

**QUARTERLY FINANCIAL INFORMATION DISCLOSURE
BY
THE PINES AT DAVIDSON, INC.
FOR THE FISCAL QUARTER ENDED MARCH 31, 2024**

Relating to:

\$42,725,000

North Carolina Medical Care Commission
Retirement Facilities First Mortgage Revenue Bonds
(The Pines at Davidson Project), Series 2019A

| Due (January 1) | Amount | CUSIP |
|----------------------------|---------------|--------------|
| 2021 | \$ 75,000 | 65820Y PS9 |
| 2022 | 80,000 | 65820Y PT7 |
| 2023 | 80,000 | 65820Y PU4 |
| 2024 | 80,000 | 65820Y PV2 |
| 2025 | 85,000 | 65820Y PW0 |
| 2026 | 90,000 | 65820Y PX8 |
| 2027 | 95,000 | 65820Y PY6 |
| 2028 | 100,000 | 65820Y PZ3 |
| 2029 | 105,000 | 65820Y QA7 |
| 2030 | 110,000 | 65820Y QB5 |
| 2034 | 4,700,000 | 65820Y QC3 |
| 2035 | 1,325,000 | 65820Y QD1 |
| 2038 | 4,370,000 | 65820Y QE9 |
| 2041 | 5,820,000 | 65820Y QF6 |
| 2049 | 25,610,000 | 65820Y QG4 |

Questions regarding the information contained in this Quarterly Financial Disclosure should be directed to:

David A. Gentry
Chief Financial Officer
The Pines at Davidson, Inc.
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Davidson, North Carolina 28036
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The date of this disclosure is April 18, 2024.

QUARTERLY INFORMATION

Section 5.04 of the 2019A Loan Agreement requires the Corporation to provide, by not later than 45 days after the end of each quarter of each Fiscal Year of the Obligated Group, certain financial information and operating data for such fiscal quarter to the Commission and the Purchaser. The required information and operating data for the fiscal quarter ended March 31, 2024 is described below and set forth in the attached exhibits.

Financial Statements. Attached as Exhibit 1 are the unaudited financial statements of the Corporation as of and for the quarter ended March 31, 2024, without footnotes.

Units and Occupancy. Attached as Exhibits 2 and 3 are tables setting forth the number of units at The Pines, independent living occupancy, assisted living occupancy and nursing facility occupancy for the quarter ended March 31, 2024.

Entrance Fees and Monthly Charges. Attached as Exhibits 4-6 are tables setting forth entrance fees for independent living units, monthly charges for independent living units and health center per diem charges.

Long-Term Debt Service Coverage Ratio¹. Attached as Exhibit 7 is the calculation of the Long-Term Debt Service Coverage Ratio (as defined in the Master Indenture and calculated on a rolling four quarter basis) for the quarter ended March 31, 2024.

Days' Cash on Hand². Attached as Exhibit 8 is the calculation of Days' Cash on Hand (as defined in the Master Indenture) as of March 31, 2024.

Reserve Ratio. Attached as Exhibit 9 is the calculation of the Reserve Ratio (as defined in the Master Indenture), as of March 31, 2024.

Management Discussion. Attached as Exhibit 10 is an abbreviated narrative of the operating and financial environment of the Corporation for the fiscal quarter ended March 31, 2024.

Capital Projects. No capital project (other than the 2019 Project) financed with Long-Term Indebtedness was undertaken in the fiscal quarter ended March 31, 2024.

¹ The Long-Term Debt Service Coverage Ratio is tested annually at the end of each Fiscal Year, but it is being reported on a quarterly basis for informational purposes only.

² Days' Cash on Hand is tested on June 30 and December 31 but is being reported on a quarterly basis for informational purposes only.

The Pines at Davidson, Inc.
QUARTERLY OFFICER'S COMPLIANCE CERTIFICATE

I, David A Gentry, DO HEREBY CERTIFY that I am an Obligated Group Representative (as defined in the Second Amended and Restated Master Trust Indenture date as of March 1, 2019 (the "Master Indenture") between The Pines at Davidson, Inc. (the "Corporation") and U.S. Bank National Association, as master trustee) and the Chief Financial Officer of the Corporation and that as such I am authorized to execute this Officer's Certificate on behalf of the Corporation. Any capitalized term used herein without definition shall have the meaning given to such term in the Master Indenture.

