Disclosure Statement

Deerfield Episcopal Retirement Community, Inc.

Provider: Deerfield Episcopal Retirement Community, Inc.

Date of Disclosure Statement: 09/30/2025

Last Date for Delivery: 03/09/2027

- **This Disclosure Statement must be delivered to a contracting party before the execution of a binding reservation agreement, continuing care contract, or continuing care at home contract.**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure the accuracy of the information provided.**
- **This Disclosure Statement has been filed with, and recorded by, the North Carolina Department of Insurance in accordance with Article 64A of Chapter 58 of the North Carolina General Statutes ("Article 64A").**
- **This Disclosure Statement contains all information required by Article 64A and is correct in all material respects. Knowingly delivering a disclosure statement that contains an untrue statement or omits a material fact may subject Deerfield Episcopal Retirement Community, Inc. to penalties under Article 64A.**

Financial Snapshot: Key Ratios for Deerfield Episcopal Retirement Community, Inc.

Table FS-1. Financial Snapshot – Key Statutory Financial Ratios

Fiscal Year Ended September 30, 2025 (FY), with comparative historical and prospective periods

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*	NC 25th %[1]	NC 50th%[1]	NC 75th %[1]
DCOH	1,112	1,233	1,276	*1,361*	*1,347*	*910*	—	—	—
CUSH	22.12x	25.58x	40.47x	*42.80x*	*52.30x*	*10.50x*	—	—	—
OR	101.4%	99.1%	95.1%	*97.9%*	*101.2%*	*131.4%*	—	—	—
NOM	-8.09%	-5.91%	-1.80%	*-5.2%*	*-12.3%*	*-16.4%*	—	—	—
NOM-A	22.2%	25.3%	28.6%	*29.5%*	*23.0%*	*19.1%*	—	—	—
DSCR	3.11x	3.45x	7.41x	*10.22x*	*8.85x*	*8.70x*	—	—	—
CD	2.42x	2.94x	3.31x	*0.43x*	*0.44x*	*0.53x*	—	—	—
CED	0.53x	0.82x	1.45x	*6.29x*	*25.45x*	*12.63x*	—	—	—

Liquidity Ratios:

- **Days Cash on Hand (DCOH)**. Number of days the provider could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.
- **Cushion Ratio (CUSH)**. Number of times the provider's unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Profitability Ratios:

- **Operating Ratio (OR)**. Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.
- **Net Operating Margin (NOM)**. Shows the result from core resident services. Higher values mean a stronger operating result from resident services.
- **Adjusted Net Operating Margin (NOM-A)**. Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Capital Structure Ratios:

- **Debt Service Coverage (DSCR)**. Measures the provider's ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.
- **Unrestricted Cash & Investments to Long-Term Debt (CD)**. Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.
- **Capital Expenditures to Depreciation (CED)**. Compares what the provider is spending on capital improvements to the amount its assets are wearing out. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

See Appendix F for full statutory definitions of how ratios are derived.

[1] **NC Provider Quartiles.** Values will be compiled annually by the North Carolina Department of Insurance, stratified by community model (Entrance Fee, Rental, Equity), and are expected to be available in late 2026.

Table of Contents

1. Provider Identification

Legal Responsibility for Continuing Care

Deerfield Episcopal Retirement Community, Inc. is the entity that enters into continuing care contracts with residents and is legally responsible for providing continuing care and performing all obligations under those contracts. No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

Doing Business As (DBA)

Deerfield Episcopal Retirement Community, Inc. conducts business under the name "Deerfield Episcopal Retirement Community, Inc."

Item	Information
Legal Provider Name:	Deerfield Episcopal Retirement Community, Inc.
Doing Business As (DBA):	Deerfield Episcopal Retirement Community, Inc.
Business Address:	1617 Hendersonville Rd, Asheville, NC 28803
Telephone Number:	(828) 274-1531
Legal Entity Type:	Nonprofit corporation organized under the laws of North Carolina
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	Deerfield Episcopal Retirement Community, Inc. has no parent organization and operates as a standalone nonprofit corporation.

2. Organizational Structure

2.1 Multi-Entity Organization Status

Deerfield Episcopal Retirement Community, Inc. is affiliated with Deerfield Charitable Foundation which is a supporting organization and will be consolidated with Deerfield Episcopal Retirement Community, Inc. Deerfield Charitable Foundation is a part of the Obligated Group.

2.2 Consolidation of Financial Statements

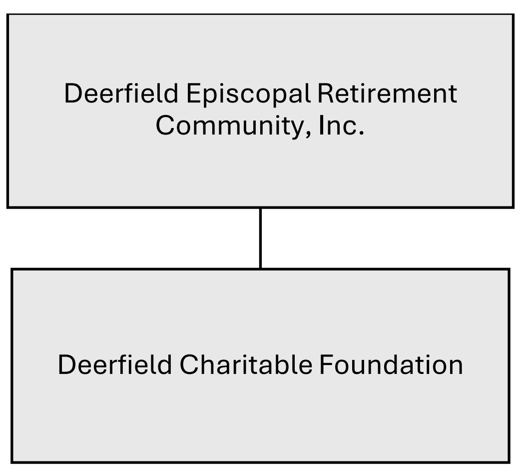
Audited financial statements are prepared on a consolidated basis with Deerfield Episcopal Retirement Community, Inc., and its affiliate, Deerfield Charitable Foundation. Consolidating schedules within the audit present the financial position and results of operations of each organization individually.

2.3 Controlling Person

Item	Information
Name:	Deerfield Episcopal Retirement Community, Inc.
Business Address:	1617 Hendersonville Rd., Asheville, NC 28803
Telephone Number:	(828) 274-1531

2.4 Company Structure Chart

The organizational structure of Deerfield Episcopal Retirement Community, Inc. and its related entity is as follows:



Accessible Text Equivalent:

- **Deerfield Episcopal Retirement Community, Inc.** (parent and controlling person; nonprofit corporation)-provider of continuing care contracts; operator of Deerfield Episcopal Retirement Community, Inc. (Asheville, NC)
    - **Deerfield Charitable Foundation** - nonprofit supporting organization managing benevolent, endowment, and other charitable funds

3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

- **Outside Interests**: Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of $5,000 or more. If none, the provider discloses "None."
- **Adverse Disclosures**: Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action. If none, the provider discloses "None."

3.1 Senior Officers of Deerfield Episcopal Retirement Community, Inc.

Name / Role	Education	Experience	Length of Service
Elizabeth Bush – President & Chief Executive Officer	M.A. Management of Aging Studies, University of Maryland; B.A. Sociology, College of Wooster	30 + years in senior-living; former COO at multi-site life-plan system	3 years 6 months (since 08/22/2022); serves as Chief Executive Officer of Deerfield Episcopal Retirement Community, Inc.
Robert Chandler – Chief Financial Officer	B.S. Accounting, Texas A&M; CPA (NC)	26 + years in nonprofit healthcare finance; former controller, Financial Services	26 years 6 months (since 08/09/1999); serves as Chief Financial Officer of Deerfield Episcopal Retirement Community, Inc.
Faith Perkins – Chief Human Resources Officer	M.S. Human Resource Development, Villanova; B.A. Business Administration, Dallas Baptist University; SPHR, SHRM-SCP	34 + years in human resources management; former VP of Talent Management	3 years (since 02/13/2023); serves as Chief Human Resources Officer of Deerfield Episcopal Retirement Community, Inc.
Keith Einsmann – Chief Operating Officer	B.S. Industrial Management, Clemson University, CHFM, CHE	16 + years in healthcare facilities management	11 years 1 month (since 01/05/2015); serves as Chief Operating Officer of Deerfield Episcopal Retirement Community, Inc.

Business Address: 1617 Hendersonville Road, Asheville, NC 28803

Disclosure: No officers have reported any Outside Interests or Adverse Disclosures.

3.2 Community Management –Deerfield Episcopal Retirement Community, Inc.

Name / Role	Education	Experience	Length of Service
Brian King – Director of Health Services	BHS, University of Florida. Licensed Nursing Home Administrator in NC	30+ years in senior living utilizing rehabilitative and administrative roles.	12 years 7 months (since 07/08/2013); Serves as Director of Health Services for Deerfield Episcopal Retirement Community, Inc.
The Rev. Richard Walton-Director of Pastoral Services	M.Div., VA Theological Seminary; M.A. Theological Studies, Duke University; B.A. English & Psychology, Gordon College	25+ years as an Episcopal Priest	10 years 10 months (since 04/20/15); Serves as Director of Pastoral Services for Deerfield Episcopal Retirement Community, Inc.
Jane Childress-Director of Marketing	B.A. English, U of SC	35+ years in Marketing in not for profit and business sectors. Former Marketing & Communications Director.	11 months (since 03/10/25); Serves as Director of Marketing for Deerfield Episcopal Retirement Community, Inc.

Business Address: 1617 Hendersonville Road, Asheville NC 28803

Disclosure: No Management Team Members have reported any Outside Interests or Adverse Disclosures.

3.3 Board of Directors — Deerfield Episcopal Retirement Community, Inc.

Name / Role	Education	Experience	Length of Service
The Rt. Rev. José McLoughlin	M.Div., VA Theological Seminary; B.A. Criminal Justice, UCF	Bishop, the Episcopal Diocese of Western North Carolina	9 years
Rev. Todd Donatelli – Chair	M.Div., VA Theological Seminary; B.A. Journalism, UGA	Retired Episcopal Priest	4 years
Eugene (Gene) Carr – Vice Chair	B.A. Economics & Political Science; M. S. City & Regional Planning, UNC; J.D., UNC School of Law	Attorney	8 years
Glenn Mayes – Treasurer	B.S. Business Administration, UNC	Retired CFO of Asheville School, Retired CPA	7 years
Robert Kieffer – Secretary	B.A. Franklin & Marshall College; M.D., Johns Hopkins School of Medicine	Retired Physician	5 years
Bill Clontz	B.A. Political Science, Monterey Institute of Int'l Studies; M.P.A. Central Michigan University	Retired Military, non-profit Consultant and Resident of Deerfield	5 years
Chris Dismukes	B.S. Nursing, UNC	Retired Director of Cardiac Rehabilitation; health educator; Chair of the Deerfield Charitable Foundation Board	8 years
Fred Koon	B.S. Engineering, NC State University	Founder & Principal of Construction Firm	2 years
Tom Owens	B.S. Business Administration & Mgt, Mars Hill University	Wealth Mgt, major banking institutions	3 years

Name / Role	Education	Experience	Length of Service
Pat Patterson	Juniata College and Culinary Institute of America	Retired Food Industry Executive; President of Resident's Council	1 year
John Stanier	B.S. Business Administration, Georgetown University	Investment Banker; non-profit experience	1 year
Julie Todd	M.D. UNC	Physician; practice includes serving underserved population	1 year
Roba Whiteley	M.S. Nutrition, Drexel University	Retired Healthcare Executive	8 years

Business Address: 1617 Hendersonville Rd., Asheville, NC 28803

Disclosure: None of the directors of Deerfield Episcopal Retirement Community, Inc. have reported any Outside Interests or Adverse Disclosures. BOD listing as of January 31, 2026.

3.4 10% + Ownership Interests

(Individuals holding ten percent (10%) or more equity or beneficial interest in the provider or any controlling person)

Deerfield Episcopal Retirement Community, Inc. is organized as a nonprofit corporation and therefore has no equity ownership interests. No individual holds a ten percent (10%) or greater beneficial interest in Deerfield Episcopal Retirement Community, Inc.

4. Governing Body and Oversight

4.1 Provider Governing Body

Deerfield Episcopal Retirement Community, Inc. is governed by a Board of Directors consisting of at least 11, but no more than 16 members at large. The Board is responsible for the overall direction and oversight of Deerfield Episcopal Retirement Community, Inc.'s operations, financial condition, and resident welfare. Its duties include:

- Reviewing and approving budgets and financial reports.
- Ensuring compliance with applicable laws, regulations, and contractual obligations.

- Overseeing the quality of resident care and services, including safety and satisfaction.
- Monitoring risks to Deerfield Episcopal Retirement Community, Inc.'s solvency and operations.

4.1.1 Selection of Members

Nominations to the Deerfield Board of Directors must be approved by the Executive Council of the Episcopal Diocese of Western North Carolina. The Bishop of the Diocese serves as a permanent member of the Deerfield Board of Directors. Directors serve three-year terms and are eligible to serve up to three consecutive terms. Officers of the Board (Chair, Vice Chair, Treasurer, and Secretary) are recommended annually by the Nominating Committee.

4.1.2 Oversight of Management and Operations

The Board delegates day-to-day operations of Deerfield Episcopal Retirement Community, Inc. to the President/CEO and the senior leadership team. The Board maintains oversight through:

- Regular review of financial and operating reports.
- Review of major contracts and approval of capital projects and debt issuances.
- Bi-monthly board meetings including committee reports.
- Evaluation of management.

4.1.3 Committees

The Deerfield Episcopal Retirement Community, Inc. Board maintains standing committees for:

- **Executive:** Responsible for managing affairs of the board for the board and has the oversite of executive compensation.
- **Finance**: Oversees overall financial health. Reviews and approves budgets, monitors financial performance and ensures fiscal integrity.
- **Nominating:** Identify and enlist potential new board members with board recruitment being the job of all board members.

5. Related Parties

Deerfield Episcopal Retirement Community, Inc. has relationships with related parties under common control with its controlling person, Deerfield Episcopal Retirement Community, Inc. Each arrangement exceeded $5,000 in FY2025 and is therefore disclosed below. For purposes of this section, Actual/Probable Cost refers to the cost incurred by Deerfield Episcopal Retirement Community, Inc.

5.1 Deerfield Charitable Foundation

- **Nature of Relationship**: Nonprofit supporting organization, controlled by Deerfield Episcopal Retirement Community, Inc.
- **Goods/Leases/Services Provided**: Supports the benevolent care program for residents unable to meet monthly service fees, and other programs at Deerfield, funded by donor contributions and earnings.
- **Actual/Probable Cost**: Not applicable. Deerfield Charitable Foundation provided benevolent funding support of $136,000 to Deerfield Episcopal Retirement Community, Inc. in FY2025.

6. Relationships with Religious, Charitable, or Other Organizations

Deerfield Episcopal Retirement Community, Inc. receives support from Deerfield Charitable Foundation, a nonprofit supporting organization. The Foundation provides charitable resources but does not exercise governance authority over Deerfield Episcopal Retirement Community, Inc.

Deerfield is affiliated with the Episcopal Diocese of Western North Carolina ("Diocese"). Nominations for the Deerfield Board of Directors must be approved by the Executive Council 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.

7. Other Persons Responsible for Obligations

Except as described in Section 8 regarding Deerfield Episcopal Retirement Community, Inc.'s participation in the obligated group and the joint and several liability for bonds, no other person or entity is responsible for the financial or contractual obligations of Deerfield Episcopal Retirement Community, Inc.

8. Obligated Groups

Deerfield Episcopal Retirement Community, Inc. is a member of an obligated group created under the terms of bond indentures and related financing agreements. Membership in the obligated group creates joint and several liability among the members solely for repayment of bonded indebtedness and for compliance with related bond covenants.

As of September 30, 2025, the obligated group consisted of:

- Deerfield Episcopal Retirement Community, Inc.
- Deerfield Charitable Foundation

Participation in the obligated group allows the members to access financing collectively and at more favorable terms. However, it also means that the bonded debt of each member is supported by the financial resources of the others, and a default by one member may affect the entire group.

The audited consolidated financial statements of Deerfield Episcopal Retirement Community, Inc. and its affiliate include consolidating schedules that present the financial position and results of operations of each obligated group member. These schedules also show Deerfield Episcopal Retirement Community, Inc's stand-alone financial information, allowing residents and prospective residents to evaluate the provider separately from the group. The audited consolidated financial statements are in Appendix A.

9. Debt Covenants and Compliance

Deerfield Episcopal Retirement Community, Inc. and the obligated group are subject to covenants contained in bond indentures and related debt agreements, including requirements for minimum debt service coverage, liquidity, and restrictions on additional borrowing.

As of September 30, 2025, Deerfield Episcopal Retirement Community, Inc. and the obligated group were in full compliance with all covenants contained in debt agreements.

10. Third-Party Management Arrangements

Deerfield Episcopal Retirement Community, Inc., does not employ an unrelated third-party manager to operate the continuing care retirement community.

11. Real Property Leases

Deerfield Episcopal Retirement Community, Inc., does not lease any part of the real property of the continuing care retirement community.

12. Endowment Funds

Deerfield Episcopal Retirement Community does not maintain endowment funds directly. However, residents have access to benevolent care assistance through Deerfield Charitable Foundation, a related-party nonprofit supporting organization. The Foundation maintains donor-restricted and board designated funds which are used to provide financial aid to residents who are unable to meet their monthly service fees.

13. Description and Location of the Community

Deerfield Episcopal Retirement Community, Inc. is located at 1617 Hendersonville Road, Asheville, NC 28803 and was incorporated in January 1955. The Right Reverand George Henry, Bishop of the Episcopal Dioceses of Western North Carolina envisioned the creation of a caring community for seniors and in 1955 his dream was realized through a gift by Charles and Marjorie Timson of the Timsons' 11-room summer residence on 30 acres of farmland to Deerfield Episcopal Retirement Community, Inc.

The original health care center was built in several stages beginning in 1960 and was demolished as part of the 1997 Expansion Project (defined below).

Construction began on the 28 original independent living cottages in the mid-1960s.

In 1997, the Corporation began a major expansion and renovation project that was completed in March 2001 (the "1997 Expansion Project"). The 1997 Expansion Project 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 formal and casual dining, a library, exercise facilities, meeting rooms and activity rooms.

In 2002, the refurbishment and relocation of St. Giles Chapel, the construction of an Aquatic Center and enhancement of the front entrance were completed.

In February 2003, construction of four new villas was completed.

In January 2005, the Corporation purchased 30 acres contiguous to the current campus, which has remained primarily undeveloped until the Project.

In October 2008, the Corporation purchased 15 acres contiguous to the current campus.

In November 2010, the Corporation completed a major expansion and renovation project (the "2008 Expansion Project"). The 2008 Expansion Project consisted of 82 apartments, 20 assisted living suites, 14 nursing beds and new and expanded common spaces for programming, dining and health and wellness.

In 2017, the Corporation completed construction of 27 new independent living cottages/villas.

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 Episcopal Retirement Community, Inc. is convenient to shopping, the regional airport, interstate highways, hospitals and physicians, local colleges and universities and a variety of recreational and cultural opportunities. Today, the campus includes apartment-style residences, cottages, a central community building, an assisted living facility, and a healthcare center. Shared amenities include dining rooms, fitness facilities, a library, auditorium, meeting rooms, landscaped courtyards, walking trails, outdoor recreation areas, and gardens.

On January 13, 2026, Deerfield Episcopal Retirement Community, Inc. closed on bonds to finance the expansion of the community consisting of 165 new independent living units, 10 assisted living units, 12 memory care units, 12 skilled nursing units, new and enlarged dining spaces, new and enlarged meeting spaces, new and enlarged amenities focused on the arts, wellbeing and outdoors. Construction of the expansion began in January 2026 and the anticipated completion timeline for the project is as follows:

- March 2028 – construction of the new independent living units is completed.
- July 2028 – construction on the new memory care units is completed.
- July 2028 – construction on the new skilled nursing care units is completed.
- August 2028 – construction of the new assisted living units is completed.

