

**DISCLOSURE STATEMENT
(Information Booklet)**

THE CEDARS

of Chapel Hill

**100 Cedar Club Circle
Chapel Hill, North Carolina 27517
(919) 929-1995**

May 31, 2024

THE CEDARS OF CHAPEL HILL, LIKE ALL OTHER CONTINUING CARE RETIREMENT COMMUNITIES IN THE STATE OF NORTH CAROLINA, IS SUBJECT TO AN ARTICLE CONCERNING LICENSURE AND DISCLOSURE. IN ACCORDANCE WITH CHAPTER 58, ARTICLE 64 OF THE NORTH CAROLINA GENERAL STATUTES OF THE STATE OF NORTH CAROLINA:

- THE CEDARS OF CHAPEL HILL MUST DELIVER A DISCLOSURE STATEMENT TO A PROSPECTIVE RESIDENT PRIOR TO OR AT THE TIME A PROSPECTIVE RESIDENT EXECUTES A RESIDENCY AGREEMENT OR AT THE TIME A PROSPECTIVE RESIDENT TRANSFERS ANY MONEY OR OTHER PROPERTY TO THE CEDARS OF CHAPEL HILL, WHICHEVER OCCURS FIRST**
- THE DISCLOSURE STATEMENT HAS NOT BEEN REVIEWED OR APPROVED BY ANY GOVERNMENT AGENCY OR REPRESENTATIVE TO ENSURE ACCURACY OR COMPLETENESS OF THE INFORMATION SET OUT**
- UNLESS EARLIER REVISED, THE CEDARS OF CHAPEL HILL INTENDS FOR THIS DISCLOSURE STATEMENT TO REMAIN EFFECTIVE FOR UP TO ONE (1) YEAR AND 150 DAYS THROUGH OCTOBER 28, 2025.**

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INTRODUCTION

The Cedars of Chapel Hill brings to those who are 62 years of age and over a way of retirement living known as a "Continuing Care" or "Life Plan" Community. This concept offers active retirees a lifestyle that is designed to provide Members the freedom to pursue personal interests and meet their unique needs for assisted living or skilled nursing when and if needed. The Cedars encompasses these important components: a privately owned condominium home, a wide array of personal services and the security of an on-site licensed and Medicare certified DuBose Health Care Center and a Cedars licensed home care agency. The Cedars is a residential condominium development whose owners enter into a Membership Agreement or designate a Member who enters into a Membership Agreement.

This Disclosure Statement explains the operation of The Cedars and is based on information as of the publication date. Because of economic, legal and other considerations, modifications in the operation of The Cedars may be necessary.

If a prospective Member would like additional information or would like to make inquiries regarding facilities or services, the marketing office should be contacted at 919-259-7927. Further, a prospective Member or prospective Member's legal representative with a general power of attorney has a right to ask for and receive information regarding reserve funding, experience of persons who will make investment decisions, and information regarding persons having a ten percent or greater interest in The Cedars, all of which are included herein.

Because non-technical language has been used in this Disclosure Statement, there may be differences between the text of this booklet and the language of the specific Purchase and Sale Agreement and Membership Agreement signed by a purchaser and/or Member. In the event of any such differences concerning the description of any item, the terms of the applicable executed Purchase and Sale Agreement and Membership Agreement will govern.

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, sexual orientation, handicap or national origin.

OVERVIEW

The Cedars is made up of several distinct legal entities, each with its own powers and responsibilities. The Cedars of Chapel Hill, LLC is the sponsor and the entity that planned, designed, built and sold homes as condominiums. It has a Management Agreement with The Cedars of Chapel Hill Club, Inc. and enters into a Membership Agreement with each of The Cedars' residents (Members). The Cedars of Chapel Hill Club, Inc. (which also is a party to the Membership Agreement) and The Cedars of Chapel Hill Condominium Association are two distinct North Carolina legal entities organized as non-profit corporations under the laws of North Carolina. None are affiliated with any religious, charitable or other non-profit organizations. The Cedars of Chapel Hill Club, Inc. is organized to manage the various membership functions of The Cedars which are included in each Member's Membership Agreement. Since The Cedars offers condominium ownership of a home, The Cedars of Chapel Hill Condominium Association was created to comply with North Carolina law regarding the ownership of commonly owned property.

ORGANIZATION STRUCTURE

The Cedars of Chapel Hill, LLC is owned by The Cedars of Chapel Hill Development Company, LLC, which is 100% owned by The Cedars of Chapel Hill Investor Group, LLC. Meadowmont Retirement Community, LLC is the majority owner of The Cedars of Chapel Hill Investor Group, LLC.

THE CEDARS OF CHAPEL HILL, LLC

The Cedars of Chapel Hill, LLC ("Company") is a North Carolina Limited Liability Company formed for the purpose of developing and managing a Life Plan Community (a licensed Continuing Care Retirement Community). Its current principal business address is 116 Cedar Breeze Lane, Chapel Hill, North Carolina 27517. The Company built The Cedars and sold its luxury condominiums as single-family Cottages, Verandas and Villas and was solely responsible for all debt related to the original development. In addition to building luxury condominiums the Company constructed all common areas of the retirement community, including the Clubhouse and DuBose Health Center. For its efforts in developing the Life Plan community, each year the Company receives from Members through the monthly service fee a payment equal to 10 percent of actual costs of operating The Cedars, including the costs of operating The Cedars of Chapel Hill Condominium Association. In addition, the Company collects a Membership Fee for all memberships acquired in connection with purchase of a home at The Cedars.

The Manager of the Company is Perry Aycock. Aycock has been involved in the retirement industry for over 30 years as a salesperson, consultant and owner of his own consulting firm. He lives in Chapel Hill and is very involved in the community.

The Company has overall management responsibility for The Cedars of Chapel Hill Club, Inc. In its role as management agent, its primary duties involve the review and approval of capital expenditures, review and approval of operating budgets and monitoring of The Cedars' financial condition. Operational policies for The Cedars and criteria for admissions are subject to approval and periodic review. It also monitors compliance with the budget and the performance of The Cedars and its management. These activities are carried out by means of reports, studies and on-site inspections.

THE CEDARS OF CHAPEL HILL DEVELOPMENT COMPANY, LLC

The Cedars of Chapel Hill Development Company, LLC ("Development Company"), a North Carolina limited liability company, is the sole owner and serves as Managing Member of The Cedars of Chapel Hill, LLC. None of the officers or principals of the Managing Member receives compensation from The Cedars of Chapel Hill, LLC. The Cedars of Chapel Hill, LLC pays Meadowmont Retirement Community, LLC, the only beneficial owner of at least 10% of The Cedars of Chapel Hill, LLC, a management fee of \$31,200 per month for management, accounting and other services.

The Cedars of Chapel Hill Development Company, LLC is owned by The Cedars of Chapel Hill Investor Group, LLC, a North Carolina limited liability company. Meadowmont Retirement Community, LLC is the managing member of The Cedars of Chapel Hill Investor Group, LLC. Meadowmont Retirement Community, LLC is owned by 6 Limited Liability Companies set up by the 6 individual partners.

Managers (operating officers) of the various companies are Robert E. Woodruff and Roger L. Perry, whose offices are located at 116 Cedar Breeze Lane and 1450 Environ Way, respectively, Chapel Hill, NC 27517. Woodruff and Perry, as well as J. McNeely DuBose, David Anna, John R. McAdams and Peter Y. Gevalt, are principals in Meadowmont Retirement Community, LLC. None own a beneficial ownership in The Cedars of Chapel Hill, LLC of at least 10%.

The original partners of Meadowmont Retirement Community, LLC are as follows:

Robert E. Woodruff obtained a Bachelor of Science degree in Business Administration from the University of North Carolina and began his career as a CPA with Arthur Andersen. He left Arthur Andersen in 1974 and joined VilCom (formerly The Village Companies), a communications company located in Chapel Hill. Mr. Woodruff began his tenure with VilCom as Chief Financial Officer, later also becoming Executive Vice President and Chief Operating Officer. As a resident of Chapel Hill since 1974, Mr. Woodruff has been active in the community, serving in many positions with United Way, including Campaign Chairman; as District Chairman for the Boy Scouts; as President of the Chapel Hill Public Library Foundation; and as President of the East Chapel Hill Rotary Club. He has been President of SECU Family House at UNC Hospitals, which provides overnight

accommodations for patients being treated for critical illnesses and their families. He and his wife chaired a capital campaign to expand SECU Family House. He has served as an Elder at University Presbyterian Church and, with his wife, as Capital and Stewardship Campaign Chairs. Mr. Woodruff currently is President of The Cedars of Chapel Hill Club, Inc. and is directly responsible for the community's management.

Roger Perry is Founder and President of East West Partners Management Inc., a North Carolina real estate development company in Chapel Hill, NC, where he has spent over 45 years envisioning and developing quality mixed use communities throughout North Carolina and Virginia. Providing expertise in master planning, negotiations, and relationships.

Roger began his development career in 1972 when he joined the Sea Pines Company at River Hills Plantation near Charlotte. He later moved to Richmond, Virginia to join the team at Brandermill where he became senior vice president of sales and marketing. In 1983 Roger returned to North Carolina to develop Woodcroft, an 800-acre community located in Durham near Research Triangle Park.

A graduate of the University of North Carolina at Chapel Hill and The Executive Program at UNC Kenan-Flagler Business School, Roger has served and continues to serve on numerous boards and committees at the university. He is a current member of the UNC-Chapel Hill Foundation Board of Directors, UNC-Chapel Hill Real Estate Company, UNC Institute for Arts & Humanities Advisory Board, and serves on the Executive Committee of the Center for Real Estate at Kenan-Flagler Business School. He was recent Co-Chair of the UNC Development Campaign Committee

Roger is a past member of the UNC Healthcare Systems Board of Directors, past Trustee and Chairman of the University of North Carolina – Chapel Hill Board of Trustees, past member of the UNC Board of Visitors, Triangle Service Center Board of Research Triangle Park and past member and chair of the Orange County United Way Board of Directors. He has served on the National Development Council at UNC as past chairman of fundraising for UNC's golf facility. He has been a member of the McAllister Heart Center Board of Directors, Wells Fargo Bank Regional Board, North Carolina Progress Board, Chapel Hill Chamber of Commerce Board, Triangle YMCA Board, Triangle Board of Centura Bank, and the chair of Triangle Tomorrow Regional Board. He is active in the Urban Land Institute and is a past member of the Young Presidents' Organization.