This Officer's Certificate is being delivered in accordance with the provisions of Section 6.04 of each of the Continuing Covenant Agreements dated as of September 1, 2013, October 1, 2015 and March 1, 2019 (collectively, the "Continuing Covenant Agreements") between the Corporation and STI Institutional & Government, Inc.

I DO HEREBY FURTHER CERTIFY that:

1. The Long-Term Debt Service Coverage Ratio for the fiscal quarter ended MARCH 31, 2024 (calculated on a rolling four quarter basis) is 3.50, as demonstrated on the attached Exhibit 7.
2. The number of Days' Cash on Hand as of March 31, 2024 is 606, as demonstrated on the attached Exhibit 8.
3. To the best of my knowledge, no Default or Event of Default (as each such term is defined in the Continuing Covenant Agreements) has occurred during the fiscal quarter ended March 31, 2024.

WITNESS my hand this 18th day of April 2024.

The Pines at Davidson, Inc.

By:  _____

David A. Gentry
Obligated Group Representative and Chief Financial Officer

The Pines at Davidson, Inc.

Report for Fiscal Quarter Ended MARCH 31, 2024

| | |
|------------|---------------------------------------|
| Exhibit 1 | Financial Statements |
| Exhibit 2 | Number of Units |
| Exhibit 3 | Occupancy |
| Exhibit 4 | Entrance Fees |
| Exhibit 5 | Monthly Fees |
| Exhibit 6 | Health Center Per Diem Charges |
| Exhibit 7 | Long-Term Debt Service Coverage Ratio |
| Exhibit 8 | Days' Cash on Hand Ratio |
| Exhibit 9 | Reserve Ratio |
| Exhibit 10 | Management Discussion |

The Pines at Davidson, Inc.

FINANCIAL STATEMENTS

Exhibit 1 (1a of 4)

The Pines at Davidson, Inc.

BALANCE SHEETS

As of March 31, 2024 (unaudited) and December 31, 2023

| | 3/31/24 | 12/31/23 | 2024 vs 2023 \$ Change |
|---|-----------------------|-----------------------|---------------------------|
| CURRENT ASSETS | | | |
| Cash & Cash Equivalents | 9,090,478 | \$ 7,014,257 | \$ 2,076,221 |
| Cash held under bond agreement for payment of: | | | |
| Interest | - | 1,262,981 | (1,262,981) |
| Principal | - | 1,386,896 | (1,386,896) |
| Accounts receivable | 129,460 | 103,253 | 26,207 |
| Interest receivable | 157,692 | 158,521 | (829) |
| Prepaid expenses & other current assets | 789,425 | 655,454 | 133,971 |
| TOTAL CURRENT ASSETS | 10,167,055 | 10,581,362 | (414,307) |
| PROPERTY PLANT & EQUIPMENT | | | |
| Land & land improvements | 20,376,061 | 19,518,416 | 857,645 |
| Building and building improvements | 122,768,312 | 122,747,225 | 21,087 |
| Equip, furn and fixtures | 20,505,867 | 20,232,484 | 273,383 |
| Construction in progress | 1,062,847 | 1,395,592 | (332,745) |
| TOTAL PROPERTY AND EQUIPMENT | 164,713,087 | 163,893,717 | 819,370 |
| Less accumulated depreciation | (62,017,791) | (60,571,065) | (1,446,726) |
| PROPERTY AND EQUIPMENT - NET | 102,695,296 | 103,322,652 | (627,356) |
| OTHER ASSETS | | | |
| Operating Reserve as required by North Carolina General Statute | 7,540,000 | 7,540,000 | - |
| Other investments | 30,935,047 | 30,803,913 | 131,134 |
| Restricted donor assets | | | |
| Restricted pledges receivable | 990,362 | 990,362 | 0 |
| Donor restricted cash and investments | 14,860,878 | 14,287,544 | 573,334 |
| Debt issuance costs | | | |
| Pledges receivable - long term portion | - | - | - |
| | 54,326,287 | 53,621,819 | 704,468 |
| | \$ 167,188,638 | \$ 167,525,833 | \$ (337,195) |

The Pines at Davidson, Inc.