Please refer to Section 30 of this document for a more detailed description of our renovation and expansion plans.

14. Living Units by Level of Care

As of September 30, 2025, Deerfield Episcopal Retirement Community, Inc. included:

- 378 independent living units (253 apartments and 125 cottages/villas)
- 62 assisted living beds
- 62 skilled nursing beds

15. Continuing Care at Home Program

Deerfield Episcopal Retirement Community, Inc. does not operate a continuing care at home program.

16. Resident Population Served

As of September 30, 2025, the resident population served by Deerfield Episcopal Retirement Community, Inc., was as follows:

- 527 residents in independent living
- 56 residents in assisted living
- 61 residents in skilled nursing

As of September 30, 2025, the community maintained a waitlist for admission to independent living consisting of 1,662 households. Individuals on the waitlist are prospective applicants and are not residents of the community unless and until they have executed a Residence & Services Agreement.

To be placed on the independent living waitlist, prospective applicants are required to submit a $2,000 waitlist deposit. The waitlist deposit is 50% refundable and is not considered an entrance fee. If the applicant later enters into a Residence & Services Agreement, the waitlist deposit is applied toward the required entrance fee at that time.

Placement on the waitlist does not guarantee admission to the community or priority for a specific unit and does not create contractual rights unless expressly provided in the Residence & Services Agreement.

17. Occupancy Rates

The 12-month daily average occupancy rates for Deerfield Episcopal Retirement Community, Inc. for the past five fiscal years were as follows:

Table 17.1 – Historical Occupancy Rates (12-Month Daily Average)

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
9/30/2025	97.0%	93.5%	96.4%
9/30/2024	98.5%	85.4%	90.0%
9/30/2023	97.9%	90.7%	85.8%
9/30/2022	97.0%	84.5%	81.6%
9/30/2021	97.0%	80.0%	81.1%

18. Semiannual Resident Meetings

Deerfield Episcopal Retirement Community Inc. holds meetings with residents of the community at least twice each year, as required by law.

Fiscal Year 2025 Meeting Dates

- February 28, 2025
- August 29, 2025

As required by law, an independent member of the provider's board of directors or its designated representative was present at each of the meetings (Elizabeth Bush attended all meetings in fiscal year 2025).

19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of Deerfield Episcopal Retirement Community. Inc. Residency and access to services are governed solely by the Residence & Services Agreement.

20. Services Provided Under the Contract

Deerfield Episcopal Retirement Community, Inc. offers services under the Residence & Services Agreement. The following disclosures describe the services included, as well as those available for additional charges.

20.1 Health Care Services

Residents of Deerfield Episcopal Retirement Community, Inc., have access to assisted living and skilled nursing care on campus. Health services include 24-hour nursing, medication management, rehabilitative therapies, and coordination with residents' personal physicians.

20.2 Continuing Care Retirement Community (CCRC) Contracts

Residents living on the Deerfield Episcopal Retirement Community, Inc. campus receive the following services as part of their monthly fees, with additional services available at an extra charge.

20.2.1 Services Included Monthly Fees

- A dining program of the Resident's 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 (apartment dwellers only)
- 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

20.2.2 Services Available at Additional Charge

- Guest meals
- Additional housekeeping or laundry services beyond standard schedule
- Expanded television, internet, and telephone packages
- Salon and barber services

- Special transportation outside scheduled routes
- Medical or other supplies used
- Extra nursing services
- Concierge services and private duty care

20.3 Continuing Care at Home (CCaH) Contracts

Deerfield Episcopal Retirement Community, Inc. does not offer Continuing Care a Home (CCaH) Contracts.

20.4 Delivery of Services

Core residential, assisted living, and skilled nursing services are provided directly by Deerfield Episcopal Retirement Community, Inc. Certain therapies (physical, occupational, and speech) are furnished under contract with independent third parties.

21. Resident Fees

Nonancillary fees at Deerfield Episcopal Retirement Community, Inc. consist of required, ongoing fees such as entrance fees and monthly service fees. The following tables show Deerfield Episcopal Retirement Community, Inc.'s current fee schedules, along with historical information on entrance fee and monthly fee increases over the past five fiscal years. Narrative explanations of household composition changes, transfer fees, and resale fees are also included.

21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at the Deerfield Episcopal Retirement Community, Inc. campus.

Table 21.1: Current Monthly Fees (CCRC Contracts)

Unit Type	Single Occupant	Double Occupant
Apartment A	$3,917	$5,781
Apartment B w/Carolina Room	$4,154	$6,018
Apartment C	$4,766	$6,630
Apartment C-1 Corner	$5,007	$6,871
Apartment D w/Carolina Room	$4,888	$6,752
Apartment E w/Den	$5,064	$6,928

Unit Type	Single Occupant	Double Occupant
Apartment F Deluxe	$5,282	$7,146
Apartment G Grande	$5,409	$7,273
Apartment H Corner w/Den	$4,432	$6,296
Apartment L w/Den	$6.251	$8,115
Apartment P-1Corner w/Den	$6,544	$8,408
Cottage A1	$5,705	$7,569
Cottage A2 w/Den	$6,045	$7,909
Cottage B w/Den	$5,809	$7,673
Cottage C w/Den	$5,792	$7,656
Cottage D w/Den	$6,664	$8,528
Villa I w/Den	$5,497	$7,361
Villa II w/Den	$5,573	$7,437
Villa III w/Den	$6,245	$8,109
Timbers A/B	$4,154	$6,018
Timbers D	$4,888	$6,752
Assisted Living – Standard	$7,396	N/A
Assisted Living – Deluxe	$9,264	$15,302
Assisted Living – Grande	$9,877	$15,915
Skilled Nursing – Private w/Shared Bath	$413/Day	N/A
Skilled Nursing – Private w/ Private Bath	$490/Day	N/A
Skilled Nursing – Private Large w/Private Bath	$513/Day	N/A

Monthly fees are reviewed annually and may be adjusted to reflect changes in operating costs, staffing, health care expenses, and capital needs. Adjustments are subject to board approval, with no contractual cap on increases.

Table 21.2: Historical Increases in Monthly Fees (CCRC contracts)

Fiscal Year-End	Average % Increase	Average $ Increase	Frequency
9/30/2026	9.73%	$474	Annual
9/30/2025	5.00%	$232	Annual
9/30/2024	5.75%	$252	Annual
9/30/2023	6.50%	$196	Annual
9/30/2022	3.75%	$149	Annual

Table 21.3: Current Entrance Fees (CCRC Contracts)

Unit Type-Independent Living	Entrance Fee (Single)	Entrance Fee (Double)
Apartment A	$325,485	$435,901
Apartment B w/Carolina Room	$371,002	$481,418
Apartment C	$479,102	$589,518
Apartment C-1 Corner	$550,529	$660,945
Apartment D w/Carolina Room	$528,919	$639,336
Apartment E w/Den	$571,862	$682,278
Apartment F Deluxe	$610,000	$720,416
Apartment G Grande	$632,738	$743,154
Apartment H Corner w/Den	$424,779	$535,195
Apartment L w/Den	$875,449	$985,865
Apartment P-1Corner w/Den	$972,719	$1,083,136
Cottage A1	$714,378	$824,794

Unit Type-Independent Living	Entrance Fee (Single)	Entrance Fee (Double)
Cottage A2 w/Den	$812,894	$923,310
Cottage B w/Den	$775,861	$886,277
Cottage C w/Den	$772,760	$883,176
Cottage D w/Den	$989,573	$1,099,989
Villa I w/Den	$689,385	$799,802
Villa II w/Den	$700,355	$810,771
Villa III w/Den	$829,923	$940,339
Timbers A/B	$496,416	$606,832
Timbers D	$560,919	$671,336
Assisted Living	$43,681	N/A
Skilled Nursing	$14,944	N/A

Refundability terms vary by contract and are disclosed in Section 22.

Table 21.4: Historical Increases in Entrance Fees (CCRC contracts)

Fiscal Year-End	Average % Increase	Average $ Increase	Frequency
9/30/2026	4.5%	$28,172	Annual
9/30/2025	10.00%	$56,914	Annual
9/30/2024	15.00%	$70,500	Annual
9/30/2023	10.00%	$45,190	Annual
9/30/2022	4.00%	$17,381	Annual

21.2 CCaH Contracts

Deerfield Episcopal Retirement Community, Inc does not offer Continuing care at Home (CCaH) Contracts.

21.3 Household Composition Changes

If a resident marries or otherwise increases the number of people residing in a living unit, an additional entrance fee is required for the new resident, based on the applicable fee schedule at the time of entry. The monthly fee is adjusted to the two-person rate. If the additional resident does not meet admission requirements, they may not be admitted under a continuing care contract.

21.4 Transfer Fees and Resale Fees

If a resident transfers from a larger to a smaller independent living unit, they may be entitled to a refund of a portion of the original entrance fee. The resident's original entrance fee is amortized for the period from the date of original occupancy to the date of transfer according to the schedule in the Residence & Services agreement. The current entrance fee for the proposed new residence is amortized for the same period. The two amortized fees are then compared and if the amortized fee for the current residence is greater than that for the new residence, the resident is entitled to a refund of the difference. The monthly fee will be based on the fee for the new residence.

If a resident transfers from a smaller to a larger independent living unit, the resident is charged for the difference between the current entrance fee for the new residence and the original entrance fee for the resident's original residence. The monthly fee will be based on the fee for the new residence.

Residents transferring from one independent living unit to another may be responsible for the cost of restoring the current residence to its original condition, allowing for normal wear and tear. The previous residence must be vacated at the time they relocate to another independent living unit.

No resale fees are charged because residents do not hold ownership rights in their living units.

22. Refundable Entrance Fee Obligations

22.1 Conditions for Refunds

Refunds of entrance fees paid will be made according to the refund option originally selected by the Resident. The 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 people 85 or older. The age of the older Resident is used in making this determination.

22.2 Refund Obligations as of September 30, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	27	$15,344,282
Refunds currently due (including amounts 30+ days past due)	0	$0
Resident now in non-independent living unit – unit not resold	0	$0
Resident now in non-independent living unit – unit resold	0	$0

As of September 30, 2025, Deerfield Episcopal Retirement Community, Inc. had $15,344,282 in total refundable entrance fee obligations. No refunds were contractually due or past due at year-end. Obligations will be satisfied in accordance with contract terms.

23. Financial Hardship Policies

23.1 Policies for Residents Unable to Pay

It is the policy of Deerfield Episcopal Retirement Community, Inc. to permit residents to remain in the community if they become unable to pay monthly fees through no fault of their own, provided they have first fully applied their available assets and income. 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 Episcopal Retirement Community, Inc.'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 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.

23.2 Sources of Financial Support

- **Deerfield Episcopal Retirement Community, Inc., and Deerfield Charitable Foundation** administer a benevolent care program funded by donor contributions. Distributions are applied directly to resident accounts at Deerfield Episcopal Retirement Community, Inc.
- **Refundable Entrance Fees**: Residents contractually entitled to a refundable entrance fee may, subject to the approval of Deerfield Episcopal Retirement Community, Inc., apply available refundable amounts toward unpaid monthly fees. Such applications reduce the remaining refund obligation and do not accelerate contractual payment of refunds.

23.3 Conditions or Limitations

- Eligibility for benevolent care is determined through a confidential financial review conducted by Deerfield Episcopal Retirement Community, Inc., on a case-by-case basis.
- Assistance is subject to the availability of benevolent funds and is not guaranteed.

23.4 Narrative

In 2025, Deerfield Episcopal Retirement Community, Inc. distributed $136,000 in benevolent care support to residents. As of September 30, 2025, Deerfield Episcopal

Retirement Community, Inc. and Affiliates maintained net assets of $4.8 million designated for benevolent care.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Deerfield Episcopal Retirement Community, Inc. may terminate a continuing care contract:

- **Before occupancy or commencement of services, if**:

  The applicant fails to meet health or financial eligibility requirements at the time of application; the applicant provided materially false or misleading information during the application process; or admission would pose a direct threat to the health and safety of others.

- **After occupancy or commencement of services, if**:
  - Persistent nonpayment of monthly fees occurs;
  - The resident commits a material breach of contract terms; or
  - The resident engages in disruptive or harmful conduct that materially impairs the rights of other residents or the orderly operation of the community.

24.2 Resident-Initiated Cancellation

A resident may cancel a contract under the following circumstances**:**

- **Before occupancy or commencement of services**:

  A resident may cancel at any time. The entrance fee and any prepaid monthly fees are refunded in accordance with our Residence and Services Agreement.

- **After occupancy or commencement of services**:

  A resident may voluntarily cancel by providing written notice. Refundable entrance fees are returned in accordance with Section 22 once all contractual conditions are satisfied, including resale and re-occupancy of the living unit when applicable.

24.3 Refunds Upon Cancellation

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fee Obligations.
- Nonrefundable portions of entrance fees are retained by Deerfield Episcopal Retirement Community, Inc.
- Prepaid monthly fees are prorated to the date the living unit is vacated or services cease, and any remaining balance is refunded.

24.4 Refunds Upon Death

- **Before occupancy or commencement of services**:

  If a resident dies before moving into the community, the entrance fee is refunded in full.

- **After occupancy or commencement of services**:

  Refunds are made according to the standard refundable entrance fee provisions described in Section 22. Prepaid monthly fees are prorated to the date the living unit is vacated or services cease, and any remaining balance is refunded.

25. Re-occupancy of Units

A living unit at Deerfield Episcopal Retirement Community, Inc. may be reassigned to a new resident under the following circumstances:

25.1 Resident-Initiated Vacating

- **Voluntary termination**: When a resident cancels their continuing care contract and permanently vacates the living unit.
- **Transfer to a higher level of care**: When a resident moves from independent living to assisted living or skilled nursing, the contract permits the original living unit to be reassigned.

25.2 Provider-Initiated Vacating

- **Contract termination by provider**: When a contract is terminated by the provider under the circumstances described in Section 24 – Contract Cancellation and Refund Policies.
- **Persistent nonpayment**: When a resident fails to meet contractual payment obligations and the provider declares the contract terminated.

25.3 Temporary Absences

Hospitalizations, rehabilitative stays, or other temporary absences do not constitute a vacating of the living unit and do not permit re-occupancy by a new resident.

25.4 Refunds

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Refundable Entrance Fee Obligations. The entrance fee and any prepaid monthly fees are refunded in accordance with our Residence & Services Agreement.

26. Resident Relocation

Residents of Deerfield Episcopal Retirement Community, Inc. may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

26.1 Resident Needs

- **Health-Related Transfer**: When a resident's medical condition requires a move to a more supportive level of care, such as assisted living or skilled nursing.
- **Safety and Accessibility**: When the current living unit no longer meets the resident's safety or accessibility needs (for example, due to mobility limitations or inability to safely navigate stairs).

26.2 Provider Needs

- **Renovation or Construction**: When construction, renovation, or repair work requires temporary or permanent relocation.
- **Operational Necessity**: When the continued occupancy of a living unit materially interferes with the orderly operation of the community and no reasonable alternative exists. This provision is applied only in limited circumstances.

26.3 Process

- Relocation decisions are made in consultation with the resident, the resident's family (if applicable), and appropriate health professionals.
- If the relocation is required for renovation/construction or operational necessity, the provider makes reasonable efforts to relocate the resident to a comparable living unit within the community, meaning one of similar size, type, and monthly fee level whenever possible.
- If relocation is required for renovation or construction purposes, the provider will inform the resident in advance and clarify whether the move is temporary or permanent.

26.4 Financial Obligations

All entrance fee and monthly fee obligations continue in accordance with the terms of the residents' contract, regardless of relocation.

27. Admission and Continuation Standards

27.1 Admission Requirements

Admission to Deerfield Episcopal Retirement Community, Inc. is subject to both health and financial screening at the time of application.

27.1.1 CCRC Contracts

- **Financial Standards**: Applicants must demonstrate sufficient resources to reasonably cover the entrance fee and projected monthly fees for the chosen living unit.
- **Health Standards**: Applicants for independent living must be capable of living safely and independently at the time of entry, with or without reasonable accommodations. A current medical history and health assessment completed by the applicant's physician is required. Applicants requiring immediate assisted living, or skilled nursing are not eligible for independent living entry.

27.2 Continuation Requirements

- **CCRC Contracts**: Once admitted, residents may remain in the community regardless of changes in health or financial status, subject to the hardship policies described in Section 23 – Financial Hardship Policies. Residents may be required to relocate to a higher level of care (see Section 26 – Resident Relocation) if their health needs can no longer be met safely in their current living unit.

27.3 Changes in Condition Before Occupancy or Commencement of Services

- **CCRC Contracts**: If a resident's health materially declines between signing a contract and the date of initial occupancy, the provider may re-evaluate eligibility for independent living and may require admission to a higher level of care, if available. If no suitable accommodation is available or if the applicant no longer meets entry requirements, the contract may be canceled and entrance fees refunded in accordance with Section 24 – Contract Cancellation and Refund Policies. If a material change in financial condition occurs before occupancy (such as loss of income or assets needed to pay monthly fees), the provider will re-evaluate eligibility. If standards are no longer met, the contract may be canceled and entrance fees refunded.

28. Age and Insurance Requirements

28.1 Age Requirements

- The minimum age for admission to Deerfield Episcopal Retirement Community, Inc., under a continuing care contract is 62 years.

- There is no maximum age limit for admission, provided the applicant meets the health and financial eligibility standards described in Section 27 - Admission and Continuation Standards.

28.2 Insurance Requirements

Applicants for CCRC contracts must:

- Maintain Medicare Parts A and B; and
- Maintain a Medicare supplement (Medigap) policy or equivalent health insurance to cover services not provided by Medicare.

Long-term care insurance is not required but may be considered in satisfaction of certain financial eligibility criteria on a case-by-case basis.

28.3 Special Conditions

- Waivers of the insurance requirement may be granted on a case-by-case basis if the applicant demonstrates alternative coverage or financial capacity sufficient to meet anticipated health care expenses.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of September 30, 2025, Deerfield Episcopal Retirement Community, Inc. and affiliate, held $146,000,000 in unrestricted cash and investments.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 1,357 days, representing approximately forty-four months of projected operating expenses without new revenues.

29.2 Investment Management and Oversight

- **Oversight Body**: Finance Committee of the Board of Directors of Deerfield Episcopal Retirement Community, Inc. and affiliate.
- **Day-to-Day Management**: Chief Financial Officer (CFO).
- **Experience**: Management has over 100+ combined years of experience in senior living. The Chief Financial Officer possesses more than 40 years of expertise in financial services and non-profit continuing care retirement communities, and holds certification as a Certified Public Accountant.   A professional investment advisor manages long-term investments.
- **Policy and Controls**: Investments are managed under a Board-approved policy. Permitted holdings include U.S equities, international equities, global fixed income and cash. The investment policy emphasized diversification across and within asset classes to help manage risk over the long term. The CFO reports regularly to the

Board Finance Committee and works closely with the professional investment advisor to monitor investments and regularly rebalance.

29.3 Statutory Operating Reserve Requirement

As of September 30, 2025, Deerfield Episcopal Retirement Community, Inc.'s 12-month rolling average independent living unit occupancy was 97%. Based on this level of occupancy, the required statutory operating reserve was 12.5% of projected operating costs for the next 12 months.