East West Partners is one of the owners of the joint venture from which the land for The Cedars of Chapel Hill was purchased.

J. McNeely DuBose, MD, retired from his surgery practice in 1993 and returned to Orange County. Since that time he has been involved with the development of the family farm known as Meadowmont. After his formal training as a surgeon, Dr. DuBose began his medical career by serving two years in the United States Army

Medical Corps as a Captain. In 1968 he was awarded the Bronze Star Medal for Meritorious Service during his time in Vietnam. Dr. DuBose returned to North Carolina from his service in the United States Army Medical Corps and founded the Kinston Surgical Association where he practiced General, Thoracic and Vascular Surgery for 25 years. During this time he was appointed to the teaching faculty of the East Carolina University School of Medicine in Greenville, North Carolina as an Associate Professor of Clinical Surgery. A native of North Carolina, Dr. DuBose is a graduate of the University of North Carolina at Chapel Hill. He received an M.D. degree from The Johns Hopkins University School of Medicine in Baltimore, Maryland. He then served a seven-year internship and residency-training program at Duke University Medical Center in the department of surgery. He is board certified by the American Board of Surgery and the American Board of Thoracic Surgery and is a Fellow of the American College of Surgeons. Dr. DuBose has served as chairman of the Lenoir Hospital Department of Surgery, President of the medical staff and President of the Lenoir-Green-Jones County Medical Society. Dr. DuBose is active in the completion of Meadowmont Development. Dr. DuBose and his wife, Lynne K. DuBose, have endowed funds to support graduate students in the College of Arts and Sciences at UNC at Chapel Hill and have pledged funds to support post-doctoral research at the Johns Hopkins University School of Medicine. Dr. DuBose has been a member of the Advisory board of the Institute of Arts and Humanities at UNC at Chapel Hill.

The DuBose family donated 28 acres of land to UNC at Chapel Hill, including the family home known as "Meadowmont," which is the location of the Kenan Flagler Business School Rizzo Conference Center. The Rizzo Center is a continuing education center for business development. Dr. DuBose has been a charter member of the advisory committee overseeing the continued maintenance of the DuBose house and grounds. In addition to endowment of the original gift of Meadowmont, Dr. DuBose and his wife Lynne have given supplemental gifts to continue care and preservation of the house and grounds.

Dr. DuBose was one of the owners of land that was contributed to a joint venture, a portion of which land was purchased by The Cedars of Chapel Hill.

David Anna is the Founder and Chairman of The RESOLUTE Building Company, a North Carolina commercial construction firm founded in 1984. Mr. Anna has built and developed a wide variety of commercial, institutional and residential buildings. He spent 10 years as manager of various projects leading to the establishment of The RESOLUTE Building Company. He has a keen understanding of the specific needs in construction of a retirement community, having built multiple phases of Carolina Meadows Retirement Community. Additionally, RESOLUTE built a new community center for Carol Woods Retirement Community and many assisted living facilities for Southern Assisted Living and Homeplace Assisted Living in the Piedmont of North Carolina. He has over 40 years of building experience and is a former President of the General Contractors Association of Durham. Mr. Anna graduated from

Rensselaer Polytechnic Institute, Troy, New York, with a Bachelor of Science degree in Building Sciences and a Bachelor of Architecture. He is an Architect Emeritus in North Carolina and New York and a former member of the A.I.A. Along with his many professional affiliations, Mr. Anna has served on the Board of the Habitat for Humanity, SunTrust Bank in Chapel Hill, Carolina Meadows Retirement Community, Chapel Hill Museum, the Chapel Hill-Carrboro Chamber of Commerce and Triangle United Way. Mr. Anna is a member of the East Chapel Hill Rotary Club and the Carolinas Association of General Contractors (CAGC). RESOLUTE executed approximately half of the construction at The Cedars. It built the original DuBose Health Center and expansions to a total of 78 beds.

John R. McAdams, PE, PLS, is Founder and Chairman of The John R. McAdams Company, Inc. (dba McAdams), a civil engineering, land planning, landscape architecture and surveying organization headquartered in Raleigh, North Carolina. He began his career in 1971 as an engineer with Rose, Pridgen & Freemon, a small civil engineering firm in Chapel Hill, North Carolina. In 1979, he founded The John R. McAdams Company, Inc. The firm is one of the State's largest civil engineering design firms, serving higher education institutions, utility companies, national and regional real estate companies, and Fortune 500 clients with projects in a multi-state region from offices in North Carolina and Texas. The firm specializes in providing services to assisted living centers, as well as extended stay hotels, shopping centers, apartments and developers of large-scale mixed-use communities. Clients include Sunrise Assisted Living Services, Manor Care, Inc., Southern Assisted Living and Life Plan communities, including The Forest at Duke, Carolina Meadows Retirement Community and Carol Woods Retirement Community. A native of North Carolina, Mr. McAdams attended Duke University, graduating with a Bachelor of Science degree in Civil Engineering in 1970 and a Masters of Business Administration in 1980. He served on the board of Carol Woods Retirement Community from 1979 to 1996, and was Chairman of the Board from 1993 to 1996. During his involvement with Carol Woods, a major facilities expansion took place, with which he was intimately involved. He has been on the Board of Directors of Harrington Bank, North Carolina chapter of the American Council of Engineering Companies,

Triangle Land Conservancy and N.C. Environmental Management Commission. Mr. McAdams also is active in his church and other local civic organizations. The John R. McAdams Company, Inc. provides civil engineering services to The Cedars of Chapel Hill.

Peter Y. Gevalt is Managing Director of Wells Hills Partners, Ltd. and oversees and manages the day-to-day operations of the company, headquartered in New York City. He began his career 1970 as an officer with Chemical Bank and later moved to Eastdil Realty. In 1983, Mr. Gevalt founded Wells Hill Partners, Ltd., a privately held real estate investment banking firm. The firm has financed, acquired or sold over \$30 billion worth of real estate and has undertaken a large number of financial

advisory assignments throughout the U.S. The company's expertise has been applied to office, retail, hotel, industrial, self-storage, retirement and multifamily property. Mr. Gevalt holds a Bachelor of Arts degree in English from the University of North Carolina at Chapel Hill. He has served or does serve on several non-profit boards including the Episcopal Diocese of New York, Episcopal Charities, The Cathedral of St. John the Devine, Sheltering Arms, Hotchkiss School, Trinity Church Wall Street, and Hudson River Community Sailing. His professional associations include the Real Estate Board of New York.

The business address for the principals of Meadowmont Retirement Community is 116 Cedar Breeze Lane, Chapel Hill, NC 27517.

In compliance with regulations of the State of North Carolina none of the principals of Meadowmont Retirement Community, the Executive Director, Sara Flynn-Loy, or members of the Board of Directors of The Cedars of Chapel Hill Club, Inc. or The Cedars of Chapel Hill Condominium Association have been convicted of a felony, pleaded *nolo contendere* to a felony charge nor have been enjoined in a civil action by final judgment involving fraud, embezzlement, fraudulent conversion or misappropriation of property. None are subject to an injunctive or restrictive court order or have had any State or Federal license or permit suspended or revoked as a result of an action brought by a government agency or department that arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Article 64 of the North Carolina Administrative Code or a similar law in another state.

THE CEDARS OF CHAPEL HILL CLUB, INC.

The Cedars of Chapel Hill Club, Inc., ("The Club") is a North Carolina 501(c)(4) non-profit corporation. Its current business address is 100 Cedar Club Circle, Chapel Hill, North Carolina 27517. Its Board of Directors is made up of Fred Black, a management consultant; Jennifer Player, CEO of the non-profit Habitat For Humanity of Orange County, North Carolina, Meg Peery McLaughlin, minister at University Presbyterian Church, Jerry Van Sant, Member and retired financial executive, and Robert Woodruff, Manager of The Cedars of Chapel Hill, LLC. Mr. Woodruff currently serves as President of The Club. The Board is self-perpetuating with new Board members elected by the remaining Board members.

The Club was created to provide the services contracted for in The Cedars Membership Agreement. The Club manages the commonly owned property of The Cedars, including the Clubhouse and DuBose Health Center, on behalf of The Cedars of Chapel Hill Condominium Association. All monthly payments paid by Members and operating receipts and disbursements go through The Club.

Each year The Club collects from Members and pays The Cedars of Chapel Hill, LLC an amount equal to 10% of annual operating costs of The Club and the Condominium Association as an overhead fee.

THE CEDARS OF CHAPEL HILL CONDOMINIUM ASSOCIATION

The Cedars of Chapel Hill Condominium Association (the "Association") is a non-profit association of condominium owners. Its principal business address is 100 Cedar Club Circle, Chapel Hill, NC 27517. Each owner at The Cedars is a member of the Association.

There is one membership for each condominium. If condominium ownership is vested in more than one person, all of the persons owning such condominium designate one of the co-owners to act as the member of the Association. Upon conveying or transferring ownership interest in a condominium to a new owner, the new condominium owner will succeed to the former owner's membership in the Association.

The condominium owners own all the common property of The Cedars, including the Clubhouse and DuBose Health Center, with the Association serving as the governing body for all issues related to the real estate aspects of the common properties. The Association provides for the maintenance, repair, replacement, administration, and operation of common property. All activities undertaken by the Association are for the sole benefit of the condominium owners and all funds received by the Association will be used for the benefit of all condominium owners. The Club serves as the manager of the Association under a Management Agreement.