FINANCIAL STATEMENTS

Exhibit 1 (1b of 4)

The Pines at Davidson, Inc.

BALANCE SHEETS

As of March 31, 2024 (unaudited) and December 31, 2023

| | 3/31/24 | 12/31/23 | 2024 vs 2023 \$ Change |
|---------------------------------------|-----------------------|-----------------------|---------------------------|
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES: | | | |
| Accounts payable and accrued expenses | \$ 3,144,370 | \$ 2,700,175 | 444,195 |
| Interest payable | 619,749 | 1,259,241 | (639,492) |
| Current portion of long term debt | 1,430,000 | 1,385,000 | 45,000 |
| Total current liabilities | <u>5,194,119</u> | <u>5,344,416</u> | <u>(150,297)</u> |
| LONG-TERM DEBT, NET | 58,083,072 | 59,530,742 | (1,447,670) |
| OTHER LONG TERM LIABILITIES: | | | |
| Deferred entrance fee revenue | 50,620,440 | 51,393,215 | (772,775) |
| Refundable entrance fees | 5,042,934 | 4,151,319 | 891,615 |
| Entrance fee deposits | 947,685 | 895,715 | 51,970 |
| Total liabilities | <u>119,888,250</u> | <u>121,315,407</u> | <u>(1,427,157)</u> |
| NET ASSETS: | | | |
| Without donor restrictions | 31,449,149 | 30,932,520 | 516,629 |
| With donor restrictions | 15,851,239 | 15,277,906 | 573,333 |
| Total net assets | <u>47,300,388</u> | <u>46,210,426</u> | <u>1,089,962</u> |
| TOTAL | <u>\$ 167,188,638</u> | <u>\$ 167,525,833</u> | <u>\$ (337,195)</u> |

The Pines at Davidson, Inc.

FINANCIAL STATEMENTS

Exhibit 1 (2 of 4)

**The Pines at Davidson, Inc.
Statements of Unrestricted Revenues, Expenses
and Other Changes in Net Assets without Donor Restrictions
As of March 31, 2024 (unaudited) and December 31, 2023**

| | 2024 (3 months) | 2023 (12 months) |
|--|----------------------------|----------------------------|
| OPERATING REVENUE AND SUPPORT: | | |
| Resident service fees | \$6,669,237 | \$26,391,748 |
| Amortization of deferred entrance fees | 1,847,582 | 6,059,695 |
| Interest income | 249,396 | 925,516 |
| Other operating revenue | 238,961 | 898,124 |
| Net assets released from donor restrictions for operations | 242,131 | 1,034,600 |
| Total operating revenue and support | <u>9,247,307</u> | <u>35,309,683</u> |
| OPERATING EXPENSES: | | |
| Salaries and benefits | 4,441,866 | 16,839,833 |
| Depreciation | 1,458,275 | 5,711,243 |
| Other operating expenses | 2,145,463 | 8,219,642 |
| Interest and amortization expense | 602,079 | 2,448,960 |
| Total operating expenses | <u>8,647,683</u> | <u>33,219,678</u> |
| INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS | 599,624 | 2,090,005 |
| OTHER CHANGES: | | |
| Contributions without donor restrictions | 20,350 | 107,538 |
| Non-routine Service Expense | 0 | (234,308) |
| PPP Loan grant revenue | 0 | 0 |
| Net increase/(decrease)in fair value of investments | <u>(141,784)</u> | <u>735,009</u> |
| EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENSES AND OTHER CHANGES | 478,190 | 2,698,244 |
| Net assets released from donor restrictions for building and equipment | 38,439 | 879,419 |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 516,629 | 3,577,663 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS: | | |
| BEGINNING OF YEAR | <u>30,932,520</u> | <u>27,354,857</u> |
| END OF YEAR | <u><u>\$31,449,149</u></u> | <u><u>\$30,932,520</u></u> |

The Pines at Davidson, Inc.