Table 29.1: Statutory Operating Reserve Calculation (as of September 30, 2025)

Component	Amount
Total projected operating expenses	$46,509,000
Add: Debt service (principal and interest)	$470,000
Less: Depreciation and amortization	($8,779,000)
Net projected operating costs	**$38,200,000**
Applicable reserve percentage based on occupancy	12.5%
Required operating reserve	**$4,775,000**
Unrestricted cash & investments on hand	$146,000,000
Excess above required reserve	**$141,225,000**

Summary: The required statutory operating reserve was $4.77 million. Deerfield Episcopal Retirement Community, Inc. held $146.0 million in unrestricted cash and investments, providing an excess cushion of $141.2 million above the statutory minimum.

29.4 Refund Security (Entrance Fee Refunds)

Entrance fee refund obligations are supported by unrestricted liquidity, including:

- $141,225,000 of unrestricted liquidity above the statutory operating reserve.

The statutory operating reserve cannot be used for any purpose, including refund payments, without prior regulatory approval.

Table 29.2: Unrestricted Cash and Investment Summary as of September 30, 2025

Category	Amount	Notes
Total unrestricted cash & investments	$146,000,000	All liquid balances (cash and investments)
Less: Required operating reserve	($4,775,000)	Must be maintained; release requires regulatory approval
Excess unrestricted cash and investments above operating reserve and board designated refund reserve	**$141,225,000**	Available for operations and refund needs (outside of designated reserves)

30. Expansion and Renovation Plans

To address the evolving needs of existing and new residents as well as to meet the market demand and a waiting list of over 1,600 prospective residents, Deerfield Episcopal Retirement Community, Inc. will use proceeds of the 2026 Bonds and the 2026C Bonds to acquire, construct, renovate, expand and equip various improvements including:

- renovating, expanding and equipping the Simonds Health Center to add 12 assisted living beds to be licensed as adult care home special care units and 12 new private skilled nursing beds;
- renovating, expanding and equipping Haden Hall for common area, fitness, art studio, wellness clinic, physical therapy, multipurpose, staff and administrative improvements, and the addition of 10 new assisted living beds and related dining facilities;
- renovating, expanding and equipping a new community center to include new dining, library, common, administrative and meeting facilities;
- constructing and equipping 69 new independent living apartments in a five-story apartment building with underground garage parking;
- constructing and equipping 96 independent living hybrid apartments (also referred to as “Canterbury Homes”);
- constructing and equipping a new outdoor activity center and walking trails; and
- related site, landscape, corridor and parking improvements

Project Budget	
Category	**Budgeted Amount**
Pre-Construction Costs and Planning	$ 6,455,350
Land and Land Related	2,767,600
Construction and Land Improvements	306,572,896
Professional Fees and Expenses	14,335,432
Furniture and Equipment	5,731,533
Marketing Costs	2,114,000
Other Costs	2,991,399
Project Contingency	9,589,922
Total	**$350,558,132**

Anticipated Project Construction Timeline	
Event	**Date**
Financing of the 2026 Bonds	January 2026
Begin Construction of the Project	January 2026
Fill-up Begins on the New Independent Living Units	November 2027
Construction on the New Independent Living Units is Completed	March 2028
Complete Construction of the New Memory Care and Fill-up Begins	July 2028
Complete Construction of the New Skilled Nursing and Fill-up Begins	July 2028
Complete Construction of the New Assisted Living and Fill-up Begins	August 2028
New Skilled Nursing Achieves Stabilized Occupancy	December 2028
New Memory Care Achieves Stabilized Occupancy	June 2029
New Assisted Living Achieves Stabilized Occupancy	June 2029
New Independent Living Units Achieve Stabilized Occupancy	September 2029

Approval/Permit	**Submission Date**	**Date Obtained or Expected To be Obtained**	**Expected Start Date**
North Carolina Department of Insurance			
Step 3 – Preliminary Certificate	10/29/25	11/12/2025	1/21/26
City of Asheville Zoning and Technical Review			
Planning and Zoning	5/31/25	9/3/25	1/21/26
City Council	9/4/25	9/9/25	1/21/26
Technical Review Committee	9/10/25	10/6/25	1/21/26

Approval/Permit	Submission Date	Date Obtained or Expected To be Obtained	Expected Start Date
Sitework Permits – City of Asheville			
Water Allocation	5/21/25	7/3/25	1/21/26
Water Extension	10/28/25	12/24/25	1/21/26
Zoning/Transportation	9/10/25	12/24/25	1/21/26
Grading/Drainage (Land Disturbance Permit)	9/10/25	12/22/25	1/21/26
Sitework Permits – Metropolitan Sewerage District of Buncombe County			
Sewer Allocation	5/21/25	7/3/25	1/21/26
Sewer Extension	9/15/25	12/23/25	1/21/26
Sewer Service Application	12/08/25	12/23/25	1/21/26
Building Permits – City of Asheville			
Haden Hall/New Assisted Living	10/31/25	2/26/26	3/23/26
Community Center Project	10/31/25	2/26/26	3/30/26
New Independent Living Units:			
Apartments	10/8/25	2/8/26	4/6/26
Hybrid Apartment Building #1	10/8/25	2/8/26	5/8/26
Hybrid Apartment Building #2	10/8/25	2/8/26	6/10/26
Hybrid Apartment Building #3	12/12/25	3/12/26	7/10/26
Hybrid Apartment Building #4	12/12/25	3/12/26	8/11/26
Hybrid Apartment Building #5	12/12/25	3/12/26	9/10/26
Hybrid Apartment Building #6	12/12/25	3/12/26	10/12/26
New Memory Care/New Skilled Nursing	10/31/25	2/26/26	3/30/26
Outdoor Center	10/8/25	2/8/26	11/11/26
Encroachment Agreements– NC DOT			
New Curb/Gutter/Sidewalk	11/21/25	1/21/25	10/30/26
Water Main Replacement	11/21/25	1/21/25	10/30/26

The renovation and expansion project is being financed with a combination of fixed debt, variable debt, and equity. The sources of funds are set forth below:
2026A Bonds - $147,125,000
2026B Bonds - $160,100,000
2026C Bond - $50,000,000
Original Issue Premium - $2,905,176
Deerfield Equity - $11,455,350
Total $371,585,526

This expansion will increase the number of independent living units available to future residents. It will not alter existing residents' contracts or current fee structures. During construction, temporary activity may affect access and noise levels in nearby areas of the campus. Residents will be informed in advance of any significant disruptions.

Payment of the 2026 Bonds ultimately will depend upon the ability of the Obligated Group to generate revenues sufficient to provide for payment of the 2026 Bonds and other outstanding indebtedness while paying operating and other expenses. The ability to generate revenues and the Obligated Group's overall financial condition may be adversely affected by a wide variety of future events and conditions, including changes in demand for facilities similar to those provided by the Obligated Group affecting the Obligated Group's ability to maintain full occupancy, fluctuations in public confidence both in the Obligated Group and in the services it provides, changes in government licensing procedures and regulations, competition and changes in the rules and regulations governing reimbursement for health care by third-party payors

31. Audit Opinion and Timeliness

The consolidated financial statements of Deerfield Episcopal Retirement Community, Inc. and its affiliate, Deerfield Charitable Foundation, for the fiscal year ended September 30, 2025, were audited by Forvis Mazars, LLP (Asheville, NC).

- **Timeliness**: The audit was completed and issued within 150 days of fiscal year-end, meeting statutory requirements.
- **Audit Opinion**: The independent auditor issued an unqualified opinion (a "clean" audit opinion) on the consolidated financial statements.

Deerfield Episcopal Retirement Community, Inc. does not issue separate stand-alone audited financial statements; its financial information is presented within the consolidated audit of Deerfield Episcopal Retirement Community, Inc. and its affiliate, with consolidating schedules.

32. Audited Financial Statements

The audited consolidated financial statements of Deerfield Episcopal Retirement Community, Inc. and its affiliate for the fiscal year ended September 30, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

Because the financial statements are presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for Deerfield Episcopal Retirement Community, Inc

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Deerfield Episcopal Retirement Community, Inc. and its affiliate, for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by Clifton Larson Allen LLP (Charlotte, NC), and include a summary of significant assumptions and accounting policies.

Because the prospective financial statements are presented on a consolidated basis, supplemental consolidating schedules provide prospective operating results for Deerfield Episcopal Retirement Community, Inc. on a stand-alone basis.

34. Variances from Prospective Financial Statements

For the fiscal year ended September 30, 2025, management reviewed the results of operations for Deerfield Episcopal Retirement Community, Inc. against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions, such as occupancy, used in preparing the projections. The following material variances were identified:

Table 34.1: Variance Analysis - Fiscal Year Ended 9/30/25

Category	Projected Amount	Actual Amount	Variance	Explanation
Investment Income (Realized Gains, Unrealized Gains, Interest & Dividends)	3,179,000	13,565,054	10,386,054	Rate of return on investments and average investment balances were different than projected.
Assets limited as to use under Escrow Agreements	112,000	9,499,592	9,387,592	Deposits for new project were not originally projected.
Accounts Payable	2,919,000	5,569,656	2,650,656	Actual accounts payable more than projected due to higher property & equipment purchases.
Property and Equipment	4,130,000	10,524,236	6,394,236	Purchases for new project were not originally projected.

Category	Projected Amount	Actual Amount	Variance	Explanation
Admission Deposit for initial units	0	9,207,865	9,207,865	Deposits for new project were not originally projected.

35. Key Financial Metrics

This section presents the eight statutory financial ratios required under N.C. Gen. Stat. § 58-64A-150(a)(39). Historical values are based on audited financial statements; prospective values are derived from the provider's five-year prospective financial statements. Comparative statewide medians will be published by the North Carolina Department of Insurance beginning in late 2026.

For the tables below, FY = the most recent fiscal year end.

Full statutory text of definitions is provided in Appendix F.

35.1 Liquidity Ratios

Days Cash on Hand (DCOH). Number of days the provider (obligated group) could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.

Cushion Ratio (CUSH). Number of times unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Table 35.1: Liquidity Ratios – Provider Only

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
DCOH	1,112	1,233	1,276	*1,361*	*1,347*	*910*
CUSH	22.12x	25.58x	40.47x	*42.80x*	*52.30x*	*10.50x*

Narrative – Provider Only:

DCOH and CUSH have consistently increased and are projected to continue to increase until FY+3 when debt service obligations for the renovation and expansion project begin. Beginning FY+4, as occupancy stabilizes for the expansion project, DCOH and CUSH is projected to increase year over year and continue to strengthen through FY+10.

Table 35.1A: Liquidity Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
DCOH	1,201	1,322	1,357	*1,417*	*1,389*	*943*
CUSH	24.53x	28.46x	44.83x	*46.48x*	*56.25x*	*11.19x*

Narrative – Obligated Group:

At the obligated-group level, DCOH and CUSH have consistently increased and are projected to continue to increase until FY+3 when debt service obligations for the renovation and expansion project begin. Beginning FY+4, as occupancy stabilizes for the expansion project, DCOH and CUSH is projected to increase year over year and continue to strengthen through FY+10.

35.2 Profitability Ratios

Operating Ratio (OR). Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.

Net Operating Margin (NOM). Shows the result from core resident services. Higher values mean a stronger operating result from resident services.

Adjusted Net Operating Margin (NOM-A). Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Table 35.2: Profitability Ratios – Provider Only

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
OR	101.4%	99.1%	95.1%	*97.9%*	*101.2%*	*131.4%*
NOM	-8.09	-5.91	-1.80	*-5.2%*	*-12.3%*	*-16.4%*
NOM-A	22.2%	25.3%	28.6%	*29.5%*	*23.0%*	*19.1%*

Narrative – Provider Only:

OR, NOM and NOM-A are all projected to decline through FY+3 due to increased costs associated with the renovation and expansion project but are expected to improve once occupancy for the expansion project stabilizes. Beginning FY+4, these ratios are projected to increase year over year as occupancy stabilizes for the expansion project.

Table 35.2A: Profitability Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
OR	102.7%	100.7%	97.0%	*100.4%*	*104.0%*	*133.6%*
NOM	-11.1%	-10.1%	-6.1%	*-8.7%*	*-15.3%*	*-19.1%*
NOM-A	20.0%	22.3%	25.6%	*26.2%*	*19.4%*	*15.9%*

Narrative – Obligated Group:

At the Obligated Group level, OR, NOM and NOM-A are also projected to decline through FY+3 due to increased costs associated with the renovation and expansion project but are expected to improve once occupancy for the expansion project stabilizes. Beginning FY+4, these ratios are projected to increase year over year as occupancy stabilizes for the expansion project.

35.3 Capital Structure Ratios

Debt Service Coverage (DSCR). Measures ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.

Unrestricted Cash & Investments to Long-Term Debt (CD). Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

Capital Expenditures to Depreciation (CED). Indicates reinvestment relative to depreciation expense. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

Table 35.3: Capital Structure Ratios – Provider Only

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
DSCR	3.11x	3.45x	7.41x	*10.22x*	*8.85x*	*8.70x*
CD	2.42x	2.94x	3.31x	0.43x	0.44x	0.53x
CED	0.53x	0.82x	1.45x	*6.29x*	*25.45x*	*12.63x*

Narrative – Provider Only:

DSCR remains strong even with the renovation and expansion project construction during FY+1 through FY+3. CD is projected to decrease beginning in FY+1 due to the assumption of debt for the expansion project. CED is projected to increase because of increased capital spending for the renovation and expansion project during FY+1 through FY+3. DSCR and CD are projected to improve beginning FY+4 as occupancy stabilizes and debt is paid down.

Table 35.3A: Capital Structure Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	*FY+1*	*FY+2*	*FY+3*
DSCR	3.09x	3.42x	7.54x	9.75x	8.32x	8.13x
CD	2.68x	3.27x	3.66x	0.46x	0.48x	0.56x
CED	0.53x	0.82x	1.45x	*6.29x*	*25.45x*	*12.63x*

Narrative – Obligated Group:

At the obligated-group level, DSCR remains strong even with the renovation and expansion project construction during FY+1 through FY+3. CD is projected to decrease beginning in FY+1 due to the assumption of debt for the expansion project. CED is projected to increase because of increased capital spending for the renovation and expansion project during FY+1 through FY+3. DSCR and CD are projected to improve beginning FY+4 as occupancy stabilizes and debt is paid down.

35.4 Overall Summary

Deerfield Episcopal Retirement Community, Inc. and the obligated group demonstrate sound liquidity and profitability (NOM-A) during a large renovation and expansion project which began in FY+1. Ratios confirm that Deerfield Episcopal Retirement Community, Inc. operates within a financially resilient group that provides additional stability and access to shared reserves. The projections show marked improvements after stabilization and full occupancy of the expansion project which is expected in FY+5.

36. Actuarial Opinion and Balance

North Carolina Gen. Stat. § 58-64A-210 requires certain continuing care providers to obtain an actuarial study, including a statement of actuarial opinion, at least once every three years. Due to the timing of the enactment of this requirement and the applicable statutory filing schedule, the actuarial study for this community has not yet been completed. Deerfield Episcopal Retirement Community, Inc. is required to submit its actuarial study to the North Carolina Department of Insurance no later than December 1, 2028.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of Deerfield Episcopal Retirement Community, Inc. pursuant to Article 64A of the North Carolina General Statutes.

38. Other Material Information

Management has reviewed whether there are any additional facts, circumstances, risks, or events that could reasonably be expected to influence a prospective or current resident's decision to contract with Deerfield Episcopal Retirement Community, Inc. Other than the disclosures provided in prior sections of this Disclosure Statement, management has determined that no additional material information requires disclosure at this time.

39. Contract Forms and Attachments

Deerfield Episcopal Retirement Community, Inc., offers continuing care contracts. Representative forms of each are attached hereto as Appendix D.

39.1 Continuing Care Contracts

Deerfield Episcopal Retirement Community, Inc. offers three types of continuing care contracts, which differ primarily in their entrance fee refund provisions:

- **Standard Option –** Residents pay the lowest entrance fee which amortizes at 2% per month over 48 months with a 4% non-refundable fee. No refund after 48 months.
- **50% Refund Option** – Residents pay a moderate entrance fee 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 people 85 or older. The age of the older Resident is used in making this determination.
- **90% Refund Option –** Residents pay a higher entrance fee 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 this fee option, multiply the standard option by 1.85. The 90% Refund Entrance Fee Option is not available to people 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. All other terms and conditions of the independent living contracts are substantially similar. A representative form of these contracts is included in Appendix D.

39.2 Continuing Care at Home (CCaH) Contracts

Deerfield Episcopal Retirement Community, Inc. does not offer Continuing Care at Home (CCaH) Contracts.

Appendix Index

The following Appendices are incorporated into and form an integral part of this Disclosure Statement. Each Appendix begins on a separate page.

