260	12,906
Long-Term Debt, Net of Current Portion	37,070	36,600	36,105	35,570	32,585
Unamortized Original Issue Discount	(404)	(341)	(278)	(215)	(152)
Unamortized Bond Premium	3,944	3,643	3,342	3,041	2,740
Long-Term Debt, Net	40,610	39,902	39,169	38,396	35,173
Deferred Parking Revenue	578	565	552	539	526
Deferred Customization Revenue	621	621	621	621	621
Refundable Parking Revenue	55	55	55	55	55
Deferred Revenue from Entrance Fees	92,135	94,854	98,362	102,568	107,118
Refundable Entrance Fees, Net of Current Portion	13,641	13,939	14,290	14,670	15,169
Total Liabilities	158,650	159,758	163,079	167,109	171,568
Net Assets:					
Without Donor Restriction	86,667	91,011	95,962	101,676	107,992
With Donor Restriction	8,067	8,067	8,067	8,067	8,067
Net Assets	94,734	99,078	104,029	109,743	116,059
Total Liabilities and Net Assets	\$ 253,384	\$ 258,836	\$ 267,108	\$ 276,852	\$ 287,627

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

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

## **Introduction and Background Information**

### **Basis of Presentation**

The financial forecast (the “Forecast”) presents, to the best of the knowledge and belief of management (“Management”) of Deerfield Episcopal Retirement Community, Inc. (“Deerfield”) and Affiliate (collectively, the “Organization”), the Organization’s expected financial position, results of operations and cash flows as of September 30, 2024, 2025, 2026, 2027 and 2028 and each of the years then ending (the “Forecast Period”).

Accordingly, the Forecast reflects Management’s judgment as of February 26, 2024, 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 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’s retirement community predominantly offers a “Type A” contract for its entrance fee community. In this type of contract, residents enter the retirement 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**

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

#### **Background**

Deerfield Episcopal Retirement Community, Inc. (“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 (the “Community”, and when in context to the retirement community, “Deerfield” as well). Deerfield Episcopal Retirement Community, Inc. was incorporated in North Carolina in 1955 and 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 Episcopal Retirement Community, Inc. formed a subsidiary, the Deerfield Charitable Foundation (the “Foundation” or the “Affiliate”). The purpose of the Foundation is to provide assistance to the retirement community and health facilities owned or affiliated with Deerfield Episcopal Retirement Community, Inc.

Management’s financial forecast includes the activities of Deerfield Episcopal Retirement Community, Inc. and the Foundation.

The Community currently has 379 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 and new entrant pricing effective October 1, 2023:

**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	Type of Refund Plan (Effective October 1, 2023)		
			(Daily for Nursing) (Effective October 1, 2023)	Standard Plan	50% Refund Plan	90% Refund Plan
Independent Living Units						
One-bedroom	22	800	\$3,399	\$283,154	\$376,595	\$523,835
One-bedroom with Carolina room	36	946	\$3,606	\$322,751	\$429,259	\$597,089
Two-bedroom	48	1,203	\$4,137	\$416,792	\$554,334	\$771,065
Two-bedroom Corner	9	1,440	\$4,347	\$478,929	\$636,976	\$886,019
Two-bedroom with Carolina room	50	1,346	\$4,243	\$460,130	\$611,973	\$851,240
Two-bedroom with Den	26	1,456	\$4,395	\$497,487	\$661,657	\$920,350
Two-bedroom Deluxe	28	1,552	\$4,584	\$530,665	\$705,784	\$981,731
Two-bedroom Grande	28	1,612	\$4,694	\$550,446	\$732,093	\$1,018,326
Two-bedroom Deluxe with Carolina room	4	2,314	\$5,426	\$761,591	\$1,012,916	\$1,408,943
Two-bedroom Deluxe with Two Balconies	1	2,517	\$5,695	\$825,588	\$1,098,032	\$1,527,338
Cottage A with Den	37	2,044	\$5,247	\$707,172	\$940,538	\$1,308,268
Cottage B	9	1,946	\$5,042	\$674,955	\$897,690	\$1,248,666
Cottage C	25	1,943	\$5,027	\$672,257	\$894,101	\$1,243,675
Cottage D	10	2,565	\$5,785	\$860,873	\$1,144,961	\$1,592,615
Villa 1	4	1,592	\$4,771	\$599,726	\$797,636	\$1,109,493
Villa 2	8	1,650	\$4,837	\$609,269	\$810,328	\$1,127,147
Villa 3	6	2,146	\$5,421	\$721,986	\$960,242	\$1,335,674
The Timbers A, B	8	1,316	\$3,606	\$431,854	\$574,365	\$798,929
The Timbers D	5	1,487	\$4,243	\$487,968	\$648,997	\$902,741
St. Giles Cottages	15	(2)	(2)	(2)	(2)	(2)
Second Person Fees			\$1,618	\$87,285	\$98,089	\$161,478
Total Independent Living Units	379					
Assisted Living Units						
Standard	28	318	\$6,420	\$38,000		
Deluxe	10	364	\$8,041	\$38,000		
Double	4	364	\$8,573	\$38,000		
Grande	20	467	\$8,573	\$38,000		
Second Person Fees			\$5,240			
Total Assisted Living Units	62					
Nursing Beds						
Private with Shared Bath	16	188	\$358	\$13,000		
Private with Private Bath	46	193 - 286	\$426-\$446	\$13,000		
Total Nursing Beds	62					
Total Units	503					

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**

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

### **Description of Deerfield**

#### *Independent Living Units*

The 379 independent living units of Deerfield consist of 252 apartment units and 127 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**

### **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 Deerfield 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 Deerfield at the request of the prospective resident and a non-refundable fee equal to 4 percent of the entrance fee.