The Association acts through its Board of Directors, which is elected by the owners at an annual meeting in accordance with the By-Laws of the Association. The members of the Board as of the date of this publication are Linda Luftig, president, Tom Clegg, vice president, Bill Whichard, secretary, Ken Updegrave, Marcia Hanson and John Schwab, all condominium owners and also Members of The Club. Replacement Board members are elected for terms beginning in January of each year.

LIFE CARE SERVICES LLC

The Cedars has retained Life Care Services LLC ("Life Care Services") to manage the daily operations of The Cedars. As the nation's third largest operator of senior living communities, Life Care Services serves more than 40,000 seniors in 140+ communities (see Exhibit A). With over 50 years of service, Life Care Services has developed expertise in nearly

every facet of senior living management. For more information, visit Life Care Services' website: <https://www.lcsnet.com/management-services/management-services-overview>.

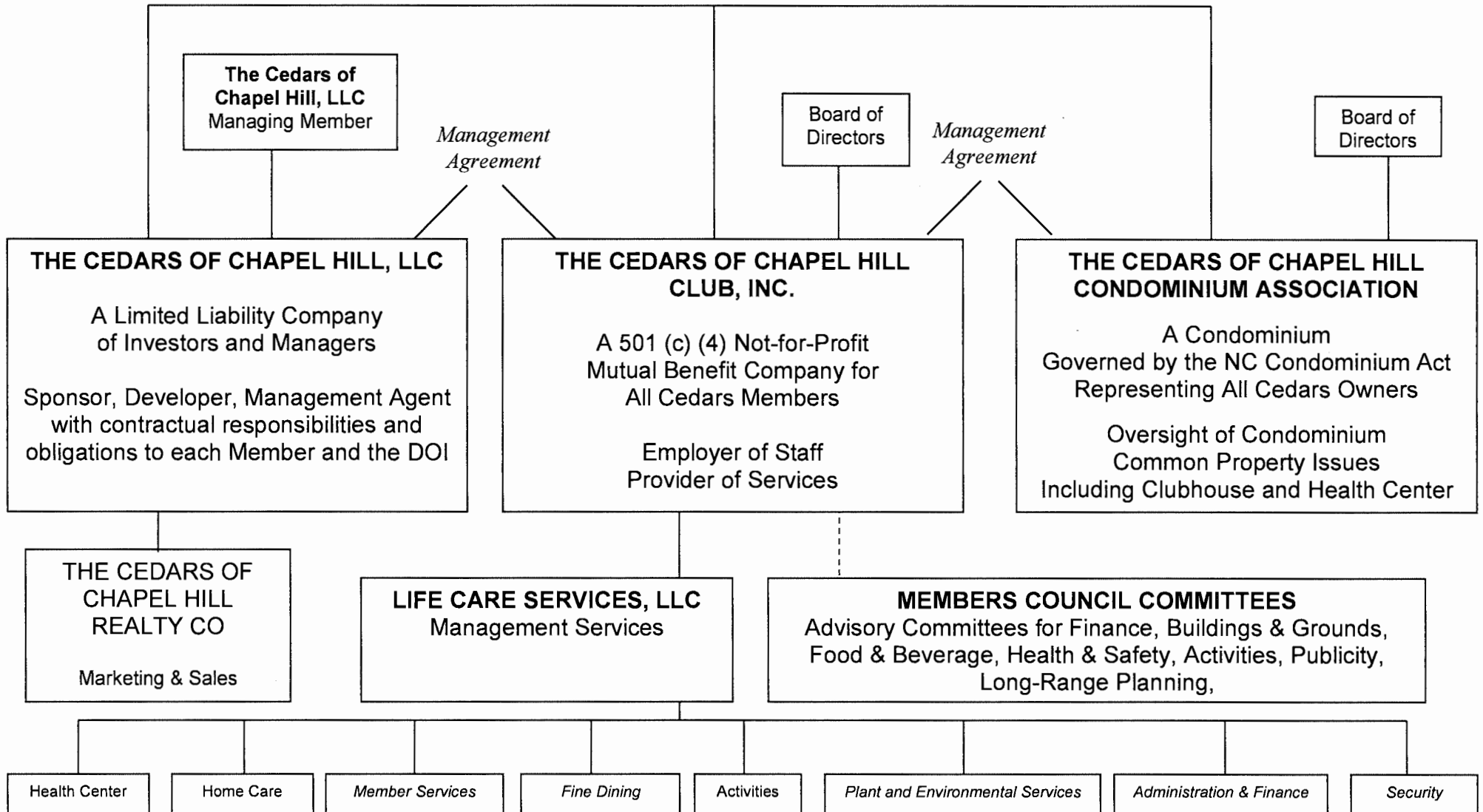
Principal officers of Life Care Services include Joel Nelson, Chris Bird, Diane Bridgewater, Jason Victor, and Jill Sorenson.

MEMBERS COUNCIL

The Cedars has a Members Council that is made up of Members of The Cedars. The Council consists of a Chair and Vice-Chair, the Chairs from seven Council committees and at-large members. Committees are: Finance, Buildings and Grounds, Food and Beverage, Health and Safety, Activities, Publicity and Long-Range Planning. Makeup of each committee is determined by the Council. Regularly scheduled Member meetings are held to enable Members to ask questions and to permit The Cedars' management and Council to communicate with Members for the purpose of free discussion of subjects as they apply to The Cedars, as well as proposed changes in policies, programs and services.

THE CEDARS OF CHAPEL HILL
 A Life Plan Community
 Licensed by the NC Department of Insurance (DOI)
 as a Continuing Care Retirement Community

Entities Comprising The Cedars



THE LOCATION

The Cedars is located on approximately 50 acres of land within Meadowmont, a mixed-use neighborhood in Chapel Hill, North Carolina. It is surrounded by quiet, residential neighborhoods such as the prestigious Oaks; yet it is a short distance from Interstate 40, the University of North Carolina, UNC Memorial Hospital, Duke University Hospital and world-renowned Franklin Street, the heart of downtown Chapel Hill. The site is located on Highway 54 near Glen Lennox and across from UNC's William and Ida Friday Continuing Education Center. It is also a part of the Research Triangle Area, with two major research hospitals, three world-class universities and numerous sports and cultural opportunities within a 20-mile radius. It also is a short distance from Raleigh-Durham International Airport.

The Meadowmont site formerly was the DuBose family property and has retained its legacy of gentle contours and abundant water features. The Cedars has been developed in a park-like campus setting with ponds, walking trails, gardens and landscape buffers defining a quiet, secure and peaceful environment for the enjoyment of its Members.

THE CAMPUS

The Cedars is a condominium Life Plan Community (licensed Continuing Care Retirement Community) designed to accommodate persons 62 years of age or older in an independent and active environment. The Cedars has a total of 306 homes. There are 50 cottage homes with one or two-car garages, six mid-rise Villa buildings containing 192 one and two bedroom homes and five Veranda buildings containing 62 two-bedroom homes. There are two homes on the top floor of the Clubhouse. The campus also includes an approximately 45,000 square foot Clubhouse and DuBose Health Center, which has 78 beds for use as skilled or assisted living. The Cedars is currently utilizing 68 of those beds. The Clubhouse serves as the hub for community activities and includes formal and informal dining areas, ballroom, art studio and activities room, card and game room, private dining room, beauty and barber salon, exercise room, computer and classroom, library and reading room, bar and an indoor pool. Planning is underway to renovate and add to the Clubhouse. The Condominium Association anticipates borrowing \$5,000,000 toward a project to be started in early 2023 to be repaid out of monthly fees and contributions from the Sponsor over a 10 year period beginning in 2024.

There are multiple floor plans with almost all homes containing two bedrooms. All homes are furnished with washers and dryers and have fully equipped kitchens. There is a campus-wide emergency call system (which is monitored 24 hours a day), smoke detectors and carbon monoxide monitors in each home.

DuBose Health Center has both private and semiprivate rooms, clinic, activities rooms, physical therapy room, arts and crafts therapy area, dining rooms and lounges.

DuBose includes a secure special care unit for Members with Alzheimer's Disease or Dementia and related disorders who are at risk for wandering.

Emphasis in DuBose Health Center is on restorative care and wellness in order to return Members to independent living in their homes. A licensed Home Care Agency is operated by The Cedars out of DuBose Health Center to provide assistance and companion services to Members in their homes on a fee-for-service basis. A medical clinic staffed by gerontologists is also located in DuBose Health Center.

The Cedars currently has approximately 430 residents.

THE PERSONNEL

LCS employs the current Executive Director, Sara Flynn-Loy, and the DuBose Health Center Administrator, to manage The Cedars. The Club employs all other personnel. Ms. Flynn-Loy is a graduate of The Pennsylvania State University with a Bachelor of Science degree in Human Development and Family Studies with an emphasis in Adult Development and Aging and a minor in Business Administration. She has served on various Boards and committees, including *LeadingAge NC* and the National Investment Center's Future Leaders Council.

An occupational therapist, physical therapist, and speech and hearing therapist are available on a consulting basis. The Cedars employs geriatric physicians and a nurse practitioner through UNC Health Systems for its medical clinic which is open half-days, 5 days a week. Members can, but are not required to, use the clinic physicians as their primary physician.

THE SERVICES

The decision to move into a Life Plan Community involves careful consideration of many factors, including the services to be provided. A detailed description of the services provided by The Club is found below. Members, Trusts, relatives, etc. purchase a home for a Member's lifetime use. Members sign a Membership Agreement which, for a monthly payment, entitles the Members to the following services: (1) food service; (2) weekly housekeeping; (3) weekly flat laundry; (4) maintenance of the home and common areas; (5) grounds care; (6) Clubhouse activities; (7) transportation within a 12 mile radius; (8) security; and (9) certain utilities.

DuBose Health Center services are available to all Members of The Cedars as stated in the Membership Agreement and a Member may be admitted directly to DuBose Health Center from a Member's home with proper Physician's orders. The staff works with Members toward full recovery so they can return to independent living as soon as possible.