Appendix A — Audited Financial Statements

Deerfield Episcopal Retirement Community, Inc. and Affiliate

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

September 30, 2025 and 2024

Forvis Mazars, LLP
One Oak Plaza, Suite 300
Asheville, NC 28801
P 828.254.2254 | F 828.254.6859
forvismazars.us

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, 2025 and 2024, 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, 2025 and 2024, 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 about 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 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 Consolidating 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 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position of the individual companies and is not a required part of the basic consolidated financial statements as of and for the year ended September 30, 2025. 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 Mazars, LLP

Asheville, North Carolina
January 23, 2026

Deerfield Episcopal Retirement Community, Inc. and Affiliate
Consolidated Balance Sheets
September 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 16,425,205	$ 14,126,028
Investments	95,903,743	85,686,841
Accounts receivable	3,776,900	2,097,635
Prepaid expenses	258,545	244,408
Inventories	133,783	132,694
Current portion of assets limited as to use	58,928	59,951
Total Current Assets	116,557,104	102,347,557
Non-Current Assets		
Assets limited as to use		
by the Board for		
Statutory operating reserves	9,706,000	9,565,000
Benevolent assistance	3,039,226	2,699,082
Renewal and replacement fund	10,400,000	10,400,000
Mission advancement fund	10,560,776	10,206,216
Under bond indenture agreement	58,928	59,951
Under escrow agreements	9,499,592	111,855
Under donor restrictions	7,045,748	6,179,589
Total Assets Limited as to use	50,310,270	39,221,693
Current portion	(58,928)	(59,951)
Total Assets Limited as to use, Less Current Portion	50,251,342	39,161,742
Property and equipment, net	132,158,485	128,889,146
Total Non-Current Assets	182,409,827	168,050,888
Total Assets	$ 298,966,931	$ 270,398,445

	2025	2024
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 5,569,656	$ 4,636,054
Accrued salaries and wages	926,850	801,123
Accrued interest payable	788,462	808,909
Other accrued liabilities	1,231,959	1,170,575
Refundable entrance fees	1,100,000	1,100,000
Current portion of bonds payable	470,000	1,835,000
Total Current Liabilities	10,086,927	10,351,661
Long-Term Liabilities		
Deferred parking revenue	529,654	566,500
Refundable parking fees	50,000	50,000
Admission deposits	11,887,947	1,862,329
Refundable entrance fees, less current portion	14,244,282	13,737,034
Deferred revenue from entrance fees	97,037,229	93,080,796
Deferred customization revenue	489,182	551,266
Bonds payable, net	39,869,053	40,609,595
Total Long-Term Liabilities	164,107,347	150,457,520
Total Liabilities	174,194,274	160,809,181
Net Assets		
Without donor restrictions	115,528,200	101,110,671
With donor restrictions	9,244,457	8,478,593
Total Net Assets	124,772,657	109,589,264
Total Liabilities and Net Assets	$ 298,966,931	$ 270,398,445

Deerfield Episcopal Retirement Community, Inc. and Affiliate
Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Resident fees	$ 32,631,713	$ -	$ 32,631,713
Net realized gain on investments	6,238,687	-	6,238,687
Net unrealized gain on investments	2,912,250	-	2,912,250
Contributions and bequests	480,583	-	480,583
Interest and dividend income	4,385,894	28,223	4,414,117
Amortization of entrance fees	10,865,437	-	10,865,437
Other income	3,041,676	-	3,041,676
Net assets released from restriction-operating	388,993	(388,993)	-
Total Revenues, Gains and Other Support	60,945,233	(360,770)	60,584,463
Expenses			
Program services	39,935,718	-	39,935,718
Supporting services	6,591,986	-	6,591,986
Total Expenses	46,527,704	-	46,527,704
Excess of Revenues Over (Under) Expenses	14,417,529	(360,770)	14,056,759
Other Changes in Net Assets			
Contributions	-	1,126,634	1,126,634
Change in Net Assets	14,417,529	765,864	15,183,393
Net Assets, Beginning of Year	101,110,671	8,478,593	109,589,264
Net Assets, End of Year	$ 115,528,200	$ 9,244,457	$ 124,772,657

Deerfield Episcopal Retirement Community, Inc. and Affiliate
Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2025 and 2024 **(Continued)**

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenues, Gains and Other Support			
Resident fees	$ 30,956,703	$ -	$ 30,956,703
Net realized gain on investments	823,504	-	823,504
Net unrealized gain on investments	13,663,976	239,373	13,903,349
Contributions and bequests	429,794	-	429,794
Interest and dividend income	4,056,542	25,637	4,082,179
Amortization of entrance fees	10,554,256	-	10,554,256
Other income	967,527	-	967,527
Net assets released from restriction-operating	394,311	(394,311)	-
Total Revenues, Gains and Other Support	61,846,613	(129,301)	61,717,312
Expenses			
Program services	36,892,980	-	36,892,980
Supporting services	6,683,119	-	6,683,119
Total Expenses	43,576,099	-	43,576,099
Excess of Revenues Over (Under) Expenses	18,270,514	(129,301)	18,141,213
Other Changes in Net Assets			
Contributions	-	541,198	541,198
Change in Net Assets	18,270,514	411,897	18,682,411
Net Assets, Beginning of Year	82,840,157	8,066,696	90,906,853
Net Assets, End of Year	$ 101,110,671	$ 8,478,593	$ 109,589,264

Deerfield Episcopal Retirement Community, Inc. and Affiliate
Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	$ 15,183,393	$ 18,682,411
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	7,254,897	6,913,761
Amortization of bond premium	(301,449)	(301,449)
Amortization of bond issuance costs	30,907	62,300
Entrance fees received	15,089,762	14,209,856
Amortization of entrance fees	(10,865,437)	(10,554,256)
Net change in		
Investments and other assets limited as to use	(21,306,502)	(17,592,194)
Accounts receivable	(1,679,265)	(365,209)
Prepaid expenses	(14,137)	50,442
Inventories	(1,089)	42,791
Accounts payable and accrued liabilities	1,100,266	427,805
Deferred parking revenue and refundable parking fees	(36,846)	(29,621)
Admission deposits	861,253	20,756
Net Cash Provided by Operating Activities	5,315,753	11,567,393
Investing Activities		
Purchases of property and equipment	(10,524,236)	(5,693,826)
Change in assets limited as to use	1,023	(1,545)
Net Cash Used by Investing Activities	(10,523,213)	(5,695,371)
Financing Activities		
Payment on bonds payable	(1,835,000)	(3,140,000)
Refunds of deposits and refundable fees	(632,344)	(1,771,228)
Refundable entrance fees received	766,116	881,278
Admission deposits for initial units	9,207,865	-
Net Cash Provided (Used) by Financing Activities	7,506,637	(4,029,950)
Change in Cash and Cash Equivalents	2,299,177	1,842,072
Cash and Cash Equivalents, Beginning of Year	14,126,028	12,283,956
Cash and Cash Equivalents, End of Year	$ 16,425,205	$ 14,126,028
Supplemental Cash Flow Information		
Interest paid	$ 1,714,930	$ 1,799,922

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.

Accounts Receivable

Deerfield considers accounts receivable to be fully collectible; accordingly no allowance for credit losses 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, 2025 and 2024. 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, 2025 and 2024.

Property and Equipment

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

Deerfield periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. Deerfield has determined that there are no indicators of impairment at September 30, 2025 and 2024.

Concentration of Risk

Deerfield's operating funds, comprised of cash and cash equivalents, are held by certain financial institutions. At various times throughout the year, Deerfield had deposits at the banks 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 which approximates the effective interest method. Accumulated amortization of deferred financing costs totaled $594,671 and $563,764 at September 30, 2025 and 2024, 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 $2,000 to save a space on the future occupancy list for a residential unit. An admission deposit of 10% of the entrance fee, less the reservation deposit, is received when a unit is available and a reservation agreement is executed. When the 10% admission deposit is received, a residential unit is considered reserved. The reservation agreement may be terminated by the prospective resident prior to taking occupancy by giving written notice to Deerfield. In the event of withdrawal from the future occupancy list or a termination of the reservation, the resident receives a refund for a portion of the deposit paid by the resident, without interest.

Refundable Entrance Fees

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

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

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

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

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

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 $43,176,000 and $40,664,000 at September 30, 2025 and 2024, 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, 2025 and 2024, approximately $991,000 and $1,252,000, respectively, of deferred revenue from entrance fees related to such residents was recognized as revenue and included in amortization of entrance fees.

Deferred Customization Revenue

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

Excess of Revenues Over (Under) Expenses

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

Benevolent Assistance

Deerfield has a policy of providing benevolent assistance to residents who are unable to pay. Such residents are identified based on financial information obtained from the resident and subsequent review and analysis. Since Deerfield does not expect to collect the normal charges for services provided, estimated charges for benevolent assistance are not included in revenue. The charges forgone, based on established rates, were approximately $136,000 and $155,000 for the years ended September 30, 2025 and 2024, 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 $333,000 and $333,000 for the years ended September 30, 2025 and 2024. 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 $1,782,000 and $1,630,000 for the years ended September 30, 2025 and 2024, 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, 2025 and 2024, 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 2025 and 2024, which is based upon the expected long-term rate of return on government obligations.

Income Taxes

Deerfield is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. Deerfield has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2025 and 2024.

Subsequent Events

Subsequent events have been evaluated through January 23, 2026, 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, 2025 and 2024.

There were no changes during the years ended September 30, 2025 and 2024 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, 2025 and 2024. 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.

	September 30, 2025			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign fixed income	$ 5,686,921	$ -	$ 5,686,921	$ -
Mutual fund-fixed income	19,000,471	19,000,471	-	-
Mutual fund-equity funds	43,007,451	43,007,451	-	-
Exchange-traded and closed-end fund	40,451,537	40,451,537	-	-
Corporate funds	18,886,502	-	18,886,502	-
Investments and assets limited as to use	$ 127,032,882	$ 102,459,459	$ 24,573,423	$ -

	September 30, 2024			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign fixed income	$ 5,848,128	$ -	$ 5,848,128	$ -
Mutual fund-fixed income	17,729,223	17,729,223	-	-
Mutual fund-equity funds	40,343,122	40,343,122	-	-
Exchange-traded and closed-end fund	33,231,138	33,231,138	-	-
Corporate funds	17,663,581	-	17,663,581	-
Investments and assets limited as to use	$ 114,812,192	$ 91,303,483	$ 23,508,709	$ -

Deerfield has $19,181,131 and $10,096,342 of cash and cash equivalents included in investments and assets limited as to use on the consolidated balance sheets as of September 30, 2025 and 2024, respectively, which was not classified as a level as prescribed within GAAP.

Note 3. Property and Equipment

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

	2025	2024
Land	$ 13,966,230	$ 13,966,230
Buildings and improvements	198,576,834	195,960,162
Furniture and fixtures	12,804,929	12,202,247
Vehicles	952,137	952,132
	226,300,130	223,080,771
Accumulated depreciation	(109,443,933)	(103,048,678)
	116,856,197	120,032,093
Construction in progress	15,302,288	8,857,053
Property and equipment, net	$ 132,158,485	$ 128,889,146

Note 4. Bonds Payable

A summary of bonds payable is as follows at September 30:

	2025	2024
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. Balance paid off in November 2024.	-	1,345,000
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	1,450,000	1,940,000
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	2,500,000	2,500,000
	37,070,000	38,905,000
Unamortized original premium	3,642,506	3,943,955
Unamortized issuance costs	(373,453)	(404,360)
Current portion	(470,000)	(1,835,000)
Bonds payable, net	$ 39,869,053	$ 40,609,595

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 and 2016 bonds contain certain covenants and restrictions.

Annual principal maturities of bonds payable are as follows:

2026	$ 470,000
2027	495,000
2028	535,000
2029	2,985,000
2030	3,090,000
Thereafter	29,495,000
	$ 37,070,000

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:

	2025	2024
Resident assistance	$ 2,127,212	$ 1,759,249
Daniel Boone Scholarship	714,189	662,185
Annuity gifts	440,820	427,987
Donated property	3,204,889	3,204,889
Endowments	1,560,365	1,450,770
Other operating purposes	1,196,982	973,513
Total net assets with donor restrictions	$ 9,244,457	$ 8,478,593

Net assets released from restrictions were approximately $400,000 for the years ended September 30, 2025 and 2024 for other operating purposes.

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, 2025 and 2024, management has estimated that $9,706,000 and $9,565,000, 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 $222,000 and $195,000 for the years ended September 30, 2025 and 2024, 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 $80,000 per person per year for the years ended September 30, 2025 and 2024. The liability for estimated unpaid claims was approximately $185,000 and $165,000 at September 30, 2025 and 2024, respectively, and is included in other accrued liabilities on the consolidated balance sheets.

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. Employee Retention Credit

In response to the economic impact of the COVID-19 pandemic, Congress introduced the Employee Retention Credit (“ERC”). The ERC is a refundable payroll tax credit available to taxpayers who experienced either a full or partial suspension of business operations due to government orders or had a significant drop in gross receipts during 2020 and 2021. In calendar year 2021, the credit is available for 70 percent of qualified wages for the first three quarters of the calendar year with a maximum potential credit per qualified employee of $21,000.

Deerfield qualifies for the ERC based on a partial shutdown and has elected to account for the ERC as a government grant by analogy to ASC 958-605. Under ASC 958-605, the ERC may be recognized once the conditions attached to the grant have been substantially met. During the year ended December 31, 2023, Deerfield filed amended Form 941-X’s (“Amended Returns”) for the ERC for the first, second, and third quarters of 2021 for a total credit of approximately $5,297,000. During October 2025, Deerfield received the first quarter of 2021 ERC of approximately $1,726,000 as well as accrued interest receivable of approximately $300,000 for a total of $2,026,000. This amount was recorded as a receivable on the consolidated balance sheet and grant income on the consolidated statement of operations and changes in net assets. During December 2025, Deerfield received the second quarter of 2021 ERC of approximately $1,755,000 as well as accrued interest receivable of approximately $317,000 for a total of $2,072,000.

The amount for the third quarter of 2021 has not been received. The Amended Return is subject to an IRS cursory review and the result of such potential review is uncertain. Accordingly, Management did not reflect the Amended Return as a grant receivable or grant revenue in Deerfield’s consolidated financial statements as of September 30, 2025.

Note 11. 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, 2025 and 2024 are as follows:

	2025	2024
Cash and cash equivalents	$ 16,425,205	$ 14,126,028
Investments	95,903,743	85,686,841
Accounts receivable	3,776,900	2,097,635
Total financial assets available to meet cash needs for general expenditures within one year	$ 116,105,848	$ 101,910,504

Note 12. Functional Expense

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

The following is a schedule of expenses by both nature and function for the years ended September 30, 2025 and 2024:

	Functional Expenses 2025		
	Program Services	Supporting Services	Total Expenses
Salaries and benefits	$ 19,082,130	$ 3,052,468	$ 22,134,598
Supplies and direct expenses	12,237,036	3,477,232	15,714,268
Interest	1,413,722	10,219	1,423,941
Depreciation	7,202,830	52,067	7,254,897
Total	$ 39,935,718	$ 6,591,986	$ 46,527,704

	Functional Expenses 2024		
	Program Services	Supporting Services	Total Expenses
Salaries and benefits	$ 17,394,486	$ 2,655,730	$ 20,050,216
Supplies and direct expenses	11,120,784	3,966,829	15,087,613
Interest	1,513,568	10,941	1,524,509
Depreciation	6,864,142	49,619	6,913,761
Total	$ 36,892,980	$ 6,683,119	$ 43,576,099

Note 13. 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.

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).

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

	Year Ended September 30, 2025			
	Independent Living	Assisted Living	Skilled Nursing	Total
Private pay	$ 23,560,610	$ 3,341,084	$ 4,737,062	$ 31,638,756
Government	-	-	992,957	992,957
Total	$ 23,560,610	$ 3,341,084	$ 5,730,019	$ 32,631,713

	Year Ended September 30, 2024			
	Independent Living	Assisted Living	Skilled Nursing	Total
Private pay	$ 22,871,669	$ 3,022,864	$ 4,195,241	$ 30,089,774
Government	-	-	866,929	866,929
Total	$ 22,871,669	$ 3,022,864	$ 5,062,170	$ 30,956,703

Note 14. Subsequent Events

Deerfield is currently planning an expansion project that consists of acquiring, constructing, renovating, expanding and equipping various improvements to Deerfield, including:

- Renovating, expanding and equipping the existing healthcare building to add 12 new skilled nursing units and 12 new memory care units,
- Renovating, expanding and equipping the existing Haden Hall for common area, fitness, art studio, wellness, clinic, physical therapy, multipurpose, staff and administrative improvements and the addition of 10 new assisted living units and related dining facilities,
- Renovating, expanding and equipping an existing community center including new dining, library, common, administrative and meeting facilities,
- Constructing and equipping a new 69-unit independent living apartment building and new independent living hybrid buildings with 96 new units,
- Constructing and equipping of new outdoor activity center and walking trails, and related site, landscape, corridor and parking improvements (collectively, the “Project”).

Bonds in the amount of $357,225,000 (the “2026 Bonds”) were issued by the North Carolina Medical Care Commission (the “Commission”) pursuant to a Trust Agreement dated as of January 1, 2026 (the “Trust Agreement”) between the Commission and U.S. Bank Trust Company, National Association, as trustee (the “Bond Trustee”), for the purpose of providing funds to Deerfield to be used, together with other available funds, to (a) pay, or reimburse Deerfield for paying, a portion of the cost of the Project, (b) pay a portion of the interest accruing on the 2026 Bonds and (c) pay certain fees and expenses incurred in connection with the sale and issuance of the 2026 Bonds.

Supplementary Consolidating Information

Deerfield Episcopal Retirement Community, Inc. and Affiliate
Consolidating Balance Sheet
September 30, 2025

	Deerfield	Foundation	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 15,826,915	$ 598,290	$ -	$ 16,425,205
Investments	95,903,743	-	-	95,903,743
Accounts receivable	3,776,900	-	-	3,776,900
Due from related party	1,385,870	-	(1,385,870)	-
Prepaid expenses	258,545	-	-	258,545
Inventories	133,783	-	-	133,783
Current portion of assets limited as to use	58,928	-	-	58,928
Total Current Assets	117,344,684	598,290	(1,385,870)	116,557,104
Non-Current Assets				
Assets Limited as to use				
By Board for				
Statutory operating reserves	9,706,000	-	-	9,706,000
Benevolent assistance	-	3,039,226	-	3,039,226
Renewal and replacement fund	10,400,000	-	-	10,400,000
Mission advancement fund	-	10,560,776	-	10,560,776
Under bond indenture agreement	58,928	-	-	58,928
Under escrow agreements	9,499,592	-	-	9,499,592
Under donor restrictions	1,781,994	5,263,754	-	7,045,748
Total Assets Limited as to use	31,446,514	18,863,756	-	50,310,270
Current portion	(58,928)	-	-	(58,928)
Total Assets Limited as to use, less Current Portion	31,387,586	18,863,756	-	50,251,342
Property and Equipment, Net	132,158,485	-	-	132,158,485
Investment in Foundation	13,916,533	-	(13,916,533)	-
Total Non-Current Assets	177,462,604	18,863,756	(13,916,533)	182,409,827
Total Assets	$ 294,807,288	$ 19,462,046	$ (15,302,403)	$ 298,966,931

Deerfield Episcopal Retirement Community, Inc. and Affiliate
Consolidating Balance Sheet
September 30, 2025

(Continued)

	Deerfield	Foundation	Eliminations	Total
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	$ 4,769,156	$ 800,500	$ -	$ 5,569,656
Due to related party	-	1,385,870	(1,385,870)	-
Accrued salaries and wages	926,850	-	-	926,850
Accrued interest payable	788,462	-	-	788,462
Other accrued liabilities	1,231,959	-	-	1,231,959
Refundable entrance fees	1,100,000	-	-	1,100,000
Current maturities of bonds payable	470,000	-	-	470,000
Total Current Liabilities	9,286,427	2,186,370	(1,385,870)	10,086,927
Long-Term Liabilities				
Deferred parking revenue	529,654	-	-	529,654
Refundable parking fees	50,000	-	-	50,000
Admission deposits	11,887,947	-	-	11,887,947
Refundable entrance fees, less current portion	14,244,282	-	-	14,244,282
Deferred revenue from entrance fees	97,037,229	-	-	97,037,229
Deferred customization revenue	489,182	-	-	489,182
Bonds payable, net	39,869,053	-	-	39,869,053
Total Long-Term Liabilities	164,107,347	-	-	164,107,347
Total Liabilities	173,393,774	2,186,370	(1,385,870)	174,194,274
Net Assets				
Without donor restrictions	111,465,653	14,198,292	(10,135,745)	115,528,200
With donor restrictions	9,947,861	3,077,384	(3,780,788)	9,244,457
Total Net Assets	121,413,514	17,275,676	(13,916,533)	124,772,657
Total Liabilities and Net Assets	$ 294,807,288	$ 19,462,046	$ (15,302,403)	$ 298,966,931

Deerfield Episcopal Retirement Community, Inc. and Affiliate
Consolidating Statement of Operations - Without Donor Restrictions Only
Year Ended September 30, 2025

	Deerfield	Foundation	Eliminations	Consolidated Total
Revenue, Gains, and Other Support				
Resident fees	$ 32,631,713	$ -	$ -	$ 32,631,713
Net realized gain on investments	5,203,425	1,035,262	-	6,238,687
Net unrealized gain on investments	2,436,339	475,911	-	2,912,250
Contributions and bequests	366,241	114,342	-	480,583
Interest and dividend income	3,895,328	490,566	-	4,385,894
Amortization of entrance fees	10,865,437	-	-	10,865,437
Other income	3,041,676	-	-	3,041,676
Income from related party	(179,207)	-	179,207	-
Net assets released from restriction-operating	85,303	303,690	-	388,993
Total Revenue, Gains, and Other Support	58,346,255	2,419,771	179,207	60,945,233
Expenses				
Expense from related party	-	(179,207)	179,207	-
Program services	39,935,718	-	-	39,935,718
Supporting services	4,878,586	1,713,400	-	6,591,986
Total Expenses	44,814,304	1,534,193	179,207	46,527,704
Excess of Revenues over Expenses	$ 13,531,951	$ 885,578	$ -	$ 14,417,529

Appendix B — Five-Year Prospective Financial Statements

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INC. AND AFFILIATE

COMPILATION OF A FINANCIAL FORECAST
AND SUPPLEMENTAL FORECASTED FINANCIAL STATEMENTS

FOR THE FIVE YEARS ENDING
SEPTEMBER 30, 2026 THROUGH SEPTEMBER 30, 2030

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Deerfield Episcopal Retirement Community, Incorporated 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 forecasted consolidated balance sheets as of September 30, 2026, 2027, 2028, 2029 and 2030, and the related forecasted consolidated statements of operations and 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 supplementary information beginning on page 40 is presented for purposes of additional analysis and is not a required part of the consolidated forecast. Such information is the responsibility of Management. Supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, or provide any assurance on such information.