FINANCIAL STATEMENTS

Exhibit 1 (3 of 4)

The Pines at Davidson, Inc.
Statements of Changes in Net Assets
As of March 31, 2024 (unaudited) and December 31, 2023

| | 2024 (3 months) | Audited 2023 (12 months) |
|--|----------------------------|--------------------------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS: | | |
| Total unrestricted revenue and support | \$ 9,267,657 | \$ 35,417,221 |
| Total unrestricted expenses | (8,647,683) | (33,219,678) |
| Net assets released from donor restrictions for buildings and equipment | 38,439 | 879,419 |
| Net increase/(decrease) in fair value of investments | (141,784) | 735,009 |
| COVID-19 grant revenue (Provider Relief Funding) | 0 | 0 |
| Non-routine Service Expense | 0 | (234,308) |
| Change in value of unrestricted pledges | 0 | 0 |
| | <hr/> | <hr/> |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 516,629 | 3,577,663 |
| NET ASSETS WITH DONOR RESTRICTIONS: | | |
| Contributions | 49,983 | 629,282 |
| Interest income | 111,336 | 444,127 |
| Net assets released from donor restrictions | (280,570) | (1,914,019) |
| Net increase/(decrease) in fair value of investments | 692,584 | 1,443,008 |
| Change in value of restricted pledges and other assets | 0 | 33,300 |
| | <hr/> | <hr/> |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | 573,333 | 635,698 |
| CHANGE IN NET ASSETS | 1,089,962 | 4,213,361 |
| NET ASSETS: | | |
| Beginning of period | <hr/> 46,210,426 | <hr/> 41,997,065 |
| End of period | <hr/> \$ 47,300,388 | <hr/> \$ 46,210,426 |

The Pines at Davidson, Inc.

FINANCIAL STATEMENTS

Exhibit 1 (4 of 4)

The Pines at Davidson, Inc.
 Statements of Cash Flows
 As of March 31, 2024 (unaudited) and December 31, 2023

| | 2024 (3 months) | Audited 2023 (12 months) |
|--|---------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,089,962 | \$ 4,213,361 |
| Adjustments to reconcile change in net assets to net cash used in operations: | | |
| Depreciation | 1,446,726 | 5,711,243 |
| Amortization | 11,898 | 48,744 |
| Amortization of deferred entrance fees | (1,807,694) | (5,918,614) |
| Amortization of improvement deposits | (39,888) | (141,081) |
| Amortization of bond premium | (29,568) | (118,271) |
| Change in net unrealized gains on investments | (550,800) | (2,178,017) |
| Change in value of long-term pledges | 0 | (33,300) |
| Restricted contributions | (49,983) | (629,282) |
| Restricted interest income | (111,336) | (444,127) |
| Refundable advance-Paycheck Protection Program | 0 | 0 |
| Changes in operating assets and liabilities-net | (354,653) | (1,246,303) |
| | <u>(395,336)</u> | <u>(735,647)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property & equipment | (819,370) | (3,373,246) |
| Sale (purchase) of long-term investments and board-designated funds - net | (153,668) | (2,768,294) |
| Sale (purchase) of cash and investments held under bond agreement - net | 0 | 0 |
| Purchases of assets limited as to use, net | 0 | 0 |
| | <u>(973,038)</u> | <u>(6,141,540)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Restricted contributions | 49,983 | 629,282 |
| Restricted interest income | 111,336 | 444,127 |
| Change in pledges receivable, net | 0 | 0 |
| Net proceeds from issuance of long-term debt | 0 | 0 |
| Cash paid for deferred financing costs | 0 | 0 |
| Repayment of long term debt | (1,385,000) | (1,350,000) |
| Issuance of bond premium | 0 | 0 |
| Net proceeds from entrance fees | 1,885,738 | 7,284,959 |
| Net proceeds from improvement deposits | 80,684 | 87,387 |
| Net entrance fee deposits received | 51,970 | 227,715 |
| | <u>794,711</u> | <u>7,323,470</u> |
| Net cash provided by financing activities | <u>794,711</u> | <u>7,323,470</u> |
| Increase (decrease) in cash, cash equivalents and restricted cash | (573,663) | 446,283 |
| Cash, cash equivalents, and cash held for bond purposes Beginning of period | 9,664,141 | 9,217,851 |
| End of period | <u>\$ 9,090,478</u> | <u>\$ 9,664,134</u> |