Members who are unable to return to independent living have the benefit of access to permanent care in DuBose Health Center and Member rates even if they sell their home.

Those Members who do not require care in DuBose Health Center but need additional personal services to continue independent living may purchase home care services from The Cedars Home Care Agency. Home care services are provided by Cedars staff members. Services such as companion care, bathing, dressing, driver, dog walking, shopping, personal laundry, additional housekeeping and special transportation are available to Members at an additional cost.

The services available to Members are listed in the Purchase and Sale Agreement and Membership Agreement. To more fully explain the services, the following descriptions have been prepared. The procedures followed in furnishing these services may be modified by The Cedars from time to time to allow it to best meet the needs of the Members.

DESCRIPTION OF THE SERVICES

ACTIVITIES

Full-time Activities Director and wellness and activities staff plan and organize a variety of events tailored to the interests of the Members. The Cedars sponsors a wide variety of activities including tours, trips to cultural events in Chapel Hill and the Triangle, shopping excursions, fitness and art classes, bridge and other games, crafts, golf croquet, bocce and water aerobics.

BEAUTY AND BARBER SERVICES

Beauty and barber services provided by contracted professionals are available at an extra charge. Space is provided in the Clubhouse and DuBose for these services.

COVERED PARKING

Members in Verandas have one covered parking space at their building and Members in Villas have a space in the lower level of their building. Noncovered parking for a second car is available. Cottages have either a one or two-car garage.

DUBOSE HEALTH CENTER

Assisted living or skilled nursing care for Members is provided at DuBose Health Center. Upon admission, DuBose Health Center staff determine the appropriate level of care required by the Member. As a part of the determination the Member's potential to return to independent living is evaluated. The nursing staff prepares a personalized plan of care for each Member, with the goal being to return the Member to independent living as soon as possible. Members may visit their homes with the assistance of family members or volunteers as a part of the rehabilitation if approved by the Member's physician.

Members who are unable to return to their home will have the benefit of permanent care in DuBose Health Center. When permanently assigned, a single occupancy Member will pay a reduced monthly payment plus the applicable Member DuBose Health Center fee after 90 lifetime free days. In cases of double occupancy, the remaining independent Member may remain in the home and the monthly payment for the person continuing to occupy the home is reduced to the single person rate. Members who are permanently assigned to DuBose Health Center may sell their homes and continue to pay the Member rate.

There are both private and semiprivate rooms. If a Member desires a private room, the Member may obtain one based on availability and upon agreement to pay the difference between the charge for semiprivate and private accommodations. Care in DuBose Health Center includes, but is not limited to, nursing care, food service, housekeeping and flat laundry service.

A physician is retained through UNC Hospitals to act as Medical Director for DuBose Health Center. Upon approval by the Medical Director, Members may be admitted directly from their homes and need not come from a hospital. If a Member desires special additional nursing staff while a patient in DuBose Health Center, arrangements may be made through DuBose Health Center at an additional cost to the Member. Friends, relatives, or spouses are encouraged to dine with DuBose Health Center residents and guest meal charges will apply, if applicable.

DUBOSE HEALTH CENTER ACTIVITIES DIRECTOR

The Activities Director is responsible for coordinating and directing the arts, crafts, social and recreational activities for DuBose Health Center residents. The focus of these activities is restorative care and includes trips to restaurants, baseball games and other events.

EMERGENCY CALL SYSTEM

The campus has a wireless emergency call system to summon help in an emergency. The emergency call system activates alarms carried by a nurse and a security officer which identifies the location from which the signal is initiated. Personnel with emergency training respond to calls to assist Members.

FLAT LAUNDRY

Members' personal linens and towels are washed, dried, folded and returned on a weekly basis.

FOOD SERVICE

Lunch and dinner are served by wait staff in the Clubhouse dining rooms except on Sunday when a buffet brunch is served. Special diets and vegetarian meals are readily available. Home delivery is available with no delivery charge.

GARDENING AREAS

Gardening areas are available for Members' use.

HOME CARE SERVICES

A program of personal services is available to serve the Members on a fee-for-service basis. The purpose of the home care program is to provide assistance to Members so that independent living can continue for as long as possible. Home care services are not provided by the DuBose nursing staff but by other Cedars staff members. Services such as companion care, bathing, dressing, driver, dog walking, shopping, personal laundry, additional housekeeping and special transportation are available on a fee for service basis.

HOUSEKEEPING SERVICES

Housekeeping services are provided to each Member on a weekly basis. These services include kitchen and bathroom cleaning, surface cleaning, dusting and vacuuming. Annually, window washing, carpet cleaning and other heavy housekeeping is done.

MAIL

Mail is distributed to Members by the U.S. Postal Service to personal mailboxes in each building and mail is collected from the outgoing mailbox in the same area. Additional mail services are available in the administrative area of the Clubhouse.

MAINTENANCE OF HOMES AND THE COMMONS AREA

Maintenance is provided for each home and the common areas. If a Member needs maintenance service, the Member may complete a maintenance request form at the concierge desk, place a call to the Facility Coordinator or complete a form online.

MONTHLY BILLING SERVICE

Monthly statements are placed in the Member's internal mailbox on or before the fifth day of the month and are to be paid by the tenth day of each month. Payment may be made through a bank draft or may be paid at the accounting office, placed in the drop box in the Clubhouse or by mail.

OTHER SERVICES

Other services may be provided to Members at an additional charge and the cost is added to the monthly bill. Such services may include airport transportation, guest meals, additional meals, companion service, dog walking and such other reasonable services as requested.

PARKING FOR RESIDENTS AND GUESTS

The Cedars has ample parking for both Members and their invited guests.

PRIVATE DINING ROOM

A private dining room is available for use by Members and their guests for family or social occasions. Special meals and wait staff, if desired, are available at an extra cost. Advance reservations are required. In-home catering is available to Members as well as the ballroom for special events or parties.

SECURITY

Around-the-clock security personnel are on campus. For Members' added safety, all Veranda and Villa entrance and exit doors require a key fob for access.

TRANSPORTATION

Free transportation within a 12 mile radius of The Cedars is provided at no charge Monday through Saturday during specified hours. Twenty-four hours advance notice is requested. Other trips, such as to and from the Raleigh/Durham airport and weekend transportation, are provided at an additional charge. Special trips, such as to concerts or special events, may be scheduled at an additional cost to each participant.

DUBOSE HEALTH CENTER

The Cedars has a license from the North Carolina Department of Health & Human Services, Division of Health Services Regulation for DuBose Health Center to provide nursing care services, from assisted living up to and including skilled care. The Cedars provides its Members quality health care within the limits of its license. Hospital level services are not provided within DuBose Health Center. This level of care must be provided by a hospital and the costs related to hospitalization are the responsibility of the Member.

If The Cedars' Medical Director determines, in consultation with the Member's attending physician, the Member's family or personal representative and the Member, to the extent possible, that the Member requires care in DuBose Health Center, such care is

provided for up to 90 lifetime cumulative days with no change in the monthly payment. Such monthly payment will cover health care at the semiprivate room rate. In addition, the Member is responsible for the cost of two extra meals per day plus nursing supplies, physical therapy, pharmacy, special duty nurses, personal laundry, rental of equipment or other services upon special arrangement. If the Member continues to require care after they receive 90 lifetime cumulative days of care, the Member will pay the applicable Member rate for health care and three meals per day. In addition, the Member will continue to be responsible for a reduced monthly payment and other charges pursuant to the terms of the Membership Agreement so long as they own their home. If a Member is in DuBose and does not anticipate moving back into their home, the Member may sell the home and continue to pay the Member rate at DuBose.

Basic rates are based on a semiprivate room. If a Member desires an available private room, the Member may obtain a private room upon agreement to pay the then current Member private room rate. If DuBose Health Center is fully occupied, the Member is provided health care services in, and agrees to relocate to, another health care facility. The Club is responsible for charges in excess of what the Member would pay at DuBose Health Center associated with the alternate health care accommodations so long as the Member continues to pay the monthly payment and The Cedars' daily rate, if applicable. As soon as accommodations become available at DuBose Health Center, the Member will return to DuBose Health Center. The Membership Agreement (see Exhibit B) sets forth in greater detail the extent that health care services are provided and the terms for providing such services.

THE LIFE PLAN (CONTINUING CARE) CONCEPT

The Cedars' Life Plan concept provides the opportunity for lifetime residency in your home, a wide array of personal services, and assisted or long term care in the on-site DuBose Health Center. This concept has grown as the result of the desirability of true hassle-free independent living in a community with a very high level of services and amenities and on-site assisted living or skilled care if needed. A home is purchased in accordance with the terms of the Purchase and Sale Agreement and the purchaser or a designee enters into a Membership Agreement. The Member pays a monthly payment for services in addition to a contribution to the Condominium Association and an overhead payment collected on behalf of the Company. Homes may be purchased by an individual, a trust or other entity with someone other than the owner being designated as a Member.

ACCEPTANCE FOR RESIDENCY

Membership Agreements are subject to acceptance by the Company. At the time of signing a Purchase and Sale Agreement and a Membership Agreement, the Member partner must be 62 years of age or older, capable of independent living, free of communicable diseases, and meet financial qualifications. The Member must be able to pay the purchase

price, Membership Fee and monthly payment. Member must also pay a non-refundable amount of \$15,000 for working capital and operating reserve requirements. After these payments, the Member must have sufficient financial resources to permit payment of the monthly payment plus other personal and medical expenses which may be reasonably expected and to meet anticipated increases in the cost of living, including increases in the monthly payment.