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
March 26, 2026

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INCORPORATED AND AFFILIATE
FORECASTED CONSOLIDATED STATEMENTS OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDING SEPTEMBER 30,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
REVENUES, GAINS AND OTHER SUPPORT					
Resident Fees	$ 31,319	$ 32,757	$ 39,417	$ 51,457	$ 55,440
Contributions and Bequests	842	876	911	947	985
Interest and Dividend Income	6,277	6,765	6,818	7,063	7,352
Amortization of Entrance Fees	10,886	11,362	16,398	21,684	26,230
Other Income	2,931	1,232	1,429	1,978	2,108
Total Revenue, Gains, and Other Support	52,255	52,992	64,973	83,129	92,115
EXPENSES					
Program Services	31,587	33,148	40,939	45,133	47,340
Supporting Services	6,146	6,818	8,466	9,057	9,748
Depreciation	7,526	8,003	8,725	18,143	18,627
Interest	2,963	2,424	14,293	12,751	11,243
Total Expenses	48,222	50,393	72,423	85,084	86,958
EXCESS OF REVENUES OVER (UNDER) EXPENSES	4,033	2,599	(7,450)	(1,955)	5,157
Other Change in Net Assets With Donor Restriction	4,033	2,599	(7,450)	(1,955)	5,157
Change in Net Assets	4,033	2,599	(7,450)	(1,955)	5,157
Net Assets, Beginning of Year	124,772	128,805	131,404	123,954	121,999
Net Assets, End of Year	$ 128,805	$ 131,404	$ 123,954	$ 121,999	$ 127,156

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INCORPORATED AND AFFILIATE
FORECASTED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING SEPTEMBER 30,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
OPERATING ACTIVITIES					
Change in Net Assets	$ 4,033	$ 2,599	$ (7,450)	$ (1,955)	$ 5,157
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:					
Depreciation	7,526	8,003	8,725	18,143	18,627
Amortization of Deferred Financing Costs	738	1,144	945	378	195
Amortization of Bond Premium	(329)	(395)	(395)	(395)	(395)
Amortization of Entrance Fees	(10,886)	(11,362)	(16,398)	(21,684)	(26,230)
Marketing Expenses funded by Series 2026 Bond Proceeds	(515)	(766)	(766)	-	-
(Increase) Decrease in Current Assets:					
Accounts Receivable	(136)	(78)	(419)	(756)	(245)
Interest Receivable	(224)	-	-	-	-
Other Receivables	2,024	-	-	-	-
Inventory	(70)	(8)	(8)	(9)	(9)
Prepaid Expenses	(46)	(12)	(54)	(23)	(19)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	(1,500)	163	575	279	233
Accrued Payroll	(113)	33	34	35	36
Other	498	69	106	110	88
Accrued Interest	5,486	899	(292)	(1,004)	(89)
Entrance Fees Received from Turnover	18,379	17,148	20,772	24,275	27,067
Net Cash Provided by Operating Activities	24,865	17,437	5,375	17,394	24,416
INVESTING ACTIVITIES:					
Change in Investments	(23,904)	(4,485)	(596)	(9,909)	(4,281)
Purchases of Property and Equipment	(47,316)	(203,684)	(110,230)	(7,129)	(7,509)
Interest Costs Capitalized in Construction	(3,125)	(7,530)	(1,232)	-	-
Change in Statutory Operating Reserve	4,931	(124)	(1,144)	(2,410)	(200)
Change in Construction Account	(247,559)	193,005	54,554	-	-
Change in Funded Interest Fund	(17,683)	6,541	11,142	-	-
Change in Entrance Fee Fund	-	(1,864)	(13,281)	15,145	-
Change in Assets Under Bond Trust Agreement	-	-	(4,296)	1,004	15
Change in Resident Deposits	(3,839)	(1,939)	9,965	5,021	-
Net Cash Provided by (Used in) Investing Activities	(338,495)	(20,080)	(55,118)	1,722	(11,975)
FINANCING ACTIVITIES:					
Initial Entrance Fee Receipts	3,839	3,803	97,286	47,890	-
Refunds of Deposits and Refundable Fees	(1,527)	(1,522)	(2,853)	(3,756)	(3,486)
Proceeds from Series 2026A Bonds and Series 2026B Bonds	310,130	-	-	-	-
Marketing Expenses funded by Series 2026 Bond Proceeds	515	766	766	-	-
Proceeds from the Series 2026C Bonds	860	91	49,049	-	-
Debt Issuance Costs	(5,142)	-	-	-	-
Principal Payment on Long-Term Debt -Bonds	(470)	(495)	(535)	(2,985)	(3,090)
Principal Payments on Series 2026B Bonds	-	-	(93,970)	(60,265)	(5,865)
Net Cash Provided by (Used In) Financing Activities	308,205	2,643	49,743	(19,116)	(12,441)
Net Change in Cash and Cash Equivalents	(5,425)	-	-	-	-
Beginning Balance of Cash and Cash Equivalents	16,425	11,000	11,000	11,000	11,000
Ending Balance of Cash and Cash Equivalents	$ 11,000	$ 11,000	$ 11,000	$ 11,000	$ 11,000
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest, Net of Capitalized	$ 5,691	$ 7,403	$ 14,811	$ 13,772	$ 11,532

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INCORPORATED AND AFFILIATE
FORECASTED CONSOLIDATED BALANCE SHEETS
AT SEPTEMBER 30,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 11,000	$ 11,000	$ 11,000	$ 11,000	$ 11,000
Investments	119,808	124,293	124,889	134,798	139,079
Accounts Receivable	1,888	1,966	2,385	3,141	3,386
Interest Receivable	224	224	224	224	224
Inventories	204	212	220	229	238
Prepaid Expenses	305	317	371	394	413
Current Portion of Assets Limited as to Use	6,690	11,675	4,355	3,351	3,336
Due From Related Party	-	-	-	-	-
Total Current Assets	140,119	149,687	143,444	153,137	157,676
Assets Limited as to Use:					
Statutory Operating Reserve	4,775	4,899	6,043	8,453	8,653
Benevolent Assistance Fund	3,039	3,039	3,039	3,039	3,039
Renewal and Replacement Fund	10,400	10,400	10,400	10,400	10,400
Mission Advancement Fund	10,561	10,561	10,561	10,561	10,561
Under Donor Restrictions	7,046	7,046	7,046	7,046	7,046
Escrow Agreements	292	292	292	292	292
Construction Account	247,559	54,554	-	-	-
Funded Interest Fund	17,683	11,142	-	-	-
Entrance Fee Fund	-	1,864	15,145	-	-
Under Bond Trust Agreement	59	59	4,355	3,351	3,336
Resident Deposits	13,047	14,986	5,021	-	-
Total Assets Limited as to Use	314,461	118,842	61,902	43,142	43,327
Less: Current Portion	(6,690)	(11,675)	(4,355)	(3,351)	(3,336)
Total Assets Limited as to Use, Net	307,771	107,167	57,547	39,791	39,991
Property, Plant and Equipment	250,387	261,831	615,579	622,708	630,217
Construction in Progress	42,516	242,286	-	-	-
Less: Accumulated Depreciation	(117,830)	(125,833)	(134,558)	(152,701)	(171,328)
Net Property, Plant and Equipment	175,073	378,284	481,021	470,007	458,889
Total Assets	$ 622,963	$ 635,138	$ 682,012	$ 662,935	$ 656,556

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INCORPORATED AND AFFILIATE
FORECASTED CONSOLIDATED BALANCE SHEETS (CONTINUED)
AT SEPTEMBER 30,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Current Portion of Bonds Payable	$ 495	$ 535	$ 2,985	$ 3,090	$ 3,210
Accounts Payable	4,070	4,233	4,808	5,087	5,320
Accrued Salaries and Wages	814	847	915	985	1,031
Accrued Interest Payable	6,274	7,173	6,881	5,877	5,788
Other Accrued Liabilities	1,730	1,799	1,871	1,946	2,024
Refundable Entrance Fees	1,100	1,100	1,100	1,100	1,100
Entrance Fee Deposits	15,727	17,666	7,701	2,680	2,680
Total Current Liabilities	30,210	33,353	26,261	20,765	21,153
Long-Term Debt, Net of Current Portion	344,190	343,746	295,840	232,485	223,410
Unamortized Original Issue Costs	(4,777)	(3,633)	(2,688)	(2,310)	(2,115)
Unamortized Bond Premium, Net	6,219	5,824	5,429	5,034	4,639
Long-Term Debt, Net	345,632	345,937	298,581	235,209	225,934
Deferred Parking Revenue	530	489	448	407	366
Deferred Customization Revenue	489	489	489	489	489
Refundable Parking Revenue	50	50	50	50	50
Deferred Revenue from Entrance Fees	104,530	112,221	222,564	275,985	275,187
Refundable Entrance Fees, Net of Current Portion	12,717	11,195	9,665	8,031	6,221
Total Liabilities	118,316	124,444	233,216	284,962	282,313
Net Assets:					
Without Donor Restriction	119,561	122,160	114,710	112,755	117,912
With Donor Restriction	9,244	9,244	9,244	9,244	9,244
Net Assets	128,805	131,404	123,954	121,999	127,156
Total Liabilities and Net Assets	$ 622,963	$ 635,138	$ 682,012	$ 662,935	$ 656,556

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, 2026, 2027, 2028, 2029 and 2030 and each of the years then ending (the "Forecast Period").

Accordingly, the Forecast reflects Management's judgment as of March 26, 2026, 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.

Background

Deerfield is a non-profit corporation 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 skilled nursing beds (the “Community”, and when in context to the retirement community, “Deerfield” as well). Deerfield 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.

The Deerfield Charitable Foundation (the “Foundation” or the “Affiliate”) was formed in March 2019 as a nonprofit corporation charted by the State of North Carolina to support Deerfield in its mission. The purpose of the Foundation is to provide assistance to the Community.

Management’s financial forecast includes the activities of Deerfield and the Foundation.

The Community currently has 378 independent living units (the “Existing Independent Living Units”), 62 assisted living units (the “Existing Assisted Living Units”), and 62 skilled nursing beds (the “Existing Skilled Nursing Beds”).

The Existing Independent Living Units, collectively with the New Independent Living Units and the New Independent Living Cottages, are herein referred to as the Independent Living Units.

The Existing Assisted Living Units and the New Assisted Living Units are collectively herein referred to as the Assisted Living Units.

The Existing Skilled Nursing Beds and the New Skilled Nursing Beds are collectively herein referred to as the Skilled Nursing Beds.

The following table reflects Deerfield's unit configurations and new entrant pricing effective October 1, 2025:

Table 1
Existing Unit Configuration
Type, Number, Square Footage and Pricing

Unit Type	Existing Facility Number of Units	Estimated Square Feet[1]	Monthly Service Fee (Daily for Nursing)	Type of Refund Plan (Effective October 1, 2025) Standard Plan	50% Refund Plan	90% Refund Plan
					1.33000	1.85000
Independent Living Units						
One-bedroom	22	800	$3,917	$325,485	$432,895	$602,147
One-bedroom with Carolina room	36	946	$4,154	$371,002	$493,433	$686,354
Two-bedroom	49	1,203	$4,766	$479,102	$637,206	$886,339
Two-bedroom Corner	9	1,440	$5,007	$550,529	$732,204	$1,018,479
Two-bedroom with Carolina room	49	1,346	$4,888	$528,919	$703,463	$978,501
Two-bedroom with Den	26	1,456	$5,064	$571,862	$760,576	$1,057,944
Two-bedroom Deluxe	28	1,552	$5,282	$610,000	$811,300	$1,128,500
Two-bedroom Grande	28	1,612	$5,409	$632,738	$841,542	$1,170,565
Two-bedroom Deluxe with Carolina room	4	2,314	$6,251	$875,449	$1,164,347	$1,619,580
Two-bedroom Deluxe with Two Balconie	1	2,517	$6,544	$972,719	$1,293,717	$1,799,531
Cottage A with Den	37	2,044	$6,045	$812,894	$1,081,149	$1,503,854
Cottage B	9	1,946	$5,809	$775,861	$1,031,896	$1,435,343
Cottage C	25	1,943	$5,792	$772,760	$1,027,770	$1,429,606
Cottage D	10	2,565	$6,664	$989,573	$1,316,132	$1,830,710
Villa 1	4	1,592	$5,497	$689,385	$916,883	$1,275,363
Villa 2	8	1,650	$5,573	$700,355	$931,472	$1,295,656
Villa 3	6	2,146	$6,245	$829,923	$1,103,798	$1,535,358
Condo A, B	8	1,316	$4,154	$496,416	$660,233	$918,369
Condo D	5	1,487	$4,888	$560,919	$746,023	$1,037,701
St. Giles Cottages	14	(2)	(2)	(2)	(2)	(2)
Second Person Fees			$1,864	$110,417	$146,853	$204,270
Total Independent Living Units	378					
Assisted Living Units						
Standard	28	318	$7,396	$43,681		
Deluxe	10	364	$9,264	$43,681		
Double	4	364	$8,823	$43,681		
Grande	20	467	$9,877	$43,681		
Second Person Fees			$6,038			
Total Assisted Living Units	62					
Nursing Beds						
Private with Shared Bath	16	188	$413	$14,944		
Private with Private Bath	46	193 - 286	$490 - $513	$14,944		
Total Nursing Beds	62					
Total Units	**502**					

Source: Management
Notes:
(1) Square footages are estimated and may vary based on location and resident modifications or additions.
(2) Currently, one of the Two-bedroom Deluxe units is being utilized as a marketing suite.
(3) St. Giles units vary significantly in size and pricing and are priced individually.
(4) Of the 62 Existing Skilled Nursing Beds, 31 are available for use by direct entrants into the Health Center from outside of the Community.

The current unit mix, square footage, and associated fees at Deerfield, as of October 1, 2025, are shown in the table above. Deerfield recently implemented a tiered monthly service fee structure under which residents who move in on or after October 1, 2025, are charged the fees presented above, which is approximately 5 percent higher than those residents who were living on campus prior to that date. The monthly service fees presented in the table above reflect those rates applicable to new residents moving into Deerfield on or after October 1, 2025.

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

Description of Deerfield

Independent Living Units

The 378 Existing Independent Living Units of Deerfield consist of 253 apartment units and 125 cottages and homes. The independent living apartments are contained in mid-rise apartment buildings connected to common areas and health care services. There are various floor plans for the apartments, which include one-bedroom and two-bedroom configurations. The cottage floor plans also vary in design and size, but include two-bedroom and two-bedroom with den configurations. The St. Giles neighborhood cottages and cluster homes may vary from the standards in other homes. Each Existing Independent Living Unit includes hard surface flooring and/or 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.

Health Center

Deerfield consists of 62 Existing Assisted Living Units and 62 Existing Skilled 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 Existing 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 $2,000, with $1,000 refundable upon cancellation.

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.

The following table summarizes the percentage of residents utilizing each Residence & Services Agreement plan type as of September 30, 2025 and the forecasted utilization of each plan type for turnover residents of the Independent Living Units throughout the Forecast Period.

Table 2
Residency & Services Agreement
Plan Type Utilization

	Existing Residents of Independent Living Units as of 9/30/25	First Generations Residents of the New Independent Living Units (1)	Forecasted Utilization for Turnover Residents (2)
Standard Plan	94%	100%	100%
50% Refund Plan	2%	0	0
90% Refund Plan	4%	0	0
Total / Percentage	100%	100%	100%

Source: Management
Notes:
(1) Represents the forecasted allocation of entrance fee plan types selected by initial residents of the New Independent Living Units.
(2) Represents the forecasted allocation of entrance fee plan types selected by subsequent residents of the Independent Living Units during the Forecast Period.

Management has forecasted that the majority of independent living residents will select the Standard 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.

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);
- Dining plan of resident's choosing;
- 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 clinic 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, telephone, and internet;
- 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 service fee plus the additional cost of meals and fees not included in the monthly service fee pursuant to the Residence & Services Agreement. All healthcare areas are under the direct supervision and responsibility of a licensed administrator, the Director of Health Services, and the Medical Director, a licensed physician.

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

- 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 service fee plus the cost of meals provided not included in the monthly service 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 service 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.

The Project

Management has forecasted an expansion to Deerfield. The Project is forecasted to consist of the New Independent Living Apartments in a five-story apartment building with underground garage parking and the Independent Living Hybrids, the New Assisted Living Units, the New Memory Care Units, the New Skilled Nursing Beds, new and enlarged dining venues, new and enlarged meeting spaces, and new and enlarged amenities focused on the arts, wellbeing, and the outdoors. Management has also forecasted the construction of two New Independent Living Cottages. The New Independent Living Cottages are not included as part of the Project and will not be financed for purposes of the forecasted issuance of the Series 2026 Bonds. Management is forecasting to finance the construction of the New Independent Living Cottages using cash reserves to be replenished in part with the first generation entrance fees received from the New Independent Living Cottages.

The following table shows unit configuration before and after the completion of the Project.

Table 3
Unit Configuration
Before and After the Completion of the Project

Level of Care	Number of Units Before the Project is Complete (1)	Independent Living Cottage Addition	Project Additions	Number of Units/Beds After the Project is Complete
Independent Living Units:	378	2	165	545
Health Center Units				
Assisted Living Units	62	-	10	72
Memory Care Units	-	-	12	12
Skilled Nursing Beds	62	-	12	74
Health Center Units (Beds)	124	-	34	158
Total	502	2	199	703

Source: Management
Note:
(1) Of the Skilled Nursing Beds, 31 are available for use by directly admitted residents.

As previously noted, the New Independent Living Cottages addition is not included in the Project and is not being financed with the proceeds from the Series 2026 Bonds.

The following table shows the current unit configurations, square footages, monthly service fees and entrance fees for the New Independent Living Units and New Independent Living Cottages.