Deerfield 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.

**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**

### **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 Deerfield'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, cable, and internet);
- 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.

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

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

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:

- 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 Deerfield 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**

## **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.

### **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.

### **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.

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

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

#### **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.

#### **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.

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

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

#### **Deferred Financing Costs**

Deferred financing costs and discounts are amortized using the straight line method over the term of the related financing, which approximates the effective interest method.

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.

#### **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.

#### **Revenue Recognition**

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 842. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.



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

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

#### 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).

### **Contributions and Bequests**

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

### **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. 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.

### **Social Accountability**

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

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

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

#### **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**

### **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 Deerfield 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:

<b>Table 2 Deerfield Forecasted Occupancy For the Years Ending September 30,</b>					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Average Available Units:</b>					
Independent Living Units	379	379	379	379	379
Assisted Living Units	62	62	62	62	62
Nursing Units	62	62	62	62	62
<b>Total Available Units</b>	<b>503</b>	<b>503</b>	<b>503</b>	<b>503</b>	<b>503</b>
<b>Average Occupied Units:</b>					
Independent Living Units	370	370	370	370	370
Assisted Living Units	59	59	59	59	59
Nursing Units	58	58	58	58	58
<b>Total Occupied Units</b>	<b>487</b>	<b>487</b>	<b>487</b>	<b>487</b>	<b>487</b>
<b>Average Occupancy</b>	<b>96.8%</b>	<b>96.8%</b>	<b>96.8%</b>	<b>96.8%</b>	<b>96.8%</b>

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 Deerfield for the year ending September 30, 2024. 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 3.5 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>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Independent Living Entrance Fee Increases	(1)	3.50%	3.50%	3.50%	3.50%
Independent Living Monthly Fee Increases	(1)	3.50%	3.50%	3.50%	3.50%
Health Center Rate Increases	(1)	3.50%	3.50%	3.50%	3.50%

Source: Management

Notes:

(1) 2024 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)**

	2024	2025	2026	2027	2028
<b>Deerfield - Existing Facility Independent Living Units:</b>					
Entrance Fee Receipts from Unit Turnover	\$ 13,895	\$ 15,067	\$ 16,364	\$ 17,512	\$ 18,403
Entrance Fees Refunded from Unit Turnover	(1,694)	(1,620)	(1,710)	(1,753)	(1,790)
Total Entrance Fees Received, Net of Refunds - Existing Facility	\$ 12,201	\$ 13,447	\$ 14,654	\$ 15,759	\$ 16,613

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,**

	2024	2025	2026	2027	2028
Cash and Cash Equivalents	2.00%	2.00%	2.00%	2.00%	2.00%
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	2.00%	2.00%	2.00%	2.00%	2.00%
Under Bond Indenture Agreement	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Management

### **Other Revenue**

Other income consists in part of fees from a variety of services to residents and has been forecasted based on Management's historical experience, and are assumed to increase annually at 3.50 percent during the Forecast Period.

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

### **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 3.5 percent annually throughout the Forecast Period.

#### **Salaries and Benefits**

A full-time equivalent employee ("FTE") represents 2,080 hours of time paid annually. Average hourly rates are forecasted to increase at a rate of 3.5 percent annually throughout the Forecast Period. 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**

Non salary related costs in resident services include costs of providing activities and other such services to residents. These costs are anticipated to increase for inflation at approximately 3.5 percent annually throughout the Forecast Period and for changes in volume.

#### **Food Service**

Non salary related costs in food service includes costs of providing meals to residents. These costs are anticipated to increase for inflation at approximately 3.5 percent annually throughout the Forecast Period and for changes in volume.

#### **Healthcare**

Non salary related costs in healthcare services include costs of providing healthcare services to residents. These costs are anticipated to increase for inflation at approximately 3.5 percent annually throughout the Forecast Period and for changes in volume.

#### **Housekeeping**

Non salary related costs in housekeeping service includes costs of providing housekeeping to residents. These costs are anticipated to increase for inflation at approximately 3.5 percent annually throughout the Forecast Period and for changes in volume.

#### **Laundry**

Non salary related costs in laundry includes costs of providing laundry services to residents. These costs are anticipated to increase for inflation at approximately 3.5 percent annually throughout the Forecast Period and for changes in volume.

#### **Management and General**

Non salary related costs in this department include supplies, professional fees, marketing, and other miscellaneous costs. These costs are anticipated to increase for inflation at approximately 3.5 percent annually throughout the Forecast Period and for changes in volume.

#### **Plant Operations and Maintenance**

Non salary related 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 3.5 percent annually throughout the Forecast Period and for changes in volume.

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

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

#### 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 Deerfield 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,**

	2024	2025	2026	2027	2028
<b>Statutory Operating Reserve Calculation (Expenses in Thousands):</b>					
Total Operating Expenses <sup>(1)</sup>	\$ 33,558	\$ 34,732	\$ 35,947	\$ 37,206	\$ 38,508
Interest	1,562	1,477	1,447	1,437	1,424
Principal	3,140	1,835	470	495	535
Total Operating Costs	\$ 38,260	\$ 38,044	\$ 37,864	\$ 39,138	\$ 40,467
Required Reserve <sup>(2)</sup>	25%	25%	25%	25%	25%
Required Operating Reserve (In Thousands)	\$ 9,565	\$ 9,511	\$ 9,466	\$ 9,785	\$ 10,117
Average Available Units:					
Independent Living Units	379	379	379	379	379
Assisted Living Units	62	62	62	62	62
Total Available Units	441	441	441	441	441
Average Occupied Units:					
Independent Living Units	370	370	370	370	370
Assisted Living Units	59	59	59	59	59
Total Occupied Units	429	429	429	429	429
Average Occupancy at Year End	97.3%	97.3%	97.3%	97.3%	97.3%

Source: Management

Notes:

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

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

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

*Renewal and Replacement 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.