MONTHLY FEES

VILLAS	Sq.Ft.	1 Person	2 Person
Glenview	900	\$3,731	\$5,476
Henley	1,000	\$3,970	\$5,715
Highland	1,050	\$4,103	\$5,848
Holly	1,075	\$4,134	\$5,879
Inverness - Phase 1	1,250	\$4,311	\$6,056
Inverness - Phase 2	1,300	\$4,554	\$6,299
Madison	1,325	\$4,571	\$6,316
Tanglewood	1,350	\$4,613	\$6,358
Jackson	1,375	\$4,780	\$6,525
Jasmine	1,400	\$4,859	\$6,604
Jefferson	1,450	\$4,940	\$6,685
Jordan	1,500	\$4,989	\$6,734
Kendall	1,650	\$5,175	\$6,920
Kenyan	1,675	\$5,178	\$6,923
Kingston	1,700	\$5,417	\$7,162
Lakewood	1,800	\$5,788	\$7,533
Meadowlark	1,900	\$6,144	\$7,889
Nightingale	2,300	\$6,802	\$8,547

VERANDAS

Prestwick	1,075	\$3,947	\$5,692
Nottingham	1,250	\$4,308	\$6,053
Turnberry	1,275	\$4,353	\$6,098
Berkshire	1,300	\$4,435	\$6,180
Sommerset	1,300	\$4,435	\$6,180
Lincoln	1,325	\$4,484	\$6,229
Essex	1,350	\$4,596	\$6,341
Oakmont	1,500	\$5,003	\$6,748
Preston	1,750	\$5,478	\$7,223
Monroe	1,950	\$5,948	\$7,693
Quincy	2,200	\$6,542	\$8,287

COTTAGES

Archdale	1,500	\$4,866	\$6,611
Benton (Badin)	1,950	\$5,824	\$7,569
Calloway	2,000	\$6,208	\$7,953
Dogwood	2,250	\$6,414	\$8,159
Carolina	2,275	\$6,417	\$8,162
Evergreen	2,350	\$6,627	\$8,372
Evergreen Lake	3,000	\$7,710	\$9,455
Franklin	2,775	\$7,520	\$9,265

PENTHOUSE VILLAS

Hampton North	3,450	\$8,235	\$9,980
Hampton South	2,700	\$6,799	\$8,544

* In addition to the monthly fees, member is responsible for telephone, HO6 condo insurance policy and property taxes.

All square footage is approximate.

PURCHASE AND SALE AGREEMENT

Upon deciding to become a resident of The Cedars, a future Member will execute a Purchase and Sale Agreement to purchase the home selected, depositing an amount as negotiated with the seller as an initial deposit and earnest money deposit. The description and the terms of residency contained in this Disclosure Statement are qualified by reference to the Purchase and Sale Agreement and Membership Agreement, which shall prevail in the event of any conflict.

The basic terms and conditions for purchase of a home under the Agreement are summarized as follows:

1. Purchase Price. The purchase terms are negotiated with the seller and include price, amount of deposit and closing date. At the time a purchaser signs an Agreement, a deposit is normally paid that becomes an earnest money deposit after a 30 day rescission period that is required by law. The deposit is placed in a trust account until closing. Interest earned on the deposit is required by law to be paid to the North Carolina Real Estate Commission in accordance with its rules. At closing, the purchaser pays the balance of the purchase price for the home selected.

2. Membership Fee. At the time of closing, a purchaser must simultaneously acquire membership in The Club by signing a Membership Agreement or designating a person or persons for Membership. A non-refundable and non-transferable Membership Fee, which is equal to ten percent (10%) of the purchase price of the home, is payable at or prior to closing on the purchase of a home.

The Membership Fee is non-refundable and non-transferrable.

3. Deed. The seller conveys good and marketable title to purchaser by delivering a General Warranty Deed, Trustee's Deed or Executor's Deed, as appropriate, at the time of closing.

4. Monthly Payment. On the closing date of the home, the Member is required to begin making monthly payments to The Club. The monthly payment covers the cost of various services provided by The Club including the monthly contribution to the Condominium Association (which includes a contribution to the Facilities Replacement Reserve) and an overhead payment collected on behalf of the Company.

5. Operating Funds Deposit. At closing, the purchaser is responsible for depositing with the Club \$15,000 for operating funds which is non-refundable.

6. Taxes. As a homeowner, the purchaser is responsible for real estate taxes, recycling fees and storm water drainage fees on the home.

7. Purchaser's Right to Cancel. A purchaser may cancel the Purchase and Sale Agreement by sending written notice of purchaser's wish to cancel before midnight of the 30th day after signing the Purchase and Sale Agreement. If the purchaser cancels within the 30 days, all money paid is refunded, less those reasonable costs incurred by The Cedars at the Purchaser's request, such as painting, carpet, etc. The refund is made within 10 days of The Cedars receiving the cancellation notice.

8. Resale of Home. Upon resale of a home, the Company receives a Membership Fee from the purchaser as detailed in the Purchase and Sale Agreement. Sellers do not pay a second Membership Fee upon the sale of a home. If an owner purchases a second home at The Cedars for their use and sells their original home, the purchaser is required to pay an additional Membership Fee based on the excess of the price of the second home if it exceeds the price of the first home at the time of original purchase.

THE MEMBERSHIP AGREEMENT

In order to live in a home at The Cedars, a Member is required to purchase a non-refundable and non-transferable Membership which entitles the Member to certain benefits and privileges and survives the sale of the home, provided the person is permanently assigned to DuBose Health Center at the time of the sale. At the time of contract execution for a home, the purchaser or purchaser's designee, Company and The Club enter into a Membership Agreement (see Exhibit B). As outlined in the Membership Agreement, the membership entitles the purchaser or designee to use of the Clubhouse facilities, specific services and to be provided with health care in DuBose Health Center. The Membership Agreement requires a monthly payment which covers the cost of the services and facilities provided at The Cedars. In addition, the monthly payment includes the monthly contribution to the Condominium Association for the home (which includes a contribution to the Facilities Replacement Reserve) and an overhead payment collected on behalf of the Company.

1. Monthly Payment. Pursuant to the Membership Agreement, the Member is required to begin making monthly payments on the date of closing on the purchase. Thereafter, the monthly payment is payable on the tenth day of each month. The monthly payment for a Member varies depending upon the type of home purchased per the published monthly fee schedule. There is a second person fee if two people occupy the home. The monthly payment is adjusted annually based on an annual budget. Although it never has happened, the Club may adjust the monthly payments other than annually in unusual circumstances. Modifications to the monthly fee schedule requires notice to Members.

Also included within the monthly payment are the condominium fee and an amount equivalent to 10% of total operating costs of The Cedars (overhead payment) as compensation to the Company for its original investment and risks in developing The Cedars. The condominium fee is the purchaser's pro rata share of any common expenses of the Condominium Association (including a contribution to the Facilities Replacement Reserve).

The condominium fee and overhead payment are made a part of the monthly payment for convenience so that only one payment is made each month.

There is a cap (not a minimum) on future increases in the cost of services as per the Membership Agreement.

Increases in the average monthly fee for the last 5 years have been as follows:

	2020	2021	2022	2023	2024
First Person	\$167	\$84	\$214	\$385	\$253
Second Person	\$47	\$29	\$70	\$126	\$83
Percentage Change	3.9%	1.9%	4.9%	8.2%	5.0%

The condominium fee includes amounts for a Facilities Replacement Reserve, based on an independent study of anticipated replacement costs, to provide funds for future replacement of common property, such as roofs, mechanical equipment and other major items. These funds may not be used for annual maintenance items which are provided for in the annual operating budget.

As a protection for Members against the risk of vacancies which can result in reduced services or major rate increases, a Member or a Member's estate will continue to pay the monthly payment until the home has been sold, transferred or otherwise conveyed to a new owner who assumes the ownership rights and obligations of the Member with respect to the home and the monthly payment. Many owners set aside funds to cover this contingency.

2. Additional Charges. Certain optional services requested by a Member that are not included in the monthly payment are available for an additional charge. These additional services include, but are not limited to, additional meals, additional housekeeping, beauty parlor, barber and home care services. Additional charges also are made for special health care services and supplies. These special services include, but are not limited to, physical therapy, pharmacy, special duty nurses, and medical treatment by an attending physician or the Medical Director. The additional charges for optional services are payable on the tenth day of each month for the optional services obtained during the preceding month. For a list of services for which there is an additional charge, see Sections 8 and 9 of the Membership Agreement.

3. Adding a Member After Initial Occupancy. After initial occupancy of a home by a Member, circumstances can arise in which the Member wishes a second person to occupy the home or the owner may wish to designate another Member for the home after the death of the original Member. For example, the Member may get married and the couple may wish to make the Cottage, Veranda or Villa their home, or the owner may wish to have a close

family member or other person move into the home. No such additional person may occupy a home without the express written approval of The Club. The additional person must go through The Cedars' admission procedures, and the acceptance of any additional person will be in accordance with the current admission policies governing all other admissions. If the additional person is accepted for admission, he or she shall pay a Membership Fee to the Company based on 10% of the fair market value of the home as agreed to among the parties or determined by an appraiser. In addition, the second person monthly fee shall be paid each month. A non-Member will not be permitted to occupy the home for more than 30 days per year (except with the express written approval of The Club) or the Membership Agreement of the Member may be terminated.

If two Members decide to move in together, no additional Membership Fee is required to be paid by either party. One Member would pay the single person monthly fee and the other would pay a second person fee for the new home after one of the homes is sold. Standard terms apply to disposition of the home of the vacating party.

4. Financial Hardship. It is The Club's policy to operate as a non-profit organization and to the extent possible to avoid termination of the Member's Membership Agreement solely because of the financial inability of the Member to pay the total monthly payment and other charges. The Member will be permitted to remain at The Cedars by paying a reduced monthly amount and deferring the balance of the monthly fee based on the Member's ability to pay if (i) The Club determines that the deferral of payment can be granted without impairing the ability of The Club to operate on a sound financial basis, (ii) the Member can justify the deferral of the charges, and (iii) the Member has the ability to provide security for repayment of the deferred charges. In any event, the Member will be allowed to remain at The Cedars for 90 days after the date of failure to pay. The owner must agree to sign a note and mortgage on the home to secure repayment of the deferred amount. However, despite these provisions, if the Member's ability to meet his or her financial obligations has been impaired by making unapproved gifts or transfers, the Member's Membership may be terminated.