Table 4
New Independent Living Units and
New Independent Living Cottages
Unit Configuration, Monthly Service Fees and Entrance Fees
(Monthly Service Fees in 2026 Dollars, Entrance Fees in 2028 Dollars)

Unit Type	Number of Units	Square Footage	Monthly Serivce Fee	Entrance Fee [1]
New Independent Living Apartments:				
Unit B2 (1 BR 1 Bath with Den)	9	1,021	$ 4,859	$ 585,667
Unit I (1 BR 1 Bath)	4	1,076	$ 4,964	$ 603,000
Unit H2 (1 BR 1.5 Bath with Den)	1	1,280	$ 5,695	$ 674,000
Unit C2 (2 BR 2 Bath)	18	1,347	$ 5,800	$ 691,556
Unit D2 (2 BR 2 Bath)	11	1,488	$ 6,009	$ 759,091
Unit E2 (2 BR 2 Bath with Den)	6	1,633	$ 6,322	$ 814,333
Unit F2 (2 BR 2.5 Bath with Den)	6	1,924	$ 6,949	$ 908,667
Unit E3 (2 BR 2 Bath with Den)	2	1,994	$ 7,054	$ 994,500
Unit G2 (2 BR 2.5 Bath with Den)	9	2,088	$ 7,472	$ 931,667
Unit L2 (3 BR 3 Bath with Den)	3	2,976	$ 9,353	$ 1,332,667
Total New Independent Living Units - Apartments	69	1,572	$ 6,215	$ 780,652
Independent Living Hybrids:				
Home A (2 BR 2 Bath with Den)	12	1,700	$ 5,591	$ 980,000
Home C (2 BR 2 Bath)	24	1,765	$ 5,695	$ 997,250
Home E (2 BR 2 Bath)	12	1,864	$ 5,800	$ 1,040,500
Home A2 (2 BR 2 Bath with Den)	12	1,872	$ 5,904	$ 1,044,500
Home B (2 BR 2 Bath with Den)	12	1,998	$ 6,009	$ 1,124,750
Home D (2 BR 2 Bath with Den)	24	2,094	$ 6,113	$ 1,171,000
Total New Independent Living Units - Hybrids	96	1,894	$ 5,865	$ 1,065,781
New Independent Living Cottages:				
Cottage A	1	2,044	$ 5,757	$ 777,890
Cottage D	1	2,565	$ 6,344	$ 946,962
Total New Independent Living Units - Cottages	2	2,305	$ 6,051	$ 862,426
Total New Independent Living Units and New Independent Living Cottages	167	1,766	$ 6,012	$ 945,538
Second Person:				
New Independent Living Apartments			$ 1,864	$ 124,218
Independent Living Hybrids			$ 1,864	$ 124,218
New Independent Living Cottages			$ 1,864	$ 110,416

Source: Management
Note:
(1) The entrance fee pricing noted above is for the Standard Plan. Management is forecasting offering a 50% Refund Plan and a 90% Refund Plan. The 50% Refund Plan is assumed to be priced 33 percent higher than the Standard Plan. The 90% Refund Plan is assumed to be priced 85 percent higher than the Standard Plan.

The following table shows the current unit configurations and the monthly service fees for the New Assisted Living Units.

Table 5
New Assisted Living Units
Unit Configuration and Monthly Service Fees
(in 2026 Dollars)

Unit Type	Number of Units	Square Footage	Monthly Serivce Fee
One Bedroom	10	550	$8,959

Source: Management

The following table shows the current unit configurations and the monthly service fees for the New Memory Care Units.

Table 6
New Memory Care Units
Unit Configuration and Monthly Service Fees
(in 2026 Dollars)

Unit Type	Number of Units	Square Footage	Monthly Serivce Fee
Private	12	340	$10,004

Source: Management

The following table shows the current unit configurations and the daily fees for the New Skilled Nursing Beds.

Table 7
New Skilled Nursing Beds
Unit Configuration and Daily Fee
(in 2026 Dollars)

Unit Type	Number of Units	Square Footage	Daily Fee
Private	12	330	$390

Source: Management

Project Timeline

The following table presents the forecasted timeline, as provided by Management, for the Project.

Table 8
The Project
Development Timeline

Event	Date
Financing of the Series 2026 Bonds	January 2026
Begin Construction of the Project	January 2026
Fill-Up Begins on the New Independent Living Units (1)	November 2027
Construction on the New Independent Living Units is Completed (1)	March 2028
Complete Construction of the New Memory Care Units and Fill-Up Begins	July 2028
Complete Construction of the New Skilled Nursing Beds and Fill-Up Begins	July 2028
Complete Construction of the New Assisted Living Units and Fill-Up Begins	August 2028
New Skilled Nursing Beds Achieve Stabilized Occupancy	December 2028
New Memory Care Units Achieve Stabilized Occupancy	June 2029
New Assisted Living Units Achieve Stabilized Occupancy	June 2029
New Independent Living Units Achieve Stabilized Occupancy	September 2029

Source: Management
Note:
(1) The New Independent Living Units will consist of seven separate buildings, which are scheduled to be constructed in phases. Construction on the New Independent Living Units – Apartments is forecasted to be completed and fill-up starting in December 2027. Construction on the New Independent Living Units – Hybrids is forecasted to be completed between November 2027 and March 2028 with fill-up starting in November 2027.

Management has also forecasted the construction and fill up of the New Independent Living Cottages. Management has forecasted beginning construction in July 2026, completing construction in June 2027 and achieving stabilized occupancy of the New Independent Living Cottages in September 2027.

PLAN OF FINANCE

Management has forecasted the following sources and uses of funds in preparing its financial Forecast based on information provided by Management and B. C. Ziegler and Company (the “Underwriter”). A summary of the forecasted sources and uses of funds for Deerfield’s financing is provided in the following table:

Table 9
Series 2026 Bonds
Forecasted Sources and Uses of Funds
(Dollars In Thousands)

Sources of Funds			
Series 2026A Bonds	$	147,125	[1]
Original Issue Premium		2,905	
Total Series 2026A Bonds	$	150,030	
Series 2026B-1 Bonds		16,850	[2]
Series 2026B-2 Bonds		25,300	[2]
Series 2026B-3 Bonds		33,700	[2]
Series 2026B-4 Bonds		84,250	[2]
Series 2026C Bonds		50,000	[3]
Equity		11,455	[4]
Total Sources of Funds	**$**	**371,585**	
Uses of Funds			
Pre-Construction Costs and Planning	$	6,455	[5]
Land and Land Related		2,756	[6]
Construction and Land Improvements		306,498	[7]
Professional Fees and Expenses		15,484	[8]
Furniture and Equipment		5,517	[9]
Marketing Costs		2,114	[10]
Other Costs		1,610	[11]
Project Contingency		10,123	[12]
Total Project Costs		350,557	
Funded Interest		15,886	[13]
Costs of Issuance		5,142	[14]
Total Uses of Funds	**$**	**371,585**	

Source: Management and Underwriter

As provided by the Underwriter, the Organization assumes the Project is expected to be funded with proceeds from the Series 2026 Bonds.

1) $147,125,000 Series 2026A Bonds (the "Series 2026A Bonds"), consisting of:
    - $15,275,000 term bonds maturing November 1, 2040, with annual mandatory sinking fund redemptions beginning November 1, 2032 through November 1, 2040, bearing a stated interest rate of 5.00 percent;
    - $37,080,000 term bonds maturing November 1, 2046, with annual mandatory sinking fund redemptions beginning November 1, 2041 through November 1, 2046, bearing a stated interest rate of 5.25 percent;
    - $32,070,000 term bonds maturing November 1, 2050, with annual mandatory sinking fund redemptions beginning November 1, 2047 through November 1, 2050, bearing a stated interest rate of 5.25 percent;
    - $62,700,000 term bonds maturing November 1, 2056, with annual mandatory sinking fund redemptions beginning November 1, 2051 through November 1, 2056, bearing a stated interest rate of 5.25 percent; and
    - Management has forecasted semi-annual interest payments on May 1 and November 1 of each year beginning May 1, 2026.
    - The Series 2026A Bonds are also expected to have a premium of approximately $2,905,000.

2) $160,100,000 Series 2026B Bonds (the "Series 2026B Bonds") consisting of:
    - Series 2026B-1 Bonds: $16,850,000 of tax-exempt mandatory paydown securities (TEMPS 95) assumed to be issued with a fixed coupon of 4.00% with a stated maturity of November 1, 2031. Interest on the Series 2026B-1 Bonds is forecasted to be payable semi-annually, beginning May 1, 2026, or monthly if an Initial Entrance Fee is forecasted to be collected and utilized for principal payment. The Series 2026B-1 Bonds are expected to be repaid from Initial Entrance Fees from first generation residents of the New Independent Living Units by approximately November 1, 2029, which is in advance of their stated maturity date.
    - Series 2026B-2 Bonds: $25,300,000 of tax-exempt mandatory paydown securities (TEMPS 85) assumed to be issued with a fixed coupon of 3.75% with a stated maturity of November 1, 2031. Interest on the Series 2026B-2 Bonds is forecasted to be payable semi-annually, beginning May 1, 2026, or monthly if an Initial Entrance Fee is forecasted to be collected and utilized for principal payment. The Series 2026B-2 Bonds are expected to be repaid from Initial Entrance Fees from first generation residents of the New Independent Living Units by approximately July 1, 2029, which is in advance of their stated maturity date.
    - Series 2026B-3 Bonds: $33,700,000 of tax-exempt mandatory paydown securities (TEMPS 70) assumed to be issued with a fixed coupon of 3.45% with a stated maturity of November 1, 2030. Interest on the Series 2026B-3 Bonds is forecasted to be payable semi-annually, beginning May 1, 2026, or monthly if an Initial Entrance Fee is forecasted to be collected and utilized for principal payment. The Series 2026B-3 Bonds are expected to be repaid from Initial Entrance Fees from first generation residents of the New Independent Living Units by approximately February 1, 2029, which is in advance of their stated maturity date.
    - Series 2026B-4 Bonds: $84,250,000 of tax-exempt mandatory paydown securities (TEMPS 50) assumed to be issued with a fixed coupon of 3.20% with a stated maturity of November 1, 2030. Interest on the Series 2026B-4 Bonds is forecasted to be payable semi-annually, beginning May 1, 2026, or monthly if an Initial Entrance Fee, as defined hereinafter, is forecasted to be collected and utilized for principal payment. The Series 2026B-4 Bonds are expected to be repaid from Initial Entrance Fees from first generation residents of the New Independent Living Units ("Initial Entrance Fees") by approximately August 1, 2028, which is in advance of their stated maturity date.

3) $50,000,000 Series 2026C Bonds (the “Series 2026C Bonds”) The Series 2026C Bonds consist of direct bank placed variable rate draw-down bonds, assumed to bear an interest of 4.50 percent, subject to monthly interest payments, with interest only payments beginning February 2026 and an annual principal payment beginning February 2031 through November 2056. Interest on the Series 2026C Bonds is based upon 79% of (Term SOFR plus 1.40%).
4) Management has forecasted an equity contribution of approximately $6,455,000 of Project costs previously incurred and an additional equity contribution of $5,000,000.
5) Management has forecasted pre-construction costs and planning costs of approximately $6,455,000.
6) Management has forecasted land and land related costs of approximately $2,756,000.
7) Management has forecasted construction, site work, land improvements and other costs related to the construction of the Project will approximate $306,498,000. This includes a forecasted guaranteed maximum price (“GMP”) contract to be provided by the contractor, The Whiting-Turner Contracting Company, in the amount of $294,003,753, which reflects the cost of the work plus a fee (the GMP total). The GMP total includes a contractor’s construction contingency equal to approximately 2 percent. Also included in construction and land improvements is a construction contingency forecasted by Management of approximately 3 percent. It should be noted that although Management will enter into a GMP contract, adjustments for allowances, certain materials price escalations not included in the GMP, change orders or other circumstances not addressed in the contract could result in the total construction costs exceeding the maximum price that will be established by the GMP contract.
8) Management has forecasted that professional fees and expenses related to development and construction of the Project will approximate $15,484,000 and include costs related to architectural services, engineering fees, consulting fees, developer fees, owner’s representative fees, construction monitoring fees, and other such costs.
9) Management has forecasted furniture and equipment costs related to the Project to approximate $5,517,000.
10) Management has forecasted marketing costs related to the initial occupancy of the New Independent Living Units to approximate $2,114,000.
11) Management has forecasted other Project-related costs to approximate $1,610,000.
12) Management has forecasted a project contingency of approximately $10,123,000 in the overall project-related costs of the Project. This contingency is in addition to the contractor’s construction contingency included with the direct construction costs as disclosed above.
13) Total funded interest reflects interest (and certain bank fees related to the Series 2026C Bonds) in the amount of approximately $15,886,000 that is forecasted to be funded for approximately 28 months with proceeds of the financing.
14) Costs related to the Underwriter’s discount, legal fees, accounting fees, and other costs associated with the proposed issuance of the Series 2026 Bonds is forecasted to approximate $5,142,000.

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 the Organization. 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.

Accounts Receivable, Net

Deerfield considers accounts receivable to be fully collectible; accordingly no allowance for credit losses 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. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends. Adjustments are made to the allowance as necessary.

Employee Retention Credit

The CARES Act allows a credit (Employee Retention Credit or ERC) against applicable employment taxes for eligible employers. Employers, including tax-exempt organizations, are eligible for the ERC, if they operate a trade or business during calendar year 2020 and 2021 and experience either the full or partial suspension of the operations of their business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which eligibility requirements were met.

During the year ended December 31, 2023, the Organization filed amended Form 941-X's ("Amended Returns") for the ERC for the first, second, and third quarters of 2021 for a total credit of approximately $5,297,000. During October 2025, the Organization received the first quarter of 2021 ERC of approximately $1,724,000 as well as accrued interest receivable of approximately $300,000 for a total of $2,024,000. During December 2025, the Organization received the second quarter of 2021 ERC of approximately $1,755,000 as well as accrued interest of approximately $317,000 for a total of $2,072,000. The amounts for the third quarter of 2021 have not been received. The Amended Returns are subject to an IRS cursory review and the result of such potential review is uncertain. Accordingly, Management did not reflect the Amended Returns as a grant receivable or grant revenue in the Organization's consolidated financial statements as of September 30, 2025 and has not forecasted a grant receivable or grant revenue for the third quarter amount during the Forecast Period. Management has forecasted the collection of approximately $2,024,000 of the Accounts Receivable – Other during 2026. Management has forecasted the collection of $2,072,000 during 2026 with approximately $1,755,000 and $317,000 included in Other Income and Investment Income, respectively, on the Forecasted Consolidated Statement of Operations and Changes in Net Assets.

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 A, (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, (4) other amounts set aside by the Board of Directors to meet the mission of Deerfield, and (5) assets held under the Bond Trust Agreements. 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. Assets limited as to use that are required to meet current liabilities of Deerfield have been classified as current in the consolidated forecasted balance sheets. Assets limited as to use that are required to meet long term liabilities of Deerfield have been classified as long term in the consolidated forecasted balance sheets.

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. Acquisition of property and equipment in excess of $2,000 and a useful life of one year are capitalized.

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 $2,000 ($1,000 of which is refundable upon cancellation) 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.

Bond Premium

Bond premium incurred in connection with the issuance of long-term debt is assumed to be recorded as a direct addition to the carrying amount of the debt and over the term of the related indebtedness, which approximates the effective interest method. Amortization expense is included with interest expense on the forecasted consolidated statement of revenues and expenses.

Deferred Financing Costs

Deferred financing costs 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 consolidated 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.

Excess of Revenues Over (Under) Expenses

The forecasted consolidated statements of operations include excess of revenues over (under) expenses. Change 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.

Revenue Recognition

Monthly service fees

The contracts that residents select require an advanced fee and monthly service 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.

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 service 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, 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 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.

Income Taxes

Each of Deerfield and the Foundation 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.

MANAGEMENTS BASIS FOR THE FORECAST OF REVENUES AND ENTRANCE FEES

Revenues for Deerfield are primarily generated from monthly service fees for the Independent Living Units, amortization of entrance fees and monthly service fees or 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 Community 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 service 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 service fee.

- *Permanent Transfer* - Upon permanent transfer to the Health Center, the resident must give up his/her Independent Living Unit and will continue to pay the month service fee paid prior to transferring. If the Independent Living Unit is jointly occupied and one resident transfers to the Health Center, each resident continues being charged the normal monthly service 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.

Forecasted Occupancy Levels

Management has assumed the following occupancy during the Forecast Period:

Table 10
Deerfield
Forecasted Occupancy
For the Years Ending September 30,

	2026	2027	2028	2029	2030
Average Available Units [1]:					
Existing Independent Living Units	378.0	378.0	378.0	378.0	378.0
Existing Assisted Living Units	62.0	62.0	62.0	62.0	62.0
Existing Skilled Nursing Beds	62.0	62.0	62.0	62.0	62.0
New Independent Living Cottages	-	2.0	2.0	2.0	2.0
New Independent Living Units	N/A	N/A	165.0	165.0	165.0
New Assisted Living Units	N/A	N/A	2.8	10.0	10.0
New Memory Care Units	N/A	N/A	2.8	12.0	12.0
New Skilled Nursing Beds	N/A	N/A	3.0	12.0	12.0
Total Available Units	502.0	504.0	677.6	703.0	703.0
Average Occupied Units:					
Existing Independent Living Units	367.6	367.6	367.6	367.6	367.6
Existing Assisted Living Units	58.9	58.9	58.9	58.9	58.9
Existing Skilled Nursing Beds	57.7	57.7	57.7	57.7	57.7
New Independent Living Cottages	N/A	0.4	2.0	2.0	2.0
New Independent Living Units	N/A	N/A	54.5	133.3	156.8
New Assisted Living Units	N/A	N/A	0.4	7.7	9.3
New Memory Care Units	N/A	N/A	0.5	8.7	11.2
New Skilled Nursing Beds	N/A	N/A	1.0	10.8	11.2
Total Occupied Units	484.2	484.6	542.6	646.7	674.7
Average Occupancy:					
Independent Living Units	97.2%	96.8%	77.8%	92.3%	96.6%
Assisted Living Units	95.0%	95.0%	91.5%	92.5%	94.7%
New Memory Care Units	N/A	N/A	17.9%	72.5%	93.3%
Skilled Nursing Beds	93.1%	93.1%	90.3%	92.6%	93.1%
Average Occupancy	96.5%	96.2%	80.1%	92.0%	96.0%

Source: Management
Note:
(1) Management has forecasted the opening of the New Independent Living Cottages in June 2027, the New Independent Living Units in November 2027, the New Memory Care Units and New Skilled Nursing Beds in July 2028, and the New Assisted Living Units in August 2028.

Assisted living and nursing occupancy is based on internal transfers from Independent Living Units as well as residents directly admitted from outside the Community. Forecasted resident transfers from independent living to assisted living, memory care or nursing, as well as from assisted living or memory care to nursing, have been provided by Management based on its historical experience.

Revenues for the New Independent Living Units, the New Assisted Living Units, the New Memory Care Units and the New Skilled Nursing Beds are primarily based on the New Independent Living Units, New Assisted Living Units, New Memory Care Units and New Skilled Nursing Bed fees assumed by Management to be charged to the residents and the assumed utilization of the New Independent Living Units, New Assisted Living Units, New Memory Care Units and New Skilled Nursing Beds.