*Escrow Agreements* – The Organization has received deposits from prospective residents which the Organization has set aside.

#### ***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, Plant and Equipment**

Property, plant and equipment balances, net of accumulated depreciation, were forecasted based on property, plant 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, Plant and Equipment Major Categories (In Thousands)**  
**For the Years Ending September 30,**

	2024	2025	2026	2027	2028
Land	\$ 13,966	\$ 13,966	\$ 13,966	\$ 13,966	\$ 13,966
Building and Improvements	197,962	201,781	205,800	210,025	214,464
Furniture and Fixtures	11,453	11,675	11,908	12,153	12,410
Vehicles	896	913	931	950	970
	224,277	228,335	232,605	237,094	241,810
Less: Accumulated Depreciation	(103,573)	(110,835)	(118,235)	(125,871)	(133,720)
Add: Construction in Progress	6,349	6,349	6,349	6,349	6,349
Net Property and Equipment	\$ 127,053	\$ 123,849	\$ 120,719	\$ 117,572	\$ 114,439

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)**

<b>For the Years Ending September 30,</b>	<b>Series 1997 Bonds</b>	<b>Series 2014 Bonds</b>	<b>Series 2016 Bonds</b>	<b>Total</b>
2024	\$ -	\$ 2,670	\$ 470	\$ 3,140
2025	-	1,345	490	1,835
2026	-	-	470	470
2027	-	-	495	495
2028	50	-	485	535
2029	-	-	2,985	2,985
2030	-	-	3,090	3,090
2031	-	-	3,210	3,210
2032	-	-	3,330	3,330
2033	-	-	3,455	3,455
Thereafter	-	-	19,500	19,500
<b>Totals</b>	<b>\$ 50</b>	<b>\$ 4,015</b>	<b>\$ 37,980</b>	<b>\$ 42,045</b>

Source: Management

## **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 (presented in thousands):

Resident Assistance	\$ 1,767
Daniel Boone Scholarship	663
Annuity Gifts	422
Donated Property <sup>(1)</sup>	3,205
Endowments	1,133
Other	877
Total Net Assets with Donor Restriction	<u>\$ 8,067</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**

### **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.

**E**

## **AGREEMENTS/CONTRACTS**

# **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, cultural, 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

**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:

1. **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
2. **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

**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 10/1/2023

### Schedule of Refundability of Admission Fees:

<u>Days After Occupancy</u>	<u>Refund Due \$38,000</u>
1-30 Days	38,000
31-60 Days	31,667
60-90 Days	25,333
91-120 Days	19,000
121-150 Days	12,667
151-180 Days	6,333
Over 180 Days	0

**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 10/1/2023

### Schedule of Refundability of Admission Fees:

<u>Days After Occupancy</u>	<u>Refund Due \$13,000</u>
1-30 Days	13,000
31-60 Days	10,833
60-90 Days	8,667
91-120 Days	6,500
121-150 Days	4,333
151-180 Days	2,167
Over 180 Days	0

# **Future Residency Agreement for Health Care**



HC-1

**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



**NON-BINDING RESERVATION  
AGREEMENT  
(EXPANSION OF DEERFIELD)**



Priority No. \_\_\_\_\_

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.  
NON-BINDING RESERVATION AGREEMENT – EXPANSION OF DEERFIELD

THIS NON-BINDING RESERVATION AGREEMENT (this “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between **Deerfield Episcopal Retirement Community, Inc.**, a non-profit continuing care retirement community doing business as Deerfield (hereinafter “**Deerfield**”), whose address is: 1617 Hendersonville Road, Asheville, North Carolina 28803, and the undersigned person or persons (hereinafter referred to, whether this Agreement is executed by one or two individuals, as “**Future Resident**”).

R E C I T A L S:

A. Deerfield intends to construct an independent living building with approximately 90 residential units and two hybrid buildings consisting of 12 units each (the “New Expansion Buildings”), as an expansion of its continuing care retirement community located at 1617 Hendersonville Road, Asheville, North Carolina (the “Community”);

B. Deerfield maintains a current waitlist of prospective future residents of the Community (the “Waitlist”). Those members currently on the Waitlist who have expressed an interest in a unit in the New Expansion Buildings will execute and deliver a Non-Binding Reservation Agreement and will pay to Deerfield a reservation deposit of One Thousand and No/100 Dollars (\$1,000.00) (hereinafter the “Reservation Deposit”). Deerfield is retaining those members’ priority numbers (hereinafter “Priority Number”) relating to the right to select particular residential units at the Community, including units in the New Expansion Buildings. In addition, Deerfield is accepting new members to its Waitlist who have expressed an interest in the New Expansion Buildings on receipt of a duly executed Non-Binding Reservation Agreement together with payment of a \$1,000.00 Reservation Deposit from each such future resident; and

C. The Future Resident has expressed an interest in residing in one of the residential units in the New Expansion Buildings and desires to obtain a place on the Waitlist with a Priority Number with respect to the right to select a residential unit in the New Expansion Buildings.

NOW, THEREFORE, in consideration of Future Resident’s payment of a \$1,000.00 Reservation Deposit and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Future Resident and Deerfield hereby agree as follows:

1. Deerfield will deposit the Reservation Deposit in an escrow account at First-Citizen's Bank and Trust Company. Interest earned on the Reservation Deposit will be retained by Deerfield and will not be paid to the Future Resident or credited toward the fees due by the Future Resident at the time of signing a Binding Reservation Agreement and/or a Residence and Services Agreement. Upon Deerfield's receipt of a written request from the Future Resident at any time for a refund of the Reservation Deposit, the Reservation Deposit will be promptly refunded to the Future Resident, this Agreement shall terminate and Future Resident's Priority Number on the Waitlist for New Expansion Buildings shall be forfeited. Notwithstanding the foregoing, in the event that Future Resident executes a Binding Reservation Agreement and/or a Residence and Services Agreement with Deerfield, the Reservation Deposit shall be applied toward payment of the deposit for the Binding Reservation Agreement and/or Residence and Services Agreement.