5. Member's Termination Rights. The Member may terminate a Membership Agreement as set forth in Section 11 of the Membership Agreement. The Member may terminate the Membership Agreement at any time for any reason by giving the Company 30 days' written notice. The Member's obligations, including payment of the monthly payment under the Membership Agreement, shall continue until the home is resold or transferred or occupied by a successor who assumes the obligation of the monthly payment.

6. The Company's Termination Rights. The Company may terminate a Membership Agreement after it has been accepted only for the reasons set forth in Section 12 of the Membership Agreement. The Company shall not terminate the Membership Agreement without just cause. Just cause shall exist if: (i) the Member fails to pay to The Club any charges due under the Membership Agreement other than for financial hardship in certain circumstances; (ii) the Member creates a disturbance within The Cedars which is detrimental to the health, safety, comfort, or peaceful lodging of the Member or other Members; (iii) the

Member's condition cannot be cared for in the DuBose Health Center within the limits of its license; or (iv) the Member refuses medical treatment which is medically required. Prior to termination of the Membership Agreement, The Club will give the Member notice in writing of the reasons for termination, and the Member will have 30 days thereafter to correct the problem. If the problem is corrected within 30 days, the Membership Agreement shall remain in effect. If the problem is not corrected within the 30 days, the Membership Agreement will be terminated, and the Member must leave The Cedars. However, if it is determined that the 30-day waiting period is detrimental to the Member, other Members, or the staff of The Cedars, this waiting period will be waived. The Member remains responsible for the monthly fee.

LEASE

The Company may lease any Cottage, Veranda or Villa owned by it on a short or long term basis. The owner of a Cottage, Veranda or Villa may lease his or her Cottage, Veranda or Villa only to a family member. However, the Cottage, Veranda or Villa shall be used and occupied for the whole time and shall not be utilized for timesharing or interval ownership. Anyone who leases a Cottage, Veranda or Villa must meet the residency requirements of The Cedars as set forth in The Cedars' Membership Agreement and must execute a Cedars Membership Agreement and pay a Membership Fee. The owner must execute a guaranty agreement for the monthly payment which evidences the joint responsibility of the owner and the person(s) occupying the home. The person(s) leasing is entitled to all rights and privileges with respect to use of the property except voting rights which will remain with the owner of the home. The Condominium Association shall have the right to terminate the lease and evict in the event of default.

LIFE PLAN COMMUNITY LICENSURE

Life Plan Communities in the State of North Carolina are licensed as Continuing Care Retirement Communities and are governed by North Carolina General Statutes, Article 64, Chapter 58, which empowers the Commissioner of the Department of Insurance to regulate the Registration, Disclosure, Contract and Financial Monitoring Requirements for such communities.

The Cedars has obtained a license as a Continuing Care Retirement Community from the North Carolina Department of Insurance for operation of The Cedars of Chapel Hill.

Pursuant to the North Carolina Act, The Cedars will deliver a Disclosure Statement to each prospective Member upon the earlier of the execution of a Membership Agreement or the transfer of any money to The Cedars. Further, within 150 days following the end of each calendar year, The Cedars will file a revised annual Disclosure Statement with the Department of Insurance, which will include updated financial information.

CONDOMINIUM ACT

The Cedars, as a condominium community, is subject to the North Carolina Condominium Act (the "Act"). Pursuant to the Act, The Cedars of Chapel Hill Condominium Association conducts the business and affairs of the condominium created by the Declaration which has been recorded in Durham County and Orange County. The Declaration is the document by which The Cedars will be governed and has been recorded according to the provisions of the Act. Supplemental Documents, including the Declaration of Condominium and related documents, are provided to each prospective purchaser.

HEALTH CENTER LICENSURE

The Company has received a Certificate of Need from the North Carolina Department of Health and Human Services, Division of Health Services Regulation for 78 skilled nursing beds for DuBose Health Center. As a licensed health care facility, DuBose is subject to periodic reviews of its operations and care of residents by the North Carolina Department of Health and Human Services Division of Health Services Regulation.

MEDICARE AND MEDICAID

The DuBose Health Center is certified to receive reimbursement from Medicare and is subject to periodic audits of compliance with Medicare regulations regarding operations and care. Determination of a Member's Medicare eligibility is subject to Federal regulation, and not all DuBose Health Center stays are eligible for Medicare reimbursement. The DuBose Health Center does not accept Medicaid payments.

RESERVE ACCOUNTS

Article 64, Chapter 58 of the North Carolina General Statutes, requires that the community maintain cash reserves equal to 25% of next year's budgeted operating costs if the occupancy level is in excess of 90%. These reserves are required to be used for the benefit of The Club in the event of emergencies and/or unexpected operating shortfalls.

The Purchase and Sale Agreement requires that each Purchaser make a \$12,000 deposit to an operating reserve fund that, if unused, will be refunded upon the resale of the home. The reserve funds are invested in Grade A government instruments, money market accounts, bank certificates of deposit or similar secure investments, with investment decisions made by management of The Cedars Club (Steve Nusbaum, Director of Financial Services, and Sara Flynn-Loy, Executive Director).

The Cedars of Chapel Hill Condominium Association has established a Facilities Replacement Reserve. Amounts are contributed to the reserve so that funds will be available when common property is likely to be replaced. The contributions to the Reserve are based on an independent study of likely replacements of common property over the next 20 years and the study is updated every 5 years. The reserve funds are invested in Grade A government instruments, money market accounts, bank certificates of deposit or similar secure investments, with investment decisions made by management of The Cedars Club (Steve Nusbaum, Director of Finance, and Sara Flynn-Loy, Executive Director).

Investment decisions for The Cedars of Chapel Hill, LLC are made by Robert Woodruff, Manager and former CPA.

TAX DEDUCTION

A percentage of the monthly payment may be included in a Member's tax return as a medical expense. In February of each year, the Company provides Members with the percentage of the prior year's monthly payment that has been determined to be attributable to medical costs. This medical deduction is, of course, subject to limitations imposed by the Internal Revenue Code and North Carolina tax code. It is advisable that the Member seek the advice of tax counsel regarding this deduction. Consult your tax advisor regarding deductibility of some or all of the Membership Fee.

SIGNIFICANT ASSUMPTIONS USED IN FORECASTS

The Cedars of Chapel Hill Club, Inc. (The Club) and The Cedars of Chapel Hill Condominium Association (The Association) are funded through monthly service fees and condominium fees from Members. Forecasted costs are based on current costs of operations and anticipated increases.

COMPARISON OF ACTUAL RESULTS FOR 2021 WITH FORECAST IN PREVIOUS DISCLOSURE STATEMENT

See Exhibit D, attached, for a comparison of actual results for 2023 with the forecasted financial statements included in the May 31, 2023, Disclosure Statement. Variances of \$100,000 or more are explained in Exhibit D.

EXHIBIT A

**COMMUNITIES MANAGED BY LIFE CARE SERVICES
LLC**

EXHIBIT A
SENIOR LIVING COMMUNITIES MANAGED
BY LIFE CARE SERVICES
AS OF 3/21/2024

Alabama, Birmingham – Galleria Woods
Alabama, Hoover – Danberry at Inverness
Arizona, Chandler – Clarendale of Chandler
Arizona, Fountain Hills – Fountain View Village
Arizona, Phoenix – Clarendale of Arcadia
Arizona, Phoenix – Sagewood
Arizona, Tempe (Phoenix) – Friendship Village of Tempe
California, Cupertino – Forum at Rancho San Antonio, The
California, Palo Alto – Moldaw Residences
California, San Diego – Casa de las Campanas
California, San Rafael – Aldersly
California, Santa Rosa – Arbol Residences of Santa Rosa
California, Santa Rosa – Oakmont Gardens
Connecticut, Essex – Essex Meadows
Connecticut, Mystic – StoneRidge
Connecticut, Southbury – Pomperaug Woods
Delaware, Newark – Millcroft Living
Delaware, Wilmington – Foulk Living
Delaware, Wilmington – Shipley Living
Florida, Aventura – Sterling Aventura
Florida, Bradenton – Freedom Village of Bradenton
Florida, Celebration – Windsor at Celebration
Florida, Clearwater – Regency Oaks
Florida, Hollywood – Presidential Place
Florida, Jacksonville – Cypress Village
Florida, Leesburg – Lake Port Square
Florida, Naples – The Glenview at Pelican Bay
Florida, Naples – The Arlington of Naples
Florida, Palm City – Sandhill Cove
Florida, Port Charlotte – South Port Square
Florida, Seminole – Freedom Square of Seminole
Florida, Seminole – Lake Seminole Square
Florida, Sun City Center – Freedom Plaza
Florida, The Villages – Freedom Point at The Villages
Georgia, Evans – Brandon Wilde
Georgia, Savannah – Marshes of Skidaway Island, The
Illinois, Addison – Clarendale of Addison
Illinois, Algonquin – Clarendale of Algonquin
Illinois, Chicago – Clare, The
Illinois, Chicago – Clarendale Six Corners
Illinois, Godfrey – Asbury Village
Illinois, Lincolnshire – Sedgebrook
Illinois, Mokena – Clarendale of Mokena
Illinois, Naperville – Monarch Landing
Illinois, Wheaton – Wyndemere