Forecasted occupancy for the Project is based upon Management's assumed move-in schedule for the New Independent Living Units as depicted in the following table.

Table 11
Project Move-In Schedule
New Independent Living Units

	Total Units	Monthly Fill	Cumulative Occupancy	Occupancy Percent
Fiscal Year 2028				
November	165	15.0	15.0	9.1%
December	165	13.0	28.0	17.0%
January	165	10.0	38.0	23.0%
February	165	10.0	48.0	29.1%
March	165	9.0	57.0	34.5%
April	165	9.0	66.0	40.0%
May	165	9.0	75.0	45.5%
June	165	9.0	84.0	50.9%
July	165	8.0	92.0	55.8%
August	165	7.0	99.0	60.0%
September	165	6.0	105.0	63.6%
Fiscal Year 2029				
October	165	5.0	110.0	66.7%
November	165	5.0	115.0	69.7%
December	165	5.0	120.0	72.7%
January	165	5.0	125.0	75.8%
February	165	5.0	130.0	78.8%
March	165	5.0	135.0	81.8%
April	165	4.0	139.0	84.2%
May	165	4.0	143.0	86.7%
June	165	4.0	147.0	89.1%
July	165	4.0	151.0	91.5%
August	165	3.0	154.0	93.3%
September	165	2.8	156.8	95.0%
Thereafter	165		156.8	95.0%

Source: Management

Management has forecasted double occupancy for the New Independent Living Units of 65 percent in 2028, 63 percent in 2029, and 61 percent in 2030.

The New Independent Living Cottages are forecasted to be opened and filled by September 2027. Management has forecasted double occupancy for the New Independent Living Cottages of 50 percent.

Forecasted occupancy for the New Assisted Living Units and the New Memory Care Units is based upon Management's assumed move-in schedule for the New Assisted Living Units and New Memory Care units, as depicted in the following table:

Table 12
Move-In Schedule
New Assisted Living Units and New Memory Care Units

	Total Units	Monthly Fill	Cumulative Occupancy	Occupancy Percent
Fiscal Year 2028				
July	22	1.0	1.0	4.5%
August	22	2.5	3.5	15.9%
September	22	2.5	6.0	27.3%
Fiscal Year 2029				
October	22	2.0	8.0	36.4%
November	22	2.0	10.0	45.5%
December	22	2.0	12.0	54.5%
January	22	2.0	14.0	63.6%
February	22	1.5	15.5	70.5%
March	22	1.5	17.0	77.3%
April	22	1.5	18.5	84.1%
May	22	1.3	19.8	90.0%
June	22	0.7	20.5	93.2%
Thereafter	22		20.5	93.2%

Source: Management

The following table presents the forecasted resident mix for the Assisted Living Units and Memory Care Units during the Forecast Period.

Table 13
Resident Mix – Assisted Living Units and Memory Care Units

	2026	2027	2028	2029	2030
Average Available Units					
Assisted Living and Memory Care Units	62.0	62.0	67.6	84.0	84.0
Average Occupied Unit					
Permanent Lifecare Transfers	50.3	50.8	52.2	54.7	57.6
Temporary Lifecare Transfers	2.1	2.2	2.2	2.3	2.6
Direct Admissions	6.5	5.9	5.4	18.3	19.2
Average Occupied Unit - Assisted Living and Memory Care	58.9	58.9	59.8	75.3	79.4

Source: Management

Forecasted occupancy for the New Skilled Nursing Beds is based upon Management's assumed move-in schedule for the New Skilled Nursing Beds, as depicted in the following table:

Table 14
Move-In Schedule
New Skilled Nursing Beds

	Total Units	Monthly Fill	Cumulative Occupancy	Occupancy Percent
Fiscal Year 2028				
July	12	2.0	2.0	16.7%
August	12	2.0	4.0	33.3%
September	12	2.0	6.0	50.0%
Fiscal Year 2029				
October	12	2.0	8.0	66.7%
November	12	2.0	10.0	83.3%
December	12	1.2	11.2	93.3%
Thereafter	12		11.2	93.3%

Source: Management

The following table presents the forecasted resident mix for the Skilled Nursing Beds during the Forecast Period.

Table 15
Resident Mix - Skilled Nursing Beds

	2026	2027	2028	2029	2030
Average Available Units					
Nursing Beds	62	62	65	74	74
Average Occupied Unit					
Permanent Lifecare Transfers	51.4	49.9	48.6	49.3	51.4
Temporary Lifecare Transfers	6.3	6.4	6.5	7.0	7.6
Direct Admissions	-	1.4	3.6	12.2	9.9
Average Occupied Unit -Skilled Nursing Beds	57.7	57.7	58.7	68.5	68.9

Source: Management

Forecasted Entrance and Monthly Service Fees

Table 1 presents Management's forecasted rates for Deerfield for the year ending September 30, 2026. Management primarily establishes rate increases through the actuarial evaluation of financial performance, including actual and forecasted operating experience. The primary goal is to maintain an actuarially and financially viable community. In general, Management anticipates operating expense increases of 4.0 percent throughout the Forecast Period and has assumed similar rate increases for the monthly service fee increases.

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 16
Forecasted Rate Increases
For the Years Ending September 30,

Unit Type	2026	2027	2028	2029	2030
Independent Living Entrance Fee Increases	(1)	4.00%	4.00%	4.00%	4.00%
Independent Living Monthly Service Fee Increases	(1)	4.00%	4.00%	4.00%	4.00%
Health Center Rate Increases	(1)	4.00%	4.00%	4.00%	4.00%
Monthly Service Fee - New Independent Living Units (2)	N/A	N/A	4.00%	4.00%	4.00%
Monthly Service Fee - New Independent Living Cottages (3)	N/A	4.00%	4.00%	4.00%	4.00%
Monthly Service Fee - New Assisted Living Units (4)	N/A	N/A	4.00%	4.00%	4.00%
Monthly Service Fee - New Memory Care Units (4)	N/A	N/A	4.00%	4.00%	4.00%
Daily Fee - New Skilled Nursing Beds (5)	N/A	N/A	4.00%	4.00%	4.00%

Source: Management
Notes:
(1) 2026 pricing reflected in Table 1.
(2) The New Independent Living Units – Apartments are forecasted to be completed and fill-up starting in December 2027 and the New Independent Living Units – Hybrids are forecasted to be completed between November 2027 and March 2028 with fill-up starting in November 2027.
(3) Management has forecasted the opening of the New Independent Living Cottages in June 2027.
(4) Management has forecasted the opening of the New Memory Care Units in July 2028 and the New Assisted Living Units in August 2028.
(5) Management has forecasted the opening of the New Skilled Nursing Beds in July 2028.

Entrance Fee Receipts

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

Table 17
Forecasted Entrance Fee Receipts and Refunds
For the Years Ending September 30,
(In Thousands)

	2026	2027	2028	2029	2030
Initial Entrance Fees [1]					
Entrance Fee Receipts from Initial Residents and Deposits	$ 3,839	$ 3,803	$ 97,286	$ 47,890	$ -
Turnover Entrance Fees					
Entrance Fee Receipts from Unit Turnover	18,379	17,148	20,772	24,275	27,067
Entrance Fee Refunds from Unit Turnover	(1,527)	(1,522)	(2,853)	(3,756)	(3,486)
Net Entrance Fees from Unit Turnover	16,852	15,626	17,919	20,519	23,581
Total Entrance Fees Received, Net of Refunds	**$ 20,691**	**$ 19,429**	**$115,205**	**$ 68,409**	**$ 23,581**

Source: Management and the Actuary (as defined hereinafter)
Note:
(1) As of September 30, 2025, Management also had approximately $9,208,000 in Deposits on the New Independent Living Units.

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 18
Forecasted Investment Earning Rates
For the Years Ending September 30,

	2026	2027	2028	2029	2030
Cash and Cash Equivalents	2.00%	2.00%	2.00%	2.00%	2.00%
Investments	4.25%	4.25%	4.25%	4.25%	4.25%
Statutory Operating Reserve	4.25%	4.25%	4.25%	4.25%	4.25%
Benevolent Assistance Fund	4.25%	4.25%	4.25%	4.25%	4.25%
Renewal and Replacement Fund	4.25%	4.25%	4.25%	4.25%	4.25%
Mission Advancement Fund	4.25%	4.25%	4.25%	4.25%	4.25%
Under Donor Restrictions	2.00%	2.00%	2.00%	2.00%	2.00%
Escrow Agreements	1.00%	1.00%	1.00%	1.00%	1.00%
Entrance Fee Fund	N/A	1.00%	1.00%	N/A	N/A
Under Bond Trust Agreements	1.00%	1.00%	1.00%	1.00%	1.00%
Resident Deposits	1.00%	1.00%	1.00%	N/A	N/A

Source: Management

Management has forecasted any interest earnings on the Construction Account would be transferred to the Funded Interest Account and used for debt service payments during the Forecast Period. Management has forecasted the investment return on the Construction Account and Funded Interest Account to approximate 3.50 percent.

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 due to changes in occupancy as well as annually at 4.0 percent during the Forecast Period, beginning in fiscal year 2027.

MANAGEMENTS BASIS FOR THE 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 4.0 percent annually throughout the Forecast Period, beginning in fiscal year 2027, as well as changes in expenses related to changes in variables, such as resident days, increased square footage, meals served, etc.

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 4.0 percent annually throughout the Forecast Period, beginning in fiscal year 2027. Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, pension plan, incentives, and other miscellaneous benefits. These benefit costs are assumed to approximate 26.0 percent of wages during the Forecast Period.

For the Project's operations, salaries and wages have been forecasted based upon the following incremental FTE's and wage rates during the Forecast Period.

Table 19
Forecasted Incremental Staffing and Average Hourly Wage Rates for the Project
(In Full-Time Equivalents)
For the Years Ending September 30,

	2026		2027		2028		2029		2030	
Department	FTEs	Avg. Hourly Wage	FTEs	Avg. Hourly Wage	FTEs	Avg. Hourly Wage	FTEs	Avg. Hourly Wage	FTEs	Avg. Hourly Wage
Resident Services	-	$ -	1.0	$ 34.09	4.5	$ 29.88	9.5	$ 31.66	9.5	$ 32.93
Food Services	-	$ -	2.2	$ 23.58	10.9	$ 19.84	12.8	$ 22.11	12.8	$ 22.99
Healthcare	-	$ -	0.6	$ 29.72	16.6	$ 28.93	22.4	$ 29.90	22.4	$ 31.10
Housekeeping and Laundry	-	$ -	0.6	$ 25.45	16.7	$ 23.04	18.9	$ 26.31	18.9	$ 27.36
Management and General	1.0	$ 28.86	3.4	$ 29.98	5.1	$ 30.29	5.8	$ 34.83	5.8	$ 36.23
Plant Operations and Maintenance	-	$ -	0.4	$ 21.46	7.1	$ 22.06	7.4	$ 24.97	7.4	$ 25.97
Total / Weighted Average	1.0	$ 28.86	8.2	$ 28.00	60.9	$ 25.07	76.8	$ 27.83	76.8	$ 28.95

Source: Management

Program Services

Non-salary related costs in program services include costs of providing activities and other such services to residents, providing meals to residents, providing healthcare services to residents, providing housekeeping and laundry services to residents, and a portion facility operations and maintenance costs based on square footage. These costs are anticipated to increase due to changes in occupancy as well as for inflation at approximately 4.0 percent annually throughout the Forecast Period, beginning in fiscal year 2027.

Supporting Services

Non-salary related costs in supporting services include supplies, professional fees, marketing, other miscellaneous costs, and a portion facility operations and maintenance costs based on square footage. These costs are anticipated to increase for changes in occupancy as well as for inflation at approximately 4.0 percent annually throughout the Forecast Period, beginning in fiscal year 2027, and for changes in volume. Management has forecasted that it would incur expense sufficient to achieve community benefit equal to 5 percent of resident revenues as described in North Carolina General Statutes Section 105.278.6A.

Interest

Interest expense is assumed to be related to the debt service requirements of existing long-term indebtedness, the amortization of the deferred financing costs, bond premium, bond discount and for the forecasted Series 2026 Bonds. Management plans to capitalize Project-related interest expense during the construction period of the Project.

Depreciation

Property and equipment are forecasted to be depreciated over their estimated useful lives using the straight-line method.

Income Taxes

Each of Deerfield and the Foundation has been recognized 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.

MANAGEMENTS BASIS FOR THE FORECAST OF OTHER ITEMS

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 expected credit losses, 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.

Assets Limited as to Use

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

Held by Deerfield Episcopal Retirement Community, Incorporated

Statutory Operating Reserve – North Carolina General Statute 58-64A-245 (effective December 1, 2025) requires CCRC's to maintain an operating reserve (the "Statutory Operating Reserve", equal to 50 percent of the total operating costs in a given year, or 25 percent of such total operating costs if occupancy as of a certain date exceeds 90 percent of the independent living unit capacity, or only 12.5 percent if a provider has a 12-month daily average independent living occupancy rate equal to or in excess of 93 percent and has no long-term debt or a debt service coverage ratio in excess of 2.00 as of the providers most recent fiscal year-end. 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 20
Deerfield
Forecasted North Carolina Statutory Operating Reserve
For the Years Ending September 30,

	2026	2027	2028	2029	2030
Statutory Operating Reserve Calculation (Expenses in Thousands):					
Total Operating Expenses [1]	$ 36,020	$ 38,184	$ 47,552	$ 52,263	$ 55,084
Interest	2,963	2,424	14,293	12,751	11,243
Principal	470	495	94,505	63,250	8,955
Less: Amortization of Issuance Costs Included in Interest Expense	(738)	(1,144)	(945)	(378)	(195)
Less: Interest Funded from Funded Interest Account	-	-	(12,323)	-	-
Less: Principal Paid from Entrance Fee Fund	-	-	(93,970)	(60,265)	(5,865)
Less: Marketing Costs Paid from Bond Proceeds	(515)	(766)	(766)	-	-
Total Operating Costs	$ 38,200	$ 39,193	$ 48,346	$ 67,621	$ 69,222
Required Reserve [2][3]	12.5%	12.5%	12.5%	12.5%	12.5%
Required Operating Reserve (In Thousands)	$ 4,775	$ 4,899	$ 6,043	$ 8,453	$ 8,653
Average Available Units:					
Independent Living Units	378	378	378	378	378
Independent Living Units - Project and New Independent Living Cottages [3]	-	2	2	167	167
Total Available Units	378	380	380	545	545
Average Occupancy for the Year Ending September 30:					
Independent Living Units	368	368	368	368	368
Independent Living Units - Project and New Independent Living Cottages [3]	-	2	2	151	159
Total Occupied Units	368	370	370	519	527
Average Occupancy at Year End	97.4%	97.4%	97.4%	95.2%	96.7%

Source: Management
Notes:
(1) Operating expenses exclude interest expense, depreciation, and amortization expense. Also, the operating expenses presented are those for Deerfield and do not include any operating expenses of the Foundation.
(2) Due to the Organization forecasting occupancy in excess of 93% and a debt service coverage ratio in excess of 2.00x in all years of the Forecast Period, Deerfield is assuming to maintain a 12.5% operating reserve.
(3) In accordance with North Carolina General Statue 58-64A-245, the New Independent Living Units are not included in the calculation of the operating reserve with respect to average available units or average occupied units until 18 months subsequent to the New Independent Living Units becoming available for occupancy.

Renewal and Replacement Fund – Deerfield 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.

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. 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.

Held by the Trustee

Construction Account - A portion of the proceeds of the Series 2026 Bonds are forecasted to be deposited into a construction account for construction and related costs of the Project.

Funded Interest Account - Upon the assumed issuance of the Series 2026 Bonds, the funded interest account is forecasted to be funded from proceeds of the Series 2026 Bonds to pay interest expense on the Series 2026 Bonds for 28 months.

Entrance Fee Fund - Initial Entrance Fees related to the New Independent Living Units are planned to be deposited into the entrance fee fund. Amounts on deposit in the entrance fee fund are forecasted to be used to redeem the Series 2026B Bonds. Subsequent to the repayment of the Series 2026B Bonds in full, and assuming no events of default have occurred, amounts remaining on deposit in the entrance fee fund are forecasted to be released by the trustee to Deerfield.

Under Bond Trust Agreements (Held by Trustee Pursuant to Financing Agreements) – Represents monthly advance payments of bond principal and interest to be made by the Organization to the bond trustee related to the Series 2026 Bonds and other existing indebtedness. The funds held under bond trust agreements are planned to be used by the bond trustee to make the principal payments and the interest payments to the owners of existing indebtedness and the Series 2026 Bonds when due.

Resident Deposits - Represents funds related to those 10% reservation deposits received by Deerfield, that are escrowed, for Independent Living Units.

Property and Equipment

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

Management has forecasted the following major property and equipment categories:

Table 21
Deerfield
Forecasted Property and Equipment Major Categories (In Thousands)
For the Years Ending September 30,

	2026	2027	2028	2029	2030
Land	$ 13,966	$ 13,966	$ 13,966	$ 13,966	$ 13,966
Building and Improvements	221,813	232,648	579,209	585,873	592,898
Furniture and Fixtures	13,571	14,137	21,287	21,719	22,169
Vehicles	1,037	1,080	1,117	1,150	1,184
Subtotal	250,387	261,831	615,579	622,708	630,217
Less: Accumulated Depreciation	(117,830)	(125,833)	(134,558)	(152,701)	(171,328)
Add: Construction in Progress	42,516	242,286	-	-	-
Net Property and Equipment	$ 175,073	$ 378,284	$ 481,021	$ 470,007	$ 458,889

Source: Management

Property and equipment, net of accumulated depreciation, has been forecasted based on the estimated costs of constructing the Project and the New Independent Living Cottages, and other routine property and equipment additions, reduced by estimated annual depreciation. The following table reflects the Project related costs, the New Independent Living Cottages costs, capitalized interest, and other routine capital additions.

Table 22
Forecasted Property and Equipment Additions
For The Years Ending September 30,
(In Thousands)

	2026	2027	2028	2029	2030
Project Costs	$ 39,391	$ 192,240	$ 102,361	$ -	$ -
Capitalized Interest, Net of Interest Earnings, during Project Construction	3,125	7,530	1,232	-	-
New Independent Living Cottages Costs	750	2,250	-	-	-
Routine Capital Additions	7,175	9,194	7,869	7,129	7,509
Total Additions	$ 50,441	$ 211,214	$ 111,462	$ 7,129	$ 7,509

Source: Management

Accounts Receivable – Other

During 2023, the Organization applied for ERC Credits under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) amounting to approximately $5,297,000 relating to 2021 payroll taxes. Management has forecasted the receipt of approximately $1,724,000 during 2026 as a result of payment received associated with March 31, 2021 quarter filing along with approximately $300,000 in interest. Management has not forecasted any additional collections of ERC Credits during the Forecast Period.

Long-Term Debt and Interest Expense

The following table summarizes related principal payments on existing indebtedness including the Series 1997 Bonds and the Series 2016 Bonds, and for the forecasted Series 2026 Bonds.

