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27104-1197

April 16, 2009

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NC MEDICAL
CARE COMMISSION

Christopher B. Taylor, CPA
Auditor and Advisor
Dept. of Health and Human Services
N. C. Medical Care Commission
2701 Mail Service Center
Raleigh, NC 27699-2701

RE: 2008 Community Benefits Annual Filing

Dear Chris:

Enclosed for your information is a copy of applicable portions of our filing with the Forsyth County Tax Office for our 2009 Property Tax Exemption. This information includes the Application for Property Tax Exemption under G. S. 105-278.6A. This document reflects the amount of charity care and community benefits rendered by Arbor Acres United Methodist Retirement Community, Inc. during fiscal year ending December 31, 2008. Please let me know if you have any questions or need any additional information to fulfill our community benefit filing requirement.

Sincerely,

Kenneth W. Boyles
Kenneth W. Boyles
Vice President and CFO

kb

Enclosure



Application for Property Tax Exemption Under G.S. 105-278.6A

Instructions (Return to the Forsyth County Tax Office No Later Than January 31st of the year of this application.)

A facility may be granted a total exclusion under Section 1, G.S. 105-278.6A, (c), provided that conditions (1) through (5) are met **AND** condition (6) a.

If the facility qualifies under (6) a. **AND** meets conditions (1) through (5), check this box and do not complete the rest of the form to obtain a total exemption.

If the facility qualifies under (6) b. **AND** meets conditions (1) through (5), complete the rest of the form below.

Provide all relevant attachments as noted under each category.

REVENUE

Total Resident Revenue - As Disclosed in Most Recent Audited Financial Statement

(Includes all monthly service fees, fee for service charges, amortized entry fee income for the year, and any fees collected that would not otherwise be amortized into income for the year associated with living in the facility. Excludes investment income, contributions and income from non-resident sources.) Attach Relevant Sections of Most Recent Audited Financial Statements

(1) 17,393,648

CHARITY CARE

(A) Unreimbursed Health Care

(From Medicare/Medicaid or Third Party cost reports, internal resident assistance data certified by the facility or audited financial statements which show amount of unreimbursed costs) Attach Applicable Pages of Cost Reports

(B) Unreimbursed Housing and Services

(From internal assistance reports (Lyons software or spreadsheet) certified by the facility and/or audited statements which show amount of unreimbursed costs and/or as disclosed in most recent audited financial statement)

1,042,149

Total Charity Care

(2) 1,042,149

COMMUNITY BENEFITS

(Amounts claimed are to be taken from audited financial statements which either footnote the amount or disclose the amount in the statement of operations as a line item and/or can be taken from documented receipt letters from entities receiving the service, donation or volunteer service, and/or as documented in the Lyons Software or similar spreadsheet program certified by the facility. The amounts are limited to actual expenses incurred by the facility to perform the service or provide the donation.)

(A) Services

(Verifiable unreimbursed expenses incurred by the facility to provide health, recreation, community research, and education activities to the community at large, including the elderly – DOES NOT include resident volunteer time.)

(B) Charitable Donations

(Actual cash outlay or equivalent dollar amount of donated items originally acquired by the facility and documented in facility community benefit report (Lyons software or spreadsheet) and/or noted in audited financial statements.)

10,586

Application for Property Tax Exemption Under G.S. 105-278.6A

(C) Donated Volunteer Services

(Cost to the facility for allowing employees to volunteer in community service projects or organizations and/or actual unreimbursed facility material, space and volunteer time as documented based on wages paid by the facility for the volunteer during the service period/project)

(D) Donations and Voluntary Payments to Government Agencies

(Amounts to be taken from Receipted donations/payments from government agency receiving donation/payment when the facility would otherwise not have to pay the agency – goodwill.)