Indiana, Carmel – Magnolia Springs at Bridgewater
Indiana, Carmel – Rose Senior Living – Carmel
Indiana, Greenwood (Indianapolis) – Greenwood Village South
Indiana, Indianapolis – Magnolia Springs Southpointe
Indiana, Indianapolis – Marquette
Indiana, West Lafayette – Westminster Village West Lafayette
Iowa, Ames – Green Hills Community
Iowa, Cedar Rapids – Cottage Grove Place
Kansas, Atchison – Dooley Center
Kentucky, Florence – Magnolia Springs Florence
Kentucky, Lexington – Magnolia Springs Lexington
Kentucky, Lexington – Richmond Place Senior Living
Kentucky, Louisville – Magnolia Springs East
Maryland, Columbia – Residences at Vantage Point
Maryland, Timonium – Mercy Ridge
Maryland, Towson (Baltimore) – Blakehurst
Massachusetts, Woburn – The Delaney at The Vale
Michigan, Auburn Hills – The Avalon of Auburn Hills
Michigan, Battle Creek – NorthPointe Woods
Michigan, Bloomfield Township – The Avalon of Bloomfield Township
Michigan, Clinton Township – Rose Senior Living – Clinton Township
Michigan, East Lansing – Burcham Hills
Michigan, Holland – Freedom Village
Michigan, Kalamazoo – Friendship Village
Michigan, Novi – Rose Senior Living at Providence Park
Michigan, Auburn Hills – The Avalon of Auburn Hills
Michigan, Commerce Township – The Avalon of Commerce Township
Minnesota, Buffalo – Havenwood of Buffalo
Minnesota, Burnsville – Havenwood of Burnsville
Minnesota, Maple Grove – Havenwood of Maple Grove
Minnesota, Minnetonka – Havenwood of Minnetonka
Minnesota, Richfield – Havenwood of Richfield
Minnesota, Plymouth – Trillium Woods
Minnesota, Vadnais Heights – Gable Pines
Missouri, St. Peters – Clarendale of St. Peters
New Jersey, Bridgewater – Delaney of Bridgewater, The
New Jersey, Bridgewater – Laurel Circle
New Jersey, Burlington – Masonic Village at Burlington
New Jersey, Florham Park – The Delaney at The Green
New York, Rye Brook – Broadview Senior Living at Purchase College
New York, Staten Island – Brielle at Seaview, The
North Carolina, Chapel Hill – Cedars of Chapel Hill, The
North Carolina, Charlotte – Cypress of Charlotte, The
North Carolina, Durham – Croasdaile Village
North Carolina, Greensboro – WhiteStone
North Carolina, Greenville – Cypress Glen
North Carolina, Lumberton – Wesley Pines
North Carolina, Raleigh – Cypress of Raleigh, The
North Carolina, Wilmington – Porters Neck Village
Ohio, Avon – Rose Senior Living – Avon
Ohio, Beachwood – Rose Senior Living – Beachwood

Ohio, Lewis Center – The Avalon of Lewis Center
Ohio, New Albany – The Avalon of New Albany
Ohio, Mason – Magnolia Springs Loveland
Oklahoma, Bartlesville – Green Country Village
Oregon, Dallas – Dallas Retirement Village
Oregon, Salem – Capital Manor
Pennsylvania, Coatesville – Freedom Village at Brandywine
Pennsylvania, Warrington – Solana Doylestown, The
South Carolina, Greenville – Rolling Green Village
South Carolina, Hilton Head Island – Bayshore on Hilton Head Island
South Carolina, Hilton Head Island – Cypress of Hilton Head, The
Tennessee, Brentwood – Heritage at Brentwood, The
Tennessee, Hendersonville – Clarendale at Indian Lake
Tennessee, Memphis – Heritage at Irene Woods
Tennessee, Nashville – Clarendale at Bellevue Place
Texas, Austin – Westminster
Texas, Bedford – Parkwood Healthcare
Texas, Bedford – Parkwood Retirement
Texas, Dallas – Autumn Leaves
Texas, Dallas – Monticello West
Texas, Dallas – Signature Pointe
Texas, Dallas – Walnut Place
Texas, Georgetown – Delaney at Georgetown Village, The
Texas, League City – Delaney at South Shore, The
Texas, Lubbock – Carillon
Texas, Richmond – Delaney at Parkway Lakes, The
Texas, Spring – Village at Gleannloch Farms, The
Texas, The Woodlands – Village at the Woodlands Waterway, The
Texas, Waco – Delaney at Lake Waco, The
Vermont, White River – Village at White River Junction, The
Virginia, Fairfax – Virginian, The
Virginia, Gainesville – Heritage Village Assisted Living and Memory Care
Virginia, Virginia Beach – Atlantic Shores
Washington, Issaquah – Timber Ridge at Talus
Wisconsin, Greendale – Harbour Village
Wisconsin, Milwaukee – Eastcastle Place

EXHIBIT B

MEMBERSHIP AGREEMENT



THE CEDARS
OF CHAPEL HILL

MEMBERSHIP AGREEMENT

THIS AGREEMENT is executed as of the _____ day of _____, 20__ , by and between THE CEDARS OF CHAPEL HILL, L.L.C., a North Carolina limited liability company, whose address is 100 Cedar Club Circle, Chapel Hill, NC 27517 (hereinafter referred to as “the Company”), THE CEDARS OF CHAPEL HILL CLUB, INC. (hereinafter referred to as “the Club”) and

Whose address is _____

(hereinafter referred to as the “Member”).

**THIS AGREEMENT
IS PART OF
PURCHASE AND
SALE AGREEMENT**

WHEREAS, Member has entered into a Purchase and Sale Agreement for the purchase of _____
Chapel Hill, NC 27517

_____ ,
(hereinafter referred to as “Residence”) located in The Cedars of Chapel Hill Life Plan Community (also Continuing Care Retirement Community) located in Chapel Hill, Durham County and Orange County, North Carolina; or has been designated as a Member by a Purchaser and

**THIS AGREEMENT
OUTLINES
MEMBERSHIP
RIGHTS AND
SERVICES**

WHEREAS, the purchase of this Residence requires that it be coupled with the rights, privileges and responsibilities of Membership in The Club at The Cedars as hereinafter more fully described, to be utilized by the Owner or by the designee approved by The Club; and

WHEREAS, this Agreement outlines the Membership rights, obligations and services derived from the Membership.



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NOW, THEREFORE, the parties hereby agree as follows:

DEFINED TERMS

1. Definitions. The following terms used herein are defined as follows:

- a. “The Cedars” shall mean and refer to The Cedars of Chapel Hill, a Life Plan Community (also Continuing Care Retirement Community) consisting of a club facility, health care facility and three types of residences which include detached cottages, veranda and villa residences, all being located upon property in Chapel Hill, Durham and Orange County, North Carolina.
- b. “The Club” shall mean and refer to The Cedars of Chapel Hill Club, Inc., a 501(c)(4) non-profit corporation, as the entity to carry out the plan of Membership as hereinafter set forth.
- c. “The Club Facilities” shall mean and refer to the Clubhouse, an approximately 40,000 square foot building including, but not limited to, a ballroom, kitchen, dining areas, game, craft and reading rooms, exercise areas, pool, limited offices and commercial leasable areas, and DuBose Health Center located on the site of and comprising an integral part of The Cedars.
- d. “Company” shall mean and refer to The Cedars of Chapel Hill, LLC, a North Carolina limited liability company.
- e. “Condominium” shall mean and refer to The Cedars of Chapel Hill Condominiums described in the Declaration of Condominium creating same.
- f. “DuBose Health Center” shall mean and refer to the approximate 35,000 square foot building



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consisting of 78 assisted living and skilled nursing beds located on the site of and comprising an integral part of The Cedars.

- g. “Member” shall mean and refer to the non-corporate party to this Agreement as hereinabove identified and shall likewise refer, in its generic context, to a person who has acquired a Membership, as hereinafter defined, and is therefore eligible for all rights of access to the Club Facilities.
- h. “Membership” shall mean and refer to that certain license or collection of rights, coupled with the corresponding responsibilities and obligations, associated with permanent residency within The Cedars which is available to persons age sixty two (62) and over who meet the various requirements set forth in this Membership Agreement.
- i. “Membership Fee” shall mean and refer to that certain fee paid by a purchaser for a Membership as more particularly described in Paragraph 3.
- j. “Monthly Payment” shall mean and refer to the payment which covers the cost of the various services provided to Members by The Club as more particularly described herein, and also includes the monthly contribution for The Cedars of Chapel Hill condominium fees.
- k. “Owner” shall mean and refer to a person, firm, corporation, partnership, association, trust or other legal entity which owns a Residence in The Cedars.
- l. “Qualified Appraisal” shall mean and refer to an appraisal conducted by a qualified appraiser agreed upon by the Company and the Owner. In



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the event the Company and the Owner cannot agree upon the selection of an appraiser, each party shall designate an appraiser and the appraisers so designated shall select a third appraiser and all three appraisers shall set a value for the Residence in question. In the event there is disagreement as to value among the appraisers, the value shall be set at the greater of

- (i) the original purchase price of the Residence;
- or (ii) the average of the three appraisals.

- m. "Residence" shall mean and refer to that certain veranda, villa or cottage in the Condominium and, when used in its generic sense, denoting any cottage, veranda or villa located within The Cedars.

**CEDARS IS A LIFE
PLAN
(CONTINUING
CARE
RETIREMENT)
COMMUNITY**

2. Statement of Background. The Cedars is a Life Plan Community (also known as Continuing Care Retirement Community) located in Chapel Hill, North Carolina, which offers the opportunity of ownership of real property in a villa, veranda or cottage Residence for use by persons age sixty-two (62) and older, accompanied by a Membership which allows the Member access to the Club Facilities located on-site. The Cedars is not affiliated with any religious, charitable or other non-profit organizations.