2. Future Resident acknowledges that Deerfield will place the Future Resident on the Waitlist with their Priority Number upon receipt of a duly executed Non-Binding Reservation Agreement together with payment of the \$1,000.00 reservation deposit from each such future resident and that all decisions regarding the priority of any Priority Numbers shall be at the sole discretion of Deerfield. It is further understood and agreed that this Agreement only gives the Future Resident a one-time opportunity based upon Future Resident's Priority Number to execute a Binding Reservation Agreement and/or a Residence and Services Agreement for a residential unit in the New Expansion Buildings prior to offering such residential unit to other future residents and/or the general public. The Future Resident shall have a period of seven (7) days after notice from Deerfield (which notice may be by phone or email) to execute a Binding Reservation Agreement and/or a Residence and Services Agreement prior to Deerfield offering the residential unit to others on the Waitlist and/or to the general public. In the event that Future Resident does not timely execute a Binding Reservation Agreement and/or a Residence and Services Agreement, then Deerfield, at its sole discretion, may either (a) terminate this Agreement, refund to Future Resident the Reservation Deposit and forfeit Future Resident's Priority Number on the Waitlist for New Expansion Buildings or (b) not terminate this Agreement and retain Future Resident's Reservation Deposit and Priority Number on the Waitlist in order to be able to offer Future Resident other available residential units in the New Expansion Buildings after Deerfield has first offered such units to others on the Waitlist based on Priority Number and/or to the general public.

3. This Agreement does not guarantee to Future Resident the availability of, or the right to occupy, a residential unit in the New Expansion Buildings. Such rights may only arise after Deerfield's acceptance of a duly executed Residence and Services Agreement together with payment of the applicable entry fee. Any decision as to whether to construct the New Expansion Buildings or whether to admit Future Resident shall be in the sole discretion of Deerfield. In the event that Deerfield decides not to complete the New Expansion Buildings, Deerfield shall promptly terminate this Agreement and return the Reservation Deposit to Future Resident.

4. Oral representations and agreements are not binding on Deerfield or Future Resident, and Future Resident acknowledges and agrees that Future Resident is not relying on any oral representations or agreements of Deerfield or any agents of Deerfield (including any sales representatives). Except as otherwise set forth in this Agreement, any notice in connection with this Agreement must be in writing and will be deemed delivered when delivered personally, when deposited in first class United States mail, postage prepaid, or when delivered to a nationally recognized overnight courier (charges prepaid), properly addressed to Deerfield or Future Resident, as the case may be. This Agreement embodies the entire agreement between the parties and cannot be modified or amended except by the written agreement of the parties. This Agreement shall not be assigned by Future Resident. This Agreement shall be governed by the laws of the State of North Carolina.

*[SIGNATURE PAGE FOLLOWS]*

IN WITNESS HEREOF, the parties have hereunto set their hands as of the day and year first above written.

**FUTURE RESIDENT:**

**Deerfield Episcopal Retirement Community, Inc.,  
doing business as DEERFIELD**

Sign: \_\_\_\_\_

By: \_\_\_\_\_

Authorized Agent

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Sign: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

Preferred phone: \_\_\_\_\_

Type: home/cell/other

Alternate phone: \_\_\_\_\_

Type: home/cell/other

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

Reservation Agreement (Expansion)

## **ESCROW AGREEMENT**

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.

## ESCROW AGREEMENT

**ENTRANCE FEE ESCROW AGREEMENT**  
**FOR DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC.**

This Escrow Agreement (the "Agreement") is made and entered into as of March 19, 2021, by and between Deerfield Episcopal Retirement Community, Inc. ("Deerfield") and First-Citizens Bank & Trust Company (the "Bank").

**STATEMENT OF PURPOSE**

Deerfield is in the process of expanding its continuing care retirement community consisting of independent apartment residences in mid-rise buildings, cottage residences, a community center with common areas and amenities, and a Health Center providing catered living, assisted living, and skilled nursing care (hereinafter referred to as the "Community") in Asheville, North Carolina. Deerfield intends to construct an independent living building with approximately ninety (90) residential units and two (2) hybrid buildings consisting of twelve (12) units each (the "New Expansion Buildings"). Deerfield will enter into non-binding priority list reservation agreements and binding reservation agreements (each individually a "Reservation Agreement" and collectively "Reservation Agreements") with prospective residents of the New Expansion Buildings ("Residents"), reserving residences within the New Expansion Buildings. Pursuant to such Reservation Agreements, persons desiring to reside in a unit in the New Expansion Buildings at Deerfield deposit funds with Deerfield equal to a portion of the total entrance fee ("Entrance Fee") for the kind of residence selected by the Resident ("Deposits") prior to occupancy of the residence. The North Carolina General Statutes require that Deerfield establish an escrow account for such Deposits and Entrance Fees received by Deerfield prior to the date the Resident is permitted to occupy the residence in the New Expansion Buildings. The purpose of this Agreement is to set forth the terms and conditions pursuant to which the Deposits and Entrance Fees shall be deposited, held, administered and disbursed.