The Pines at Davidson, Inc.

NUMBER OF UNITS
AS OF MARCH 31, 2024
Exhibit 2

| Unit Type/Description | # of Units | Approximate Heated Sq. Ft. |
|--|---------------|-------------------------------|
| Independent Living Units | | |
| Studio | 7 | 418 |
| Deluxe Studio | 30 | 527 |
| One-Bedroom | 79 | 722 |
| Two-Bedroom | 28 | 975 |
| Two-Bedroom Suite | 10 | 1,140 |
| Two-Bedroom Deluxe | 3 | 1,249 |
| Cottage | 4 | 1,200 |
| Large Cottage* | 2 | 1,440 |
| Large Cottage with Sunroom* | 38 | 1,565 |
| Large Cottage with Sunroom / Study and Garage | 3 | 1,656 |
| 2 Bedroom Villa (Unit A) | 24 | 1,429 |
| 2 Bedroom Deluxe Villa (Unit B) | 8 | 1,619 |
| 2 Bedroom with Den Villa (Unit C) | 8 | 1,809 |
| 2 Bedroom with Den Deluxe Villa (Unit D) | 8 | 1,870 |
| 1 Bedroom Deluxe Villa with Sunroom/Study (1.5 Bath) (Green) | 6 | 1,164 |
| 2 Bedroom with Porch or Balcony (2 Bath) (Blue) | 2 | 1,515 |
| 2 Bedroom Villa with Sunroom/Study (2 Bath) (Red) | 14 | 1,667 |
| 2 Bedroom Villa with Sunroom/Study and Balcony (2 Bath) (Yellow) | 16 | 1,681 |
| Chartwell Estate | 1 | |
| Shaw Property | 1 | |
| Total | <u>292</u> | |
| Assisted Living Units | 30 | 274 |
| Nursing Facility Beds* | <u>75</u> | 209 - 350 |
| Total Assisted Living and Nursing Beds | <u>105</u> | |

The Pines at Davidson, Inc.
OCCUPANCY
Exhibit 3

The following table reflects the average occupancy of the existing Independent Living Units for the fiscal quarter ended:

| <u>Quarter Ended</u> | <u>Average number of available Independent Living Units¹</u> | <u>Average number of occupied Independent Living Units²</u> | <u>Average Percent Occupancy</u> |
|----------------------|---|--|----------------------------------|
| March 31, 2024 | 292 | 278.3 | 95.3% |
| <u>Year Ended</u> | | | |
| December 31, 2023 | 292.0 | 283.2 | 97.0% |
| December 31, 2022 | 291.0 | 284.2 | 97.7% |
| December 31, 2021 | 285.8 | 257.6 | 90.1% |

- 1) Effective July 1, 2020 four independent living cottages units were temporarily taken out of service to use for nursing care purposes related to COVID-19 resulting in the addition of twelve available beds in Nursing (4 cottages x 3 beds in each cottage). These four independent living cottages were placed back into service during March 2021. Two new independent living apartment buildings ("The Villas at Poplar Hill") opened resulting in the addition of 19 new apartments in December 2020 and 19 new apartments in February 2021.
- 2) Excludes single occupant temporary transfers to the Health Center.