Total Community Benefits

(3) 10,586

Total Community Benefits and Charity Care

(2) + (3)

(4) 1,052,735

Percentage of Resident Revenue

Total Community Benefits and Charity Care Divided by
Total Resident Revenue

(4) 1,052,735

(1) 17,393,648

Percentage of Resident Revenue (4) divided by (1)

6.05 %

Exclusion Percentage Based on Percent of Resident Revenue Above

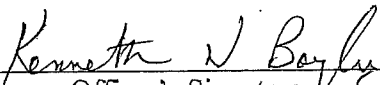
% of Revenue	Exclusion %
5%	100%
4%	80%
3%	60%
2%	40%
1%	20%

Exclusion % 100 %

Facility Name Arbor Acres United Methodist Retirement Community, Inc County Forsyth

Facility Address 1240 Arbor Road Winston Salem NC 27104

Under penalties prescribed by law, I hereby affirm that that to the best of my knowledge and belief this listing, including any accompanying statements, inventories, schedules, and other information, is true and complete. The information contained on this form is supported by our Financial and Facility Records:


 _____ Date 4-16-09 *
 Officer's Signature
 Vice President

* originally filed 1-30-09

ARBOR ACRES UNITED METHODIST RETIREMENT COMMUNITY, INC.
PROPERTY TAX EXEMPTION
COMMUNITY BENEFITS - 2008

(A) SERVICES

TOTAL SERVICES

0.00

(B) CHARITABLE DONATIONS

01-07-08	Goodwill Industries of Northwest N.C.	New Clothing	130.00
01-12-08	School of the Deaf	Six puzzles	12.00
02-05-08	Area Ombudsman	Lunch	34.27
01-28-08	Hospice & Palliative Carecenter	Cash sponsor Hospice Hope Run	750.00
02-29-08	Goodwill Industries of Northwest N.C.	Appliances, housewares, books	95.00
03-15-08	Goodwill Industries of Northwest N.C.	Pictures, flowers, linens	75.00
03-20-08	Goodwill Industries of Northwest N.C.	Pictures, flowers, linens, glassware, office supplies	125.00
04-05-08	Winston Salem Rescue Mission	Furniture, books, clothing, linens, glassware	300.00
04-06-08	Goodwill Industries of Northwest N.C.	Pictures, flowers, linens, glassware	75.00
04-06-08	Goodwill Industries of Northwest N.C.	Pictures, housewares, suitcases, lamp, pillows	60.00
04-08-08	Goodwill Industries of Northwest N.C.	Books, housewares, small appliances	45.00
04-15-08	Winston Salem Foundation	Sponsorship table	350.00
05-05-08	Goodwill Industries of Northwest N.C.	Recliner, two side chairs	300.00
05-15-08	Goodwill Industries of Northwest N.C.	Clothing	100.00
06-05-08	Goodwill Industries of Northwest N.C.	Mens Clothing, housewares, linens	475.00
06-09-08	Goodwill Industries of Northwest N.C.	Womens Clothing, housewares, linens	495.00
06-11-08	Winston Salem Rescue Mission	Sofa, chairs, mens clothing	495.00
07-30-08	Goodwill Industries of Northwest N.C.	Books, housewares, small appliances	150.00
07-30-08	Goodwill Industries of Northwest N.C.	Books, housewares, small appliances, computer	200.00
08-28-08	Goodwill Industries of Northwest N.C.	Mens Clothing, shoes, housewares	200.00
09-18-08	Habitat for Humanity	Twelve rolls wallpaper	120.00
10-16-08	Goodwill Industries of Northwest N.C.	Thirteen computer monitors/computers/keyboards	400.00
10-16-08	Goodwill Industries of Northwest N.C.	Ten computers/computers/keyboards	500.00
10-16-08	Goodwill Industries of Northwest N.C.	Housewares	100.00
Various	Senior Serices	Sponsorship of annual Meals on Wheels event	5,000.00