NOW, THEREFORE, in consideration of the foregoing Statement of Purpose, and the mutual promises, covenants and agreements herein contained, the parties hereto agree as follows:

1. **Acceptance of Escrow.**

- (a) The Bank hereby agrees to act as an escrow agent ("Escrow Agent") hereunder and to receive and to hold in an escrow account ("Escrow Account") pursuant to the terms hereof the total amount of any Entrance Fees or Deposits ("Escrow Funds") paid to it by Deerfield, representing Deposits and/or Entrance Fees received by Deerfield pursuant to Reservation Agreements or pursuant to a binding residence and care agreement between Resident and Deerfield ("Residence Agreement") prior to the date the Resident is permitted to occupy a residence within the Community. Upon written notification to the Bank by



Deerfield stating that a prospective Resident has entered into a Residence Agreement with Deerfield for occupancy of a residence, the Bank shall forthwith recast such Resident's Deposit in the Escrow Account as Entrance Fees.

- (b) Deerfield shall forward to the Bank for deposit to the Escrow Account checks representing such Deposits and/or Entrance Fees, together with a transmittal memorandum in the form of Exhibit A hereto showing (i) the amount of the Deposits and/or Entrance Fees, (ii) the name, address, telephone number, and social security number of the Resident making payment of such Deposits and/or Entrance Fees, and (iii) the date of the Reservation Agreement or Residence Agreement. The Bank shall acknowledge receipt on a copy of such memorandum.

- 2. Escrow Account. The Escrow Account will be an interest-bearing deposit account under the Bank's exclusive control as Escrow Agent, titled as follows:

Deerfield Episcopal Retirement Community, Inc.

Escrow Account for Deposits and Entrance Fees

First Citizens Bank Escrow Agent

- 3. Individual Resident Transactions. Entrance Fees and Deposits from any Resident may be commingled with the Entrance Fees and Deposits from other Residents. However, the Bank will process one transaction per resident with a description on the deposit in order to account for each individual resident.

- 4. Account Administration.

- (a) The Escrow Account shall be subject to the Bank's normal fees and charges as specified in the Bank's fee disclosures, unless otherwise agreed by the Bank.

- (b) Interest Allocation and Reporting.

- (1) All interest earnings on Escrow Funds shall (i) inure to the benefit of Deerfield, (ii) be reported by the Bank to the appropriate tax authorities in Deerfield's name using Deerfield's taxpayer identification number, (iii) be reported by the Bank to Deerfield using any required tax reporting forms, and (iv) be taxable to Deerfield.

- (2) The Bank shall disburse to Deerfield on a regular basis (but at least quarterly) all interest earned on Escrow Funds.

- (c) At least once every three (3) months and at such other times as Deerfield may reasonably request, the Bank shall provide Deerfield with periodic statements for the Escrow Account, showing all activity for each individual resident transaction. The statements shall provide a full accounting of all Escrow Funds held pursuant to this Agreement and a report of all transactions with respect to the Escrow Funds (including, without limitation, an account of all Escrow Funds distributed

to Deerfield or to any Resident, as the case may be, and an accounting of any interest earned on the Escrow Funds).

- (d) The Bank shall not be required to disburse against checks or instruments provisionally credited to the Escrow Account until such checks or instruments are fully and finally paid to the Bank. The Bank is not responsible for the collection of returned checks or instruments or for the advance of the Bank's own funds in payment of any checks or that are not collected.
- (e) Unless the parties direct otherwise in writing, the parties hereby grant the Bank the authority to select the tax lot selection method for the Escrow Account. Currently, the preferred tax lot selection method is the LTHC ("Long Term, High Cost") method, and that is the method that will apply to the Escrow Account until such time as the Bank selects a different tax lot selection method.

5. Disbursement of Entrance Fees. The Deposits and Entrance Fees are to be disbursed by the Bank as follows:

- (a) Upon written request by Deerfield, together with such documentation as the Bank reasonably requires, the Bank shall release as directed any Escrow Funds deposited in the Escrow Account to Deerfield upon a determination that the following conditions have been met:
  - (1) If the Entrance Fee applies to a residence that has been previously occupied at the Community, that the residence is available for occupancy by the new Resident;
  - (2) If the Entrance Fee applies to a residence which has not been previously occupied by any Resident:
    - (i) The first twenty-five percent (25%) of escrowed monies can be released when: (A) Deerfield has presold at least fifty percent (50%) of the independent living units in the New Expansion Buildings, having received a minimum ten percent (10%) deposit on the presold units; (B) Deerfield has received a commitment for any permanent mortgage loan or other long-term financing, and any conditions of the commitment prior to disbursement of funds thereunder have been substantially satisfied; and (C) aggregate Entrance Fees received or receivable by Deerfield pursuant to binding continuing care contracts, plus the anticipated proceeds of any first mortgage loan or other long-term financing commitment are equal to not less than ninety percent (90%) of the aggregate cost of constructing or purchasing, equipping, and furnishing the facility plus not less than ninety percent (90%) of the funds estimated in the statement of cash flows submitted by Deerfield as that part of the disclosure statement required by G.S. 58-64-20, to

be necessary to fund start-up losses and assure full performance of the obligations of Deerfield pursuant to continuing care contracts.

- (ii) The remaining seventy-five percent (75%) of escrowed monies can be released when:
  - (A) (1) Deerfield has presold a minimum of seventy-five percent (75%) of the independent living units in the New Expansion Buildings, having received a minimum ten percent (10%) deposit on the presold units, or has maintained an independent living unit occupancy minimum of seventy-five percent (75%) for at least sixty (60) days;  
(2) construction or purchase of the independent living unit has been completed and an occupancy permit, if applicable, has been issued by the local government having authority to issue such permits; and (3) the living unit becomes available for occupancy by the new Resident; or
  - (B) Deerfield submits a plan of reorganization that is accepted and approved by the North Carolina Commissioner of Insurance.