The following table reflects the average occupancy of the existing Assisted Living Units for the fiscal quarter ended:

| <u>Quarter Ended</u> | <u>Average number of available Assisted Living Units</u> | <u>Average number of occupied Assisted Living Units</u> | <u>Average Percent Occupancy</u> |
|----------------------|--|---|----------------------------------|
| March 31, 2024 | 30 | 28.1 | 93.7% |
| <u>Year Ended</u> | | | |
| December 31, 2023 | 30 | 29.1 | 97.0% |
| December 31, 2022 | 30 | 28.2 | 94.2% |
| December 31, 2021 | 30 | 26.5 | 88.5% |

The following table reflects the average occupancy of the existing Nursing Facility Beds for the fiscal quarter ended:

| <u>Quarter Ended</u> | <u>Average number of available Nursing Facility Beds¹</u> | <u>Average number of occupied Nursing Facility Beds</u> | <u>Average Percent Occupancy</u> |
|----------------------|--|---|----------------------------------|
| March 31, 2024 | 75 | 72.7 | 96.9% |
| <u>Year Ended</u> | | | |
| December 31, 2023 | 75.0 | 73.5 | 98.0% |
| December 31, 2022 | 75.0 | 72.1 | 96.2% |
| December 31, 2021 | 80.3 | 66.1 | 82.3% |

1) Effective July 1, 2020, four independent living cottages were temporarily taken out of service to use for nursing care purposes related to COVID-19 resulting in the addition of 12 available beds in Nursing (4 cottages x 3 beds each). These four independent living cottages were placed back into service during March 2021 and have been removed from the nursing facility beds total and included in the independent living units table above. Additionally, the Corporation received temporary approval during January 2021 for thirteen beds to be used for nursing care purposes related to COVID-19. Effective April 1, 2021, the temporary thirteen beds are not included in the total number of nursing beds as these beds are not staffed and are to be used for COVID-19 quarantine purposes only.

The Pines at Davidson, Inc.

ENTRANCE FEES
Exhibit 4

Current Entrance Fees under the Standard Entrance Fee Option for the various types of Independent Living Units available at the Existing Facilities are as follows:

| Unit Type | Standard Entrance Fees Effective July 1, 2023 and after ¹ |
|--|--|
| Studio | \$50,620 |
| Deluxe Studio | 68,320 |
| One-Bedroom | 145,700 |
| Two-Bedroom | 253,700 |
| Two-Bedroom Suite | 260,700 |
| Two-Bedroom Deluxe | 277,600 |
| Cottage | 288,200 |
| Large Cottage | 305,200 |
| Large Cottage with Sunroom | 323,000 |
| Large Cottage with Sunroom / Study and Garage | 617,400 |
| Villas – Existing | |
| 2 Bedroom Villa (Unit A) | 456,100 |
| 2 Bedroom Deluxe Villa (Unit B) | 488,800 |
| 2 Bedroom with Den Villa (Unit C) | 545,100 |
| 2 Bedroom with Den Deluxe Villa (Unit D) | 556,700 |
| Villas at Poplar Hill | |
| 1 Bedroom Deluxe Villa with Sunroom/Study (1.5 Bath) (Green) | 362,900 |
| 2 Bedroom Villa with Porch or Balcony (2 Bath) (Blue) | 455,900 |
| 2 Bedroom Villa with Sunroom/Study (2 Bath) (Red) | 515,300 |
| 2 Bedroom Villa with Sunroom/Study and Balcony (2 Bath) (Yellow) | 531,800 |
| Chartwell Estate | 600,000 |
| Shaw Property | 1,000,000 |
| Second Person Fee | 28,500 |

- 1) The Standard Entrance Fees listed above represent the base entrance fee for a standard Independent Living Unit. In certain instances where improvements have been made in a unit, an upgrade fee may be added to the Standard Entrance Fee listed above. In such cases, the upgrade fee is generally expected to be less than 10% of the Standard Entrance Fee.

The Pines at Davidson, Inc.