TOTAL CHARITABLE DONATIONS

10,586.27

(C) DONATED VOLUNTEER SERVICES

TOTAL DONATED VOLUNTEER SERVICES

0.00

(D) DONATIONS AND VOLUNTARY PAYMENTS TO GOVERNMENT AGENCIES

0.00

GRAND TOTAL

10,586.27

**ARBOR ACRES UNITED METHODIST
RETIREMENT COMMUNITY, INC.**

Statements of Operations and Changes in Net Assets

For the Years Ended December 31, 2008 and 2007

	2008			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Revenue, gains, and other support:				
Contributions	\$ 89,047	\$ 771,942	\$ 396,058	\$ 1,257,047
Resident fees	14,476,787	-	-	14,476,787 *
Entrance fees earned	2,916,861	-	-	2,916,861 *
Realized gain on investments	195,639	-	25,364	221,003
Investment income	771,293	171,500	-	942,793
Other	144,092	-	-	144,092
Net assets released from restrictions	998,468	(998,468)	-	-
Total revenue, gains, and other support	<u>19,592,187</u>	<u>(55,026)</u>	<u>421,422</u>	<u>19,958,583</u>
Expenses:				
Medical and personal care	3,738,351	-	-	3,738,351
Food service	3,020,443	-	-	3,020,443
Facility services	3,339,252	-	-	3,339,252
Utilities	944,680	-	-	944,680
Resident services	885,529	-	-	885,529
Other	23,846	-	-	23,846
Administration	1,685,474	-	-	1,685,474
Human resources	194,759	-	-	194,759
Marketing and development	530,639	-	-	530,639
Amortization	20,037	-	-	20,037
Depreciation	2,539,831	-	-	2,539,831
Interest	880,444	-	-	880,444
Expense due to termination of health insurance plan	258,124	-	-	258,124
Total expenses	<u>18,061,409</u>	<u>-</u>	<u>-</u>	<u>18,061,409</u>
Operating income (loss)	<u>1,530,778</u>	<u>(55,026)</u>	<u>421,422</u>	<u>1,897,174</u>
Non-operating expense:				
Loss on bond refinancing	-	-	-	-
Excess of revenues over (under) expenses	1,530,778	(55,026)	421,422	1,897,174
Other changes in net assets:				
Net assets released from restrictions--capital	20,000	(20,000)	-	-
Net unrealized gain (loss) on investments	(4,920,418)	-	(1,146,682)	(6,067,100)
Change in net assets	(3,369,640)	(75,026)	(725,260)	(4,169,926)
Net assets, beginning of year	24,039,751	878,442	5,032,394	29,950,587
Net assets, end of year	<u>\$ 20,670,111</u>	<u>\$ 803,416</u>	<u>\$ 4,307,134</u>	<u>\$ 25,780,661</u>

The accompanying notes are an integral part of these financial statements.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ended December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Financial assistance	\$ 870,649 *	\$ 811,644
Other	127,819	34,115
Net assets released from restrictions--operating	<u>998,468</u>	<u>845,759</u>
Net assets released from restrictions--capital	<u>20,000</u>	<u>-</u>
	<u>\$ 1,018,468</u>	<u>\$ 845,759</u>

The Board also paid financial assistance out of the earnings of the board designated funds for financial assistance in the amounts of \$171,500 and \$150,400 for the years ended December 31, 2008 and 2007, respectively. *

7. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is available to support:

	<u>2008</u>	<u>2007</u>
Assistance endowment	\$ 3,807,134	\$ 4,532,394
Swimming pool endowment	<u>500,000</u>	<u>500,000</u>
	<u>\$ 4,307,134</u>	<u>\$ 5,032,394</u>

8. Employee Benefits

Arbor Acres' employees may participate in the Cumulative Pension and Benefit Fund and the Tax-Deferred Annuity Contributions Program defined contribution retirement plans of the General Board of Pensions of The United Methodist Church. These plans cover all employees who elect to participate with at least one year of service, as determined at enrollment dates each month. If employees elect to participate, they must contribute at least 3% of regular earnings to the plans. Arbor Acres contributes 6% of regular earnings for all participating employees. Contributions for the years ended December 31, 2008 and 2007 were \$265,415 and \$247,142, respectively.