In the case of a residence previously occupied, the written request by Deerfield for payment of an Entrance Fee shall be in the form of Exhibit B attached hereto. In the case of a residence not previously occupied, the written request by Deerfield for payment of an Entrance Fee shall be in the form of Exhibit C attached hereto. Unless the Bank has actual knowledge that the representations contained in any certification made by Deerfield (including those certifications contained in Forms C and D) are inaccurate or false, the Bank may rely on the truth of any such representations. The Bank has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of Deerfield with respect to arrangements or contracts with others, the Bank's sole duty hereunder being to safeguard the Escrow Account, to invest monies therein and to dispose of and deliver the same in accordance with this Agreement. The Bank may request from Deerfield or any person such reasonable evidence as the Bank in its discretion may deem necessary to determine any fact relating to the occurrence of any event or contingency and in this connection may inquire and consult with Deerfield, among others, at any time. Deerfield shall provide such evidence to the Bank, and the Bank shall be entitled to rely thereon.

- (b) Upon a determination by the Bank that the requirements of paragraph (a) of this section are met, the Bank shall release the Escrow Funds to Deerfield within five (5) business days of a request by Deerfield.
- (c) If the Bank determines that the requirements of paragraph (a) of this section have not been met with respect to any request of Deerfield for a release of the Deposit

and/or Entrance Fee from the Escrow Account, the Bank shall notify Deerfield in writing within five (5) business days after such request to Deerfield of the basis for such determination and shall advise Deerfield of the time period, but in no event more than 180 days, which the Bank considers reasonable for such requirements to be met. In the event the requirements are not met within the period of time specified by the Bank, then the Bank shall disburse the Deposit and/or Entrance Fee held in escrow to the person who made payment thereof to Deerfield.

- (d) The Bank may return any Deposit and/or Entrance Fee held in escrow to the person who made payment thereof to Deerfield at any time upon receipt of notice in writing from Deerfield that the person is entitled to a refund of the Deposit and/or Entrance Fee.

6. Termination. This Agreement shall continue in effect until the earliest to occur of the following:

- (a) It is terminated by agreement between the parties.
- (b) It is terminated by Deerfield at any time upon written notice of Deerfield to the Bank. The Bank shall pay over the balance of the Escrow Account to the successor escrow agent or Deerfield, as the case may be as set forth below, within five (5) business days after receipt of such notification.
- (c) It is terminated by the Bank upon the giving of at least thirty (30) days prior written notice to Deerfield. Any such notice shall specify the effective date of the termination.
- (d) It is terminated by the Bank for cause. The Bank will have cause to terminate this Agreement if the Bank in good faith believes the closing of the Escrow Account is necessary to protect the Bank from actual or potential loss due to breach of this Agreement, fraud or other misconduct relating to the Escrow Account.

Upon termination of this Agreement, the Bank shall pay the balance of the Escrow Account to any successor escrow agent designated in writing to the Bank by Deerfield or, if no successor escrow agent is designated, to the Clerk of Superior Court of Buncombe County, North Carolina. If, however, all the conditions of Section 5(a) have been met, then the balance of the Escrow Account shall be paid to Deerfield.

7. Confidentiality Waiver. Deerfield waives any and all present or future claims against the Bank for breach of confidentiality and authorizes the Bank to communicate freely with:

- (a) The North Carolina Department of Insurance with respect to the Escrow Account, and
- (b) Each Resident (and the duly authorized agents of each Resident) with respect to that Resident's.

This confidentiality waiver relates only to the disclosure of information to the parties set forth in subsections (a) and (b) of this Section 7.

8. Charges.

- (a) "Account Charges" means (i) chargebacks arising from items deposited to the Escrow Account that are reversed, returned unpaid or otherwise dishonored, or any wire transfer, ACH transaction, or other electronic transaction crediting the Escrow Account that is subsequently reversed or returned, and (ii) chargebacks or debits to the Escrow Account arising from the normal administration of the Escrow Account (such as an adjustment arising from the deposit of an improperly encoded item or other correction in the amount of the deposit). Account Charges will be charged back by the Bank against the account. To the extent funds are not available in account to cover any Account Charges, Deerfield is responsible for the payment of, and agrees to pay promptly, all Account Charges.
- (b) "Account Fees" means all service charges, transfer fees, account maintenance fees and other fees and charges relating to the administration of the Escrow Account charged by the Bank. Deerfield is responsible for the payment of, and agrees to pay promptly, all Account Fees. Account Fees will not be charged against the Escrow Account.

9. Responsibility of Bank.

- (a) It is agreed by the parties hereto that the Bank assumes no responsibility to Deerfield or any other person other than to hold and distribute the Escrow Funds and the interest or other income therefrom pursuant to the terms of this Agreement. The Bank may act upon any written notice, request, waiver, consent, certificate, receipt, authorization, power of attorney, or other instrument or document which the Bank in good faith believes to be genuine and to be what it purports to be, and the Bank shall have no liability for any action taken in good faith on such reliance. The Bank is authorized by Deerfield to rely upon the adequacy of the calculations made by Deerfield in connection with this Agreement, and the Bank shall not be liable to any person in any manner for such reliance. The Bank shall have no responsibility for verifying the genuineness, correctness, or competence of any document, instrument or writing, and shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein.
- (b) The Bank may consult with legal counsel, and the opinion of such counsel shall be full and complete authority and protection to the Bank as to any action taken or omitted by it in good faith and in accordance with such opinion, so long as Deerfield has been previously notified of the issue taken to such counsel and the reasons therefor. Deerfield shall reimburse the Bank for its reasonable legal expenses so incurred. The Bank shall otherwise have no responsibility to Deerfield or any person in connection herewith except as specifically provided herein and shall not be responsible for anything done or omitted to be done,

except for the Bank's own gross negligence or default in the performance of any obligation imposed on it hereunder.