MONTHLY FEES
Exhibit 5

The following table sets forth the monthly charges for residents who executed Residence & Care Agreements after June 30, 2018 for the various types of Independent Living Units:

Monthly Charges Effective July 1, 2023 and after

| Type of Unit | Single Standard Occupancy | Double Occupancy |
|---|---------------------------------|---------------------|
| Studio | \$3,100 | \$4,750 |
| Deluxe Studio | 3,250 | 4,898 |
| 1 Bedroom | 3,863 | 5,672 |
| 2 Bedroom | 4,241 | 6,229 |
| 2 Bedroom Suite | 4,354 | 6,340 |
| 2 Bedroom Deluxe | 4,571 | 6,560 |
| Cottage | 4,599 | 6,770 |
| Large Cottage | 4,964 | 7,139 |
| Large Cottage with Sunroom | 4,964 | 7,139 |
| Large Cottage with Sunroom / Study / Garage | 5,305 | 7,493 |
| Chartwell Estate | 7,493 | 7,493 |
| Shaw Property | 7,493 | 7,493 |
| Villas (Laurel Ridge and Hickory Crest) | | |
| 2 Bedroom Villa (Unit A) | 4,990 | 7,181 |
| 2 Bedroom Deluxe Villa (Unit B) | 5,082 | 7,270 |
| 2 Bedroom with Den Villa (Unit C) | 5,221 | 7,410 |
| 2 Bedroom with Den Deluxe Villa (Unit D) | 5,290 | 7,457 |
| Villas (Poplar Hill) | | |
| 1 Bedroom Deluxe Villa with Sunroom/Study (1.5 Bath) (Green) | 4,353 | 6,340 |
| 2 Bedroom Villa with Porch or Balcony (2 Bath) (Blue) | 4,978 | 7,169 |
| 2 Bedroom Villa with Sunroom/Study (2 Bath) (Red) | 5,069 | 7,257 |
| 2 Bedroom Villa with Sunroom/Study and Balcony (2 Bath) (Yellow) | 5,082 | 7,270 |

The Pines at Davidson, Inc.

HEALTH CENTER PER DIEM CHARGES
Exhibit 6

The per diem rates for residents in the Schramm Health Center who entered Residence & Care Agreements after June 30, 2018 are:

| <u>Type of Schramm Health Center Accommodation</u> | <u>Per Diem Effective July 1, 2023 and After</u> |
|--|--|
| Assisted Living: | |
| Assisted Living – private | \$225.40 |
| Nursing: | |
| Intermediate nursing - private (Brown and Purcell) | 336.30 |
| Skilled nursing - private (Brown and Purcell) | 336.30 |
| Skilled nursing - private (Maulden and Wilson) | 349.00 |

The Pines at Davidson, Inc.

LONG-TERM DEBT SERVICE COVERAGE RATIO
Exhibit 7

| | Quarter Ended March 31, 2024 | Fiscal Year Ended December 31, 2023 |
|--|---------------------------------|--|
| Change in unrestricted net assets | \$3,263,009 | 3,577,663 |
| Add: Depreciation and amortization | 5,822,246 | 5,759,987 |
| Interest expense | 2,390,344 | 2,400,216 |
| Net proceeds from entrance fees | 8,817,196 | 7,372,346 |
| Other non-cash expenses: | | |
| Change in unrealized gains on investments | (90,708) | (817,312) |
| Less: Amortization of deferred entrance fees | (6,582,455) | (6,059,695) |
| Income available for debt service (A) | <u>\$13,619,632</u> | <u>\$12,233,205</u> |
| Maximum annual debt service (B) | \$3,894,620 | \$3,894,620 |
| Long-term debt service coverage ratio (A divided by B) | 3.50 | 3.14 |

Notes:

- (1) The calculation shown above in Table A is calculated using the definitions in the Master Indenture (MI) and as required by the Continuing Covenant Agreements.
- (2) The rolling four quarters ended March 31, 2024 of 3.50 times coverage remains above covenant requirements.