Table 23
Forecasted Principal Activity
(In Thousands)

Fiscal Year Ending September 30,	Series 1997 Bonds	Series 2016 Bonds	Series 2026A Bonds	Series 2026B-1 Bonds	Series 2026B-2 Bonds	Series 2026B-3 Bonds	Series 2026B-4 Bonds	Series 2026C Bonds	Total
2026	$ -	$ 470	$ -	$ -	$ -	$ -	$ -	$ -	470
2027	-	495	-	-	-	-	-	-	495
2028	50	485	-	-	-	9,720	84,250	-	94,505
2029	-	2,985	-	10,985	25,300	23,980	-	-	63,250
2030	-	3,090	-	5,865	-	-	-	-	8,955
2031	-	3,210	-	-	-	-	-	896	4,106
2032	-	3,330	-	-	-	-	-	1,060	4,390
2033	-	3,455	20	-	-	-	-	1,052	4,527
2034	-	3,595	55	-	-	-	-	1,098	4,748
2035	-	3,740	80	-	-	-	-	1,156	4,976
Thereafter	-	12,165	146,970	-	-	-	-	44,738	203,873
Total	$ 50	$ 37,020	$ 147,125	$ 16,850	$ 25,300	$ 33,700	$ 84,250	$ 50,000	$ 394,295

Source: Management

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

- Series 1997 Bonds – Term bonds with an annual interest rate of 6% with a due date of November 1, 2027.
- Series 2016 Bonds – Serial bonds with varying interest rates of 0.75% - 4.00% and term bonds of 5.0% on 2031 Term Bond, 3.0% on 2031 Term Bond, 5.0% on 2037 Term Bond and 3.25% on 2037 Term Bond, with principal payments due on November 1 and interest payments due semi-annually on November 1 and May 1.

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 Deerfield and a first security interest in accounts receivable, equipment and proceeds thereof.

Net Assets without Donor Restriction

Management has forecasted net assets without donor restriction based upon the results of the forecasted statements of operations and changes in net assets.

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	$ 2,127
Daniel Boone Scholarship	714
Annuity Gifts	441
Donated Property (1)	3,205
Endowments	1,560
Other operating purposes	1,197
Total Net Assets with Donor Restriction	$ 9,244

Note:
(1) 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 Dioceses 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.

Supplemental Information

MANAGEMENTS BASIS FOR THE FORECAST OF SUPPLEMENTAL OTHER ITEMS

Supplemental Information

The information provided in this section provides Management's key forecast assumptions relating to Deerfield and has been prepared pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and excludes the activities the Foundation. The assumptions disclosed herein for this supplementary disclosure (the "Supplemental Disclosure") are for a period covered by the Forecast Period and are the assumptions which Management believes are significant to the financial forecast included in the Supplemental Disclosure. However, the forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because the events and circumstances frequently do not occur as expected, and those differences may be material.

Management's supplemental forecast has been prepared for the specific purpose of presenting the supplemental forecasted statements of operations and changes in net assets, statements of cash flows and balance sheets for Deerfield. This presentation is not intended to include the consolidated forecasted financial statements of Deerfield Episcopal Retirement Community, Incorporated and Affiliate which would include Deerfield and the Foundation. Accordingly, the supplemental forecast is not intended to be a presentation in conformity with U. S. generally accepted accounting principles since it excludes the Foundation.

The disclosures in the Supplemental Disclosure add specific disclosures related to Management's supplemental forecast (the "Supplemental Forecast") included in this Supplemental Disclosure. Other key assumptions have been presented in Management's Summary of Significant Forecast Assumptions and Accounting Policies as disclosed previously and also apply to the Supplemental Forecast with the exception of the following.

Due from Related Party

Management has forecasted the Due from Related Party based upon historical experience and has not forecasted a change in Due from Related Party during the Supplemental Forecasted Period.

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INCORPORATED
SUPPLEMENTAL FORECASTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDING SEPTEMBER 30,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
REVENUES, GAINS AND OTHER SUPPORT					
Resident Fees	$ 31,319	$ 32,757	$ 39,417	$ 51,457	$ 55,440
Contributions and Bequests	842	876	911	947	985
Interest and Dividend Income	5,579	6,122	6,223	6,520	6,868
Amortization of Entrance Fees	10,886	11,362	16,398	21,684	26,230
Other Income	2,931	1,232	1,429	1,978	2,108
Total Revenue, Gains, and Other Support	51,557	52,349	64,378	82,586	91,631
EXPENSES					
Program Services	31,587	33,148	40,939	45,133	47,340
Supporting Services	4,433	5,036	6,613	7,130	7,744
Depreciation	7,526	8,003	8,725	18,143	18,627
Interest	2,963	2,424	14,293	12,751	11,243
Total Expenses	46,509	48,611	70,570	83,157	84,954
EXCESS OF REVENUES OVER (UNDER) EXPENSES	5,048	3,738	(6,192)	(571)	6,677
Other Change in Net Assets With Donor Restriction	5,048	3,738	(6,192)	(571)	6,677
Change in Net Assets	5,048	3,738	(6,192)	(571)	6,677
Net Assets, Beginning of Year	107,497	112,545	116,283	110,091	109,520
Net Assets, End of Year	$ 112,545	$ 116,283	$ 110,091	$ 109,520	$ 116,197

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INCORPORATED
SUPPLEMENTAL FORECASTED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING SEPTEMBER 30,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
OPERATING ACTIVITIES					
Change in Net Assets	$ 5,048	$ 3,738	$ (6,192)	$ (571)	$ 6,677
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:					
Depreciation	7,526	8,003	8,725	18,143	18,627
Amortization of Deferred Financing Costs	738	1,144	945	378	195
Amortization of Bond Premium	(329)	(395)	(395)	(395)	(395)
Amortization of Entrance Fees	(10,886)	(11,362)	(16,398)	(21,684)	(26,230)
Marketing Expenses funded by Series 2026 Bond Proceeds	(515)	(766)	(766)	-	-
(Increase) Decrease in Current Assets:					
Accounts Receivable	(136)	(78)	(419)	(756)	(245)
Interest Receivable	(224)	-	-	-	-
Other Receivables	2,024	-	-	-	-
Inventory	(60)	(8)	(8)	(8)	(9)
Prepaid Expenses	(32)	(12)	(53)	(23)	(18)
Increase (Decrease) in Current Liabilities:					
Accounts Payable	(886)	155	567	271	224
Accrued Payroll	(150)	31	32	34	34
Other	418	66	103	106	85
Accrued Interest	5,486	899	(292)	(1,004)	(89)
Entrance Fees Received from Turnover	18,379	17,148	20,772	24,275	27,067
Net Cash Provided by Operating Activities	26,401	18,563	6,621	18,766	25,923
INVESTING ACTIVITIES:					
Change in Investments	(24,842)	(5,611)	(1,842)	(11,281)	(5,788)
Purchases of Property and Equipment	(47,316)	(203,684)	(110,230)	(7,129)	(7,509)
Interest Costs Capitalized in Construction	(3,125)	(7,530)	(1,232)	-	-
Change in Statutory Operating Reserve	4,931	(124)	(1,144)	(2,410)	(200)
Change in Construction Account	(247,559)	193,005	54,554	-	-
Change in Funded Interest Fund	(17,683)	6,541	11,142	-	-
Change in Entrance Fee Fund	-	(1,864)	(13,281)	15,145	-
Change in Assets Under Bond Trust Agreement	-	-	(4,296)	1,004	15
Change in Resident Deposits	(3,839)	(1,939)	9,965	5,021	-
Net Cash Provided by (Used in) Investing Activities	(339,433)	(21,206)	(56,364)	350	(13,482)
FINANCING ACTIVITIES:					
Initial Entrance Fee Receipts	3,839	3,803	97,286	47,890	-
Refunds of Deposits and Refundable Fees	(1,527)	(1,522)	(2,853)	(3,756)	(3,486)
Proceeds from Series 2026A Bonds and Series 2026B Bonds	310,130	-	-	-	-
Marketing Expenses funded by Series 2026 Bond Proceeds	515	766	766	-	-
Proceeds from the Series 2026C Bonds	860	91	49,049	-	-
Debt Issuance Costs	(5,142)	-	-	-	-
Principal Payment on Long-Term Debt -Bonds	(470)	(495)	(535)	(2,985)	(3,090)
Principal Payments on Series 2026B Bonds	-	-	(93,970)	(60,265)	(5,865)
Net Cash Provided by (Used In) Financing Activities	308,205	2,643	49,743	(19,116)	(12,441)
Net Change in Cash and Cash Equivalents	(4,827)	-	-	-	-
Beginning Balance of Cash and Cash Equivalents	15,827	11,000	11,000	11,000	11,000
Ending Balance of Cash and Cash Equivalents	$ 11,000	$ 11,000	$ 11,000	$ 11,000	$ 11,000
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest, Net of Capitalized	$ 5,691	$ 7,403	$ 14,811	$ 13,772	$ 11,532

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INCORPORATED
SUPPLEMENTAL FORECASTED BALANCE SHEETS
AT SEPTEMBER 30,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 11,000	$ 11,000	$ 11,000	$ 11,000	$ 11,000
Investments	120,746	126,357	128,199	139,480	145,268
Accounts Receivable	1,888	1,966	2,385	3,141	3,386
Interest Receivable	224	224	224	224	224
Inventories	194	202	210	218	227
Prepaid Expenses	291	303	356	379	397
Current Portion of Assets Limited as to Use	6,690	11,675	4,355	3,351	3,336
Due From Related Party	1,386	1,386	1,386	1,386	1,386
Total Current Assets	142,419	153,113	148,115	159,179	165,224
Assets Limited as to Use:					
Statutory Operating Reserve	4,775	4,899	6,043	8,453	8,653
Benevolent Assistance Fund	-	-	-	-	-
Renewal and Replacement Fund	10,400	10,400	10,400	10,400	10,400
Mission Advancement Fund	-	-	-	-	-
Under Donor Restrictions	1,782	1,782	1,782	1,782	1,782
Escrow Agreements	292	292	292	292	292
Construction Account	247,559	54,554	-	-	-
Funded Interest Fund	17,683	11,142	-	-	-
Entrance Fee Fund	-	1,864	15,145	-	-
Under Bond Trust Agreement	59	59	4,355	3,351	3,336
Resident Deposits	13,047	14,986	5,021	-	-
Total Assets Limited as to Use	295,597	99,978	43,038	24,278	24,463
Less: Current Portion	(6,690)	(11,675)	(4,355)	(3,351)	(3,336)
Total Assets Limited as to Use, Net	288,907	88,303	38,683	20,927	21,127
Property, Plant and Equipment	250,387	261,831	615,579	622,708	630,217
Construction in Progress	42,516	242,286	-	-	-
Less: Accumulated Depreciation	(117,830)	(125,833)	(134,558)	(152,701)	(171,328)
Net Property, Plant and Equipment	175,073	378,284	481,021	470,007	458,889
Total Assets	$ 606,399	$ 619,700	$ 667,819	$ 650,113	$ 645,240

DEERFIELD EPISCOPAL RETIREMENT COMMUNITY, INCORPORATED
SUPPLEMENTAL FORECASTED BALANCE SHEETS (CONTINUED)
AT SEPTEMBER 30,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Current Portion of Bonds Payable	$ 495	$ 535	$ 2,985	$ 3,090	$ 3,210
Accounts Payable	3,883	4,038	4,605	4,876	5,100
Accrued Salaries and Wages	777	808	874	943	987
Accrued Interest Payable	6,274	7,173	6,881	5,877	5,788
Other Accrued Liabilities	1,650	1,716	1,785	1,856	1,931
Refundable Entrance Fees	1,100	1,100	1,100	1,100	1,100
Entrance Fee Deposits	15,727	17,666	7,701	2,680	2,680
Total Current Liabilities	29,906	33,036	25,931	20,422	20,796
Long-Term Debt, Net of Current Portion	344,190	343,746	295,840	232,485	223,410
Unamortized Original Issue Costs	(4,777)	(3,633)	(2,688)	(2,310)	(2,115)
Unamortized Bond Premium, Net	6,219	5,824	5,429	5,034	4,639
Long-Term Debt, Net	345,632	345,937	298,581	235,209	225,934
Deferred Parking Revenue	530	489	448	407	366
Deferred Customization Revenue	489	489	489	489	489
Refundable Parking Revenue	50	50	50	50	50
Deferred Revenue from Entrance Fees	104,530	112,221	222,564	275,985	275,187
Refundable Entrance Fees, Net of Current Portion	12,717	11,195	9,665	8,031	6,221
Total Liabilities	118,316	124,444	233,216	284,962	282,313
Net Assets:					
Without Donor Restriction	106,378	110,116	103,924	103,353	110,030
With Donor Restriction	6,167	6,167	6,167	6,167	6,167
Net Assets	112,545	116,283	110,091	109,520	116,197
Total Liabilities and Net Assets	$ 606,399	$ 619,700	$ 667,819	$ 650,113	$ 645,240

Appendix C — Statement of Actuarial Opinion

North Carolina Gen. Stat. § 58-64A-210 requires certain continuing care providers to obtain an actuarial study, including a statement of actuarial opinion, at least once every three years. Due to the timing of the enactment of this requirement and the applicable statutory filing schedule, the actuarial study for this community has not yet been completed. Deerfield Episcopal Retirement Community, Inc. is required to submit its actuarial study to the North Carolina Department of Insurance no later than December 1, 2028.

Appendix D — Representative Contract(s)

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.

E. 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.

F. 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. Resident will have access to three (3) nutritionally well-balanced meals offered by us in accordance with our policies and procedures, which may be changed and amended by us from time to time.

3. Special Diets and Tray Service. Meals containing substitute or special diets and service delivery to the Residence are provided when approved by authorized staff. An extra charge may be made for special diets, dietary supplements and for delivery service.

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:

Entrance Fee Option	Amount of Entrance Fee	Amortization Schedule
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.

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 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.

E. 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.

F. **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. **<u>Illness or Accident Away from Deerfield.</u>** 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. **<u>Medical Insurance.</u>** 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. **<u>Accident or Illness Caused by Others.</u>** 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. **<u>Marriage or Addition of Second Resident During Occupancy.</u>**

1. <u>Resident to Resident Marriage.</u> 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. <u>Resident to Non-Resident Marriage.</u> 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.

L. **Campus Changes.** Resident hereby understands and acknowledges that: (1) Deerfield has the right, in its sole discretion, to make changes to the buildings, residences, amenities and other aspects of Deerfield's campus; (2) Deerfield's future planning may include potential changes to its campus, including, without limitation, enhancements, expansions and/or reductions of housing, buildings and amenities; and (3) some changes could alter, impact or impair the views from various residence locations in the community or create other disruptions to residents such as noise, relocation of amenities, and changes to residences or personal spaces.

M. **Deerfield Right to Relocate.** Deerfield reserves the right to relocate Resident to another accommodation when deemed necessary in order for Deerfield to fulfill its strategic, financial or other obligations. Deerfield will use reasonable efforts to relocate you to an accommodation of the same or similar type as your accommodation. Any such decision to relocate Resident will be discussed thoroughly with Resident or his or her legal representative, as applicable, in order to enlist Resident's understanding of the need for and cooperation with the relocation. Deerfield will pay all required packing and moving costs and all reasonable refurbishing costs necessary to achieve substantial comparability between Resident's accommodation and any new accommodation to which Resident may be relocated.

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.

____
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

Appendix E — Examination Report

The North Carolina Department of Insurance has not conducted an examination of Deerfield Episcopal Retirement Community, Inc. pursuant to Article 64A of the North Carolina General Statutes.

Appendix F — Statutory Ratio and Supporting Definitions

This Appendix reproduces certain statutory definitions referenced in Section 35 — Key Financial Metrics. The definitions below are quoted verbatim from N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 and are provided for reference only.

Adjusted Net Operating Margin Ratio. *"A profitability ratio that measures the margin generated from the core operations of a provider and net cash proceeds from entrance fees. The quotient shall be calculated by dividing the sum of resident operating income and net proceeds from entrance fees by the sum of resident revenue and net cash proceeds from entrance fees."* (G.S. 58-64A-145(1))

Annual Debt Service. *"The current year's capitalized interest cost plus interest expense and scheduled principal payments, excluding any balloon principal payment amounts and any portion of the annual debt service that has been or will be funded by debt for the payment of debt service."* (G.S. 58-64A-5(7))

Average Daily Cash Operating Expenses. *"The total expenses of a provider incurred in the conduct of the provider's business over a defined period of time, divided by the number of days in that period. For purposes of this definition, 'total expenses' includes interest expense, but excludes depreciation expense, amortization expense, realized or unrealized nonoperating losses or expenses, bad debt expense, and other noncash expenses."* (G.S. 58-64A-145(2))

Capital Expenditures as a Percentage of Depreciation Ratio. *"A capital structure ratio that indicates the level of capital reinvestment by a provider. The quotient shall be computed by dividing total purchases of property, plant, and equipment by total depreciation expense."* (G.S. 58-64A-145(3))

Cushion Ratio. *"A liquidity ratio that measures a provider's ability to pay its annual debt service using its unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by annual debt service."* (G.S. 58-64A-145(4))

Days Cash on Hand Ratio. *"A liquidity ratio that measures the number of days of cash operating expenses a provider could cover using its existing unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by average daily cash operating expenses."* (G.S. 58-64A-145(5))

Debt Service Coverage Ratio. *"A capital structure ratio that measures a provider's ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees, minus entrance fee amortization, entrance fee refunds contractually past due, and other noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of* *indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness."* (G.S. 58-64A-5(17))

Net Cash Proceeds from Entrance Fees. *"Total entrance fees received less entrance fees refunded, and less initial entrance fees received for new independent living units."* (G.S. 58-64A-5(30))

Net Operating Margin Ratio. *"A profitability ratio that measures the margin generated from the core operations of a provider. The quotient shall be calculated by dividing resident operating income by resident revenue."* (G.S. 58-64A-145(7))

Operating Ratio. *"A profitability ratio that measures whether current year cash operating revenues are sufficient to cover current year cash operating expenses without the inclusion of cash from entrance fee receipts. The quotient shall be computed by dividing total operating expenses, excluding depreciation expense and amortization expense, by total operating revenues, excluding amortization of entrance fees and other deferred revenue."* (G.S. 58-64A-145(8))

Prospective Financial Statements. *"Financial forecasts or financial projections, including the summaries of significant assumptions and accounting policies prepared by an independent certified public accountant."* (G.S. 58-64A-5(38))

Resident Expense. *"Total operating expenses excluding interest expense, depreciation expense, amortization expense, and income taxes."* (G.S. 58-64A-145(10))

Resident Revenue. *"Total operating revenue excluding interest and dividend income, entrance fee amortization, and contributions."* (G.S. 58-64A-145(11))

Unrestricted Cash and Investments. *"The sum of the provider's unrestricted cash, cash equivalents and investments, and any provider restricted funds that are available to pay debt or to pay operating expenses. For purposes of this definition, the assets serving as the operating reserve required by G.S. 58-64A-245 shall be considered unrestricted."* (G.S. 58-64A-145(12))

Unrestricted Cash and Investments to Long-Term Debt Ratio. *"A capital structure ratio that (i) measures a provider's position in available cash and marketable securities in relation to its long-term debt and (ii) measures a provider's ability to withstand annual fluctuations in cash. The quotient shall be calculated by dividing unrestricted cash and investments by total long-term debt, less the current portion of long-term debt."* (G.S. 58-64A-145(13))

Source: N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 (Session Law 2025-58). If the statutory definitions are amended, the statute as amended controls.