10. Investment of Funds. The Bank shall not be liable or responsible for any loss resulting from any investment made in accordance with the provisions of this Agreement or made pursuant to instructions from or with the consent of Deerfield.
11. Representative Client List. The Bank may include Deerfield's name on a representative client list to be used for marketing purposes unless instructed otherwise by Deerfield in writing. Upon receipt of such instruction, the Bank will not include Deerfield's name in any marketing materials created thereafter.
12. Indemnification. Deerfield will indemnify and hold the Bank harmless from any and all claims, demands, suits, actions, or proceedings, and from any and all other liabilities and losses, including reimbursement of reasonable attorneys' fees, court costs, and litigation expenses, arising in any manner from matters for which the Escrow Agent is not liable under this Agreement, except to the extent caused by the Bank's gross negligence or willful misconduct. For purposes of this indemnity and hold harmless provision, the "Bank" includes First-Citizens Bank & Trust Company and its directors, officers, employees, agents and attorneys. The indemnification obligations of Deerfield shall survive the termination of this Agreement.
13. Authority. Deerfield and the Bank each represent that it has the authority to enter into this Agreement.
14. Authorized to Comply. The Bank is authorized to comply with orders issued or process entered by any court with respect to the Escrow Account, without determination by the Bank of such court's jurisdiction in the matter. If the Escrow Account or any portion is at any time attached or levied upon under any court order, or if the payment, assignment, transfer or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting any such property, the Bank is authorized to rely upon and comply with any such order, judgment or decree without the need for appeal or other action; and if the Bank complies with any such order, judgment or decree, it shall not be liable to, and shall be indemnified and held harmless against, any party hereto or any other person or entity by reason of such compliance, even if such order, judgment or decree is subsequently reversed, modified, set aside or vacated.
15. Not Bound by Other Agreements. The Bank is not a party to, nor is it bound by nor need it give consideration to the terms or provisions of any other agreement or undertaking between Deerfield and any other person, and the Bank assents to and is to give consideration only to the terms and provisions of this Agreement. The Bank shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein.
16. Notices, Instruction and Directions. All notices, instructions and directions to be given by Deerfield hereunder shall be deemed to be duly authorized if signed on behalf of

Deerfield, as applicable, by any officer or authorized representative of such entity. All notices, instructions and directions hereunder shall be in writing and shall be deemed to have been duly given when personally delivered by registered or certified mail, return receipt requested, postage prepaid, addressed to the party to whom such notice, instruction or direction is being given at the following addresses; provided, however, no notice, instruction or direction to the Bank shall be effective until actually received by the Bank:

AS TO DEERFIELD:            Deerfield Episcopal Retirement Community, Inc.  
  
   1617 Hendersonville Road  
  
   Asheville, NC 28803  
  
   Attention: Chief Financial Officer

AS TO BANK:                 First-Citizens Bank & Trust Company  
  
   Attn: Darren Morton  
  
   128 S. Tryon Street, Suite 300  
  
   Charlotte, NC 28202

Any party may change the address to which such notices, instructions or direction are to be given by giving notice of its new address to the other parties as provided in this paragraph. Bank shall have no liability for following any instructions given in or pursuant to this Escrow Agreement, or set forth in any court or administrative order.

17.    Resignation of the Escrow Agent. The Escrow Agent may resign at any time by providing written notice given to Deerfield not less than thirty (30) days before such resignation shall take effect. In such event, Deerfield shall promptly appoint a successor escrow agent. The Bank as Escrow Agent agrees to serve as Escrow Agent until a successor is appointed. If such appointment of a successor escrow agent is not made within thirty (30) days after the date that such resignation was to take effect as provided in the notice thereof given to Deerfield, then the Escrow Agent may apply to a court of competent jurisdiction to appoint a successor escrow agent.
18.    Arbitration of Disputes. Any dispute between the parties arising out of or relating to this Agreement, including the interpretation of any provision herein and/or performance by either party, will be resolved as provided in this Section 18.
  - (a)    Informal Dispute Resolution. Except as to disputes within proceedings initiated under Section 18(c), below, either party may initiate an Informal Dispute

Resolution ("IDR") by written notice to the other party. The IDR request will set forth the substance and basis of the dispute(s) in reasonable detail. Each party will appoint a designated representative having authority to resolve and settle such dispute. The designated representatives shall meet as often as reasonably necessary to discuss and attempt to resolve the dispute. The IDR process shall continue until terminated by either party by written notice to the other party. The expiration of any statute(s) of limitations applicable to the relevant dispute(s) will be tolled during the IDR process.

- (b) Arbitration. Subject to Section 18(c) below, any dispute not resolved pursuant to the IDR process will be submitted to mandatory and binding arbitration pursuant to the following terms:
- (1) Initiation of Arbitration. The initiating party will provide a written arbitration demand to the American Arbitration Association ("AAA") and the other party, describing in reasonable detail the nature and basis of the dispute.
  - (2) Conduct of Arbitration. The arbitration shall be conducted before the AAA pursuant to its Commercial Arbitration Rules. Notwithstanding any inconsistent provision within those Rules, a hearing on the merits of all arbitrated claims will be commenced within 180 days of the written arbitration demand, and the arbitrator(s) will render an award within ten (10) days after the conclusion of the hearing.
  - (3) Place of Arbitration Hearings. Arbitration hearings shall be held in Raleigh, North Carolina.
  - (4) Costs and Expenses. Unless the arbitrator(s) rules otherwise, the parties shall jointly and equally pay the expenses of the arbitrator(s) and administrative costs assessed by the AAA. Unless otherwise determined by the arbitrator(s), each party will bear its own expenses, including attorneys' fees, incurred during the IDR and arbitration.
  - (5) Enforcement. Any arbitration award rendered pursuant to this Section 18 may be enforced by any court of competent jurisdiction.
- (c) Special Relief. Notwithstanding the requirements of Sections 18(a) and (b), if a party makes a good faith determination that injunctive relief or an interpleader proceeding is necessary to protect the party's interests with respect to a specific dispute or a specific element(s) of a dispute, the party may seek injunctive relief or bring an interpleader proceeding upon that specific dispute or element(s) in any state or federal court located within Wake County, North Carolina. All other issues within the dispute(s) will be resolved through arbitration under Section 18(b) above. If a party initiating a proceeding for injunctive relief fails to obtain such relief, that party will pay all reasonable expenses, including attorneys' fees, incurred by the other party as the result of those proceedings. Deerfield will pay,