The Pines at Davidson, Inc.
DAYS' CASH ON HAND RATIO
Exhibit 8

| | Quarter Ended March 31, 2024 | Fiscal Year Ended December 31, 2023 |
|---|---------------------------------|--|
| Unrestricted cash and marketable securities: | | |
| Cash and cash equivalents | \$9,090,478 | \$7,014,257 |
| Operating Reserve Required by NC General Statutes | 7,540,000 | 7,540,000 |
| Other Investments | 30,935,047 | 30,803,913 |
| Total (A) | \$47,565,525 | \$45,358,170 |
| Operating expenses: | | |
| Total operating expenses | 34,590,732 | 33,219,678 |
| Less depreciation and amortization | (5,833,100) | (5,759,987) |
| Total (B) | \$28,710,040 | \$27,459,691 |
| (A) divided by (B) | 1.66 | 1.65 |
| Multiplied by days | 366 | 365 |
| Days' Cash on Hand | 606 | 603 |

Note: The calculation shown above is calculated using the definitions in the Master Indenture.

The 3 days increase in Days' Cash on Hand reflects:

- Net Proceeds from Entrance Fees and Entrance Fee Deposits
- Operations driven increase in net assets
- The impact on Unrestricted Cash of Unrealized Gains on Investments

*Operating Expenses for 2024 reflect annualized March 31, 2024 expenses.

The Pines at Davidson, Inc.

RESERVE RATIO
Exhibit 9

| | As of March 31, 2024 | As of December 31, 2023 |
|--|-------------------------|----------------------------|
| Unrestricted cash and marketable securities: | | |
| Cash and cash equivalents | \$9,090,478 | \$7,014,257 |
| Operating Reserve Required by NC General Statutes | 7,540,000 | 7,540,000 |
| Other Investments | 30,935,047 | 30,803,913 |
| Available Reserves (A) | <u>\$47,565,525</u> | <u>\$45,358,170</u> |
| Total Long-Term Indebtedness, including current portion | \$58,140,000 | \$59,525,000 |
| Less: current portion | (1,430,000) | (1,385,000) |
| Less: amount not taken into account pursuant to Section 3.07(a) of the Master Indenture | 0 | 0 |
| Long-Term Indebtedness, net (B) | <u>\$56,710,000</u> | <u>\$58,140,000</u> |
| Reserve Ratio (Available Reserves divided by Long-Term Indebtedness, net) ((A) divided by (B)) | 83.88% | 78.02% |

Note: Calculations shown above are calculated using the definitions in the Master Indenture.

The Pines at Davidson, Inc.

**MANAGEMENT DISCUSSION
Exhibit 10**

For the three months ended March 31, 2024, average occupancy of The Pines at Davidson, Inc.'s Independent Living Units, Assisted Living Beds and Nursing Facility Beds was 95.3%, 93.7%, and 96.9%, respectively. This compares to average occupancy rates of 97%, 97%, and 98% respectively for the fiscal year 2023.

Fiscal year ended March 31, 2024:

Operating revenue and support for the quarter ended March 31, 2024 of \$9.2 million compares favorably to the budget of \$8.8 million and prior year's 1st quarter revenue and support of \$8.2 million. These results reflect favorable interest earnings and accelerated amortization of deferred revenue from entrance fees under updated actuarial data.

Operating expense of \$8.6 million for the quarter ended March 31, 2024 also compares favorably to the budget of \$8.7 million, however unfavorably to prior year's 1st quarter expense of \$8.1 million. Labor expenses of \$4.4 million for the current quarter continue to reflect the cost of a competitive labor market for new team members and wage adjustments necessary to retain current team members. These costs are slightly favorable to the budget of \$4.5 million yet unfavorable to last year's 1st quarter of \$4.1 million. Non-labor expenses of \$4.2 million are flat with budget.

The results in Revenue and Expenses combine to produce an Increase in net assets without donor restrictions from operations of \$517 thousand compared to a budgeted increase of \$110 thousand and an increase of \$832 thousand experienced in the 1st quarter of last year. Much of the prior year's change was due to an increase in the fair value of unrestricted investments totaling \$589 thousand.

Debt Service Coverage of 3.50 times coverage remains well above the Bond Covenant requirement of 1.20 times coverage.

Liquidity remained strong as of March 31, 2024 with a Days Cash on Hand of 606 days.

On September 20, 2023, Fitch Ratings affirmed The Pines' 'BBB+' Issuer Default Rating with a stable outlook.