or reimburse the Bank, for all costs and expenses, including reasonable attorneys' fees, incurred as a result of an interpleader proceeding.

19. Miscellaneous. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors but may not be assigned by any of the parties hereto without the written consent of the other. This Agreement may not be amended, modified or changed without the prior written consent of all parties, which consent shall not be unreasonably withheld or delayed. The construction, operation and validity of this Agreement shall be governed by the laws of the State of North Carolina. This Agreement may be executed in one or more counterparts, all of which shall constitute one and the same instrument. Electronic, PDF or facsimile versions of this Agreement shall have the same legal effect as originals, and all of which, when fully executed, shall constitute one and the same instrument.
20. Severability. Any provisions of this Agreement held in violation of any law or regulation shall be deemed stricken, and all remaining provisions shall continue valid and binding upon the parties. Deerfield and the Bank shall attempt in good faith to replace any invalid or unenforceable provisions of the Agreement with provisions that are valid and enforceable and that approximate as nearly as possible to the intention of the original provisions.

*[Signature page follows.]*

WITNESS WHEREOF, Deerfield and the Bank have caused this Agreement to be executed by their duly authorized representatives, all as of the day and year first above written.

**FIRST-CITIZENS BANK & TRUST  
COMPANY**

**DEERFIELD EPISCOPAL  
RETIREMENT COMMUNITY, INC.**

By: 

By: 

Print/type Name: Sherwood Blackwood

Print/type Name: Robert K Chandler

Title: SR. Vice President

Title: Chief Financial Officer

**TRANSMITTAL MEMORANDUM**

**TO:** First-Citizens Bank & Trust Company

**FROM:** Deerfield Episcopal Retirement Community, Inc.

**DATE:** \_\_\_\_\_

Transmitted herewith pursuant to the Entrance Fee Escrow Agreement between First-Citizens Bank & Trust Company and Deerfield Episcopal Retirement Community, Inc., dated as of \_\_\_\_\_, 2021, is an Entrance Fee or Deposit check payable to Deerfield Episcopal Retirement Community, Inc. given by the Resident(s) identified below pursuant to a Residence Agreement each Resident has signed. Please sign and return the enclosed acknowledgment copy.

Check Amount: \_\_\_\_\_ Date of Binding Reservation Agreement: \_\_\_\_\_

Resident #1

Resident #2

Resident's name:

Current Address:

Current Phone No.

- ☐ The Resident's residential unit is an existing (already constructed) unit.
- ☐ The construction of the Resident's residential unit has commenced.
- ☐ The construction of the Resident's residential unit has NOT commenced.

Deerfield Episcopal Retirement Community, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Receipt Acknowledged:

First-Citizens Bank & Trust Company,

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit B**

**REQUEST FOR RELEASE OF FUNDS FROM ESCROW ACCOUNT**

**(RESIDENCE PREVIOUSLY OCCUPIED)**

TO: First-Citizens Bank & Trust Company

FROM: Deerfield Episcopal Retirement Community, Inc.

DATE: \_\_\_\_\_

Pursuant to Section 5(a)(1) of that Entrance Fee Escrow Agreement dated as of \_\_\_\_\_, 2021, between First-Citizens Bank & Trust Company and Deerfield Episcopal Retirement Community, Inc., we hereby request that you release to Deerfield Episcopal Retirement Community, Inc. the amount of \$ \_\_\_\_\_ representing the Entrance Fee and/or Deposit thereon paid by \_\_\_\_\_ (the "Resident") and subsequently deposited to the Escrow Account.

We hereby certify to you that the residence as defined in the Residence Agreement between Deerfield Episcopal Retirement Community, Inc. and the Resident is available for occupancy by such Resident pursuant to the terms of the Residence Agreement and the requirements of North Carolina law.

Deerfield Episcopal Retirement Community, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit C**

**REQUEST FOR RELEASE OF FUNDS FROM ESCROW ACCOUNT**

**(RESIDENCE NOT PREVIOUSLY OCCUPIED)**

TO: First-Citizens Bank & Trust Company

FROM: Deerfield Episcopal Retirement Community, Inc.

DATE: \_\_\_\_\_

Pursuant to Section 5(a)(2) of that Entrance Fee Escrow Agreement dated as of \_\_\_\_\_, 2021, (the "Escrow Agreement") between First-Citizens Bank & Trust Company and Deerfield Episcopal Retirement Community, Inc., we hereby request that you release to Deerfield Episcopal Retirement Community, Inc. the amount of \$ \_\_\_\_\_ representing the Entrance Fee and/or Deposit thereon paid by \_\_\_\_\_ (the "Resident") and subsequently deposited to the Escrow Account.

We hereby certify to you that all of the conditions described in Sections 5(a)(2) of the Escrow Agreement have been satisfied.

Deerfield Episcopal Retirement Community, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_