**ALL CEDARS
RESIDENTS MUST
BE MEMBERS**

3. Required Membership: Membership Fee. All Owners of Residences at The Cedars are required to purchase a non-refundable and non-transferable Membership for their use or for use by their approved designee simultaneously with the purchase of the Residence. The Residence Owner or the designee, as applicable, shall be the holder of the Membership. The Membership entitles the Member to use the Club Facilities and gives the Member the right to live in the nursing care facility when no longer capable of independent living as hereinafter more fully provided. The cost of Membership (herein referred to as the Membership Fee) is equal to ten percent (10%) of the Purchase Price of the Residence as stated in the Purchase and Sale Agreement and is payable to the Company at or prior to closing on the purchase of a Residence. The Membership Fee is

**MEMBERSHIP FEE
IS 10% OF
PURCHASE PRICE
OF RESIDENCE**



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**WILL BE
ADDITIONAL
MEMBERSHIP FEE**

solely for the Member's personal participation in The Club and does not provide Membership in The Club for any Purchaser of Member's Residence except as provided in Paragraph 5 or any subsequent user of the Residence. In the event that a person who is not the original or original designated Member (including any subsequent spouse of the designated Member) wishes to reside in the Residence, they will be required to apply for Membership in The Club, and must pay an additional Membership Fee to the Company at the then current rates in accordance with Paragraph 13 (c) below. See Schedule A for the Membership Fee for this Member.

**MEMBERSHIP IS
NON-REFUNDABLE
AND NON-
TRANSFERABLE**

4. Membership Non-Refundable and Non-Transferable. The Membership is personal to the Owner or an approved designee and is non-refundable and non-transferable. In those circumstances where an Owner is the occupant of a Residence in The Cedars, the Membership will expire when that person or those persons sell or otherwise dispose of the Residence or no longer occupy the Residence. In the case of an Owner who acquires a Residence to be used by someone else, that circumstance is governed by the provisions of Paragraph 6 hereinafter.

**RESALE OF
RESIDENCE
REQUIRES
MEMBERSHIP FEE
TO BE PAID BY
BUYER**

5. Resale of Residences. Upon resale of a Residence, a Membership Fee for the Purchaser of that Residence will be assessed based on the purchase price of the Residence. The Membership Fee is separate from the purchase price of the Residence and shall be paid to the Company at closing pursuant to the terms of the purchase agreement. Any real estate commission due in connection with the resale of a Residence shall be based upon the purchase price of the Residence.

In the event the Owner gives or wills the Residence to a family member, or to anyone else, the Membership Fee to be paid to the Company shall be agreed upon between the Owner and the Company or be based on the fair market value of the Residence determined by a Qualified Appraisal when the gift or devise is made and the Residence is transferred, with the cost of the appraisal being borne solely by the transferring Member.



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**WHEN MEMBER IS
NOT THE OWNER**

6. Provisions Applicable Where Member is Not the Owner. In those circumstances where an Owner has acquired a Residence to be used by someone else, that Owner must designate the person or persons who shall use the Membership and it must be done at the time the Residence is purchased. A Membership Fee must be paid by or on behalf of the designee. The designee must meet the eligibility requirements for Membership in The Cedars, must be approved by The Club and must have complied with the provisions of Paragraph 7 hereof regarding assurances with respect to the Monthly Payment. In this instance the Membership expires when the designee ceases to use the Membership by no longer occupying the Residence or DuBose Health Center. Any subsequent users of the Residence, including the Owner, must acquire a Membership for their use prior to occupying such Residence. Since under these circumstances there is no sales price to use in establishing what the cost of the Membership would be, The Membership Fee shall be agreed upon by the Owner and the Company or the value of the Residence shall be established by determining the gross fair market value of the Residence by a Qualified Appraisal as defined herein, with the cost of any appraisals being borne solely by the transferring Member. If appraisal method is used, the Membership Fee will be assessed at 10% of the fair market value of the Residence.

This procedure regarding change of Member due to circumstances other than a sale of the Residence shall be followed with regard to each subsequent user until there is a resale of the Residence, in which event the provisions of Paragraph 5 shall apply.

If the Member is not the Owner of the Residence, the Member shall be considered jointly and severally responsible for the Monthly Payment and the Owner shall likewise be jointly and severally responsible for the Monthly Payment with the Member. In such circumstance the Owner shall execute a guaranty agreement in a form approved by The Club further evidencing this joint and several responsibility.

The provisions of this Paragraph 6 also apply to individuals who qualify for Membership and move into a Residence with an existing Member, whether through marriage or other arrangements.



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**MONTHLY
PAYMENT
INCLUDES CEDARS
SERVICES AND
CONDOMINIUM
FEES**

7. Monthly Payment. All Members shall be responsible for a Monthly Payment which covers the cost of the various services provided to Members by The Club as more particularly described herein, and also includes the monthly contribution for The Cedars of Chapel Hill Condominium for the Residence owned or occupied by the Member (the "Condominium Fee"). See attached Schedule A for Monthly Fee for the current year,

**MONTHLY
PAYMENT HAS
MAXIMUM
INCREASE**

The Monthly Payment includes the Condominium Fee of the Residence owned or occupied by the Member and the costs of services and facilities provided to Members by The Club as described herein. There will be a cap on future increases in the cost of services and features provided by The Club for operating costs. With respect to services provided by The Club, the formula for determining the maximum increase permitted for that portion of the Monthly Payment will be based on the higher of: (1) the annual percentage increase of the Consumer Price Index, U.S. City Average, All Items (1967-100)(hereinafter "C.P.I.") issued by the U.S. City Average, Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas," or (2) the annual percentage increase of the Medical Care Component of the C.P.I. An additional three (3%) percent may be added to the higher of the annual percentages. The Member shall receive sixty (60) days advance notice of any Monthly Payment adjustment.

OVERHEAD FEE

The annual gross operating costs include a corporate overhead payment to the Company which will be limited to ten percent (10%) of the actual total operating and administrative costs of The Club and the Condominium.

**CONDOMINIUM
FEE**

As mentioned above, one component of the Monthly Payment is the monthly Condominium Fee due to the Condominium Association for the Residence owned or occupied by the Member. The Condominium Fee will be based on budgeted costs as shown in the annual operating budget of the Condominium formulated and adopted in accordance with the Bylaws of the Condominium Association. Each Member of the Club resides in a Residence which is a part of the Condominium. The monthly Condominium Fee will be assessed as a cost of operation based on the percentage of interest ownership in the common elements of the Condominium. The Condominium Fee is an additional charge which is a separate cost from the operation of The



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Club and is made a part of the Monthly Payment as previously indicated as a convenience to the Members so that the Members will have to make only one payment.

**OPTIONAL
SERVICES
AVAILABLE FOR
ADDITIONAL COST**

The Monthly Payment encompasses payment for the services and features outlined herein which are available to all Members. Members will be required to pay additional charges for any repair and/or maintenance of “custom changes” including “non-standard” appliances as set forth in the Declaration of Condominium, and for optional services requested as provided in Sections 8 and 9 herein. The Monthly Payment will be payable on the first day of each month, in advance, and it, together with additional charges for optional services obtained during the preceding month, will be due by the tenth day of the month. The Member’s responsibility for the Monthly Payment shall commence on the closing date for purchase of the Residence.

**SERVICES
INCLUDED IN
MONTHLY
PAYMENT**

The following services and features are included in the Monthly Payment:

MEALS

a. Meals. One meal credit for each day of the month.

HOUSEKEEPING

b. Weekly Housekeeping. Housekeeping services will include cleaning and dusting the interior of the Residence, with vacuuming, on a weekly basis.

LAUNDRY

c. Weekly Flat Laundry. The weekly flat laundry service includes sheets, pillowcases, towels, face cloths and dishcloths. The flat laundry will be washed, dried, folded and returned at the next scheduled housekeeping visit.

GROUNDS CARE

d. Grounds Care. The Club’s lawns, trees and shrubs will be maintained as well as the parking areas, walks and exercise trails.

CLUB ACTIVITIES

- Club Activities. Activities of The Club will include social, cultural and recreational activities for those who wish to participate. The Director of Programs will be



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responsible for scheduling group events and publishing newsletters. Arts, crafts and activities in The Club will be under the supervision of The Club's Director of Programs.

TRANSPORTATION

e. Transportation. Scheduled local bus and other transportation services will be provided.

SECURITY

f. Security. The Club will provide security personnel on site 24/7.

UTILITIES

g. Utilities. Utilities (except telephone) will be included in the Monthly Payment for owners of Villa and Veranda Residences. Owners of cottage homes are required to pay a separate charge for electricity and gas.

**DUBOSE HEALTH
CENTER**

h. DuBose Health Center. The Company has 78 beds licensed by the North Carolina Department of Health and Human Services, Division of Facility Services. The skilled nursing care and assisted living facility is collectively referred to as DuBose Health Center. For a period of ninety (90) lifetime cumulative days, each Member will be entitled to receive nursing or assisted living care in a semi-private room (unless the Member makes arrangements to pay the extra charge for private accommodations which are provided on an "as-available" basis) without extra charge except as follows. During the 90-day period, the Member will continue to pay the Monthly Payment plus the cost of two (2) extra meals per day, nursing supply charges and those costs outlined in Paragraph 9 of this Agreement. If the Member needs additional care after they receive ninety (90) cumulative lifetime days of care, then the Member will pay the applicable Member rate in addition to the Monthly Payment. This amount will include meals and will be provided in semi-private accommodations (unless the Member makes arrangements to pay the extra charge for private accommodations which are provided on an "as-available" basis). Member will be charged the assisted living or skilled nursing rate depending on the level of care required as determined by the staff and Medical Director.

In the event there are two Members who occupy a



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Residence together and one of the Members becomes a permanent resident of DuBose Health Center and has utilized their ninety lifetime days, then the Monthly Payment for the Member continuing to occupy the Residence will be reduced to the single occupancy rate. The Member residing in DuBose Health Center will pay the applicable Member rate. If a Member, or Owner in the case of a designated Member, sells their home, the Member who is in residence at DuBose will continue to pay the Member rates.

In the unlikely event accommodations are not immediately available in DuBose Health Center, the Member agrees to relocate to another health care facility with which the Medical Director of The Cedars arranges to provide such care until accommodations at DuBose Health Center are available. The Club shall be responsible for any increased charge associated with the alternative health care accommodations.

**LICENSING
STANDARDS**

i. Licensing Standards. The operation of DuBose Health Center of The Club shall be governed by the applicable regulations and licensing standards of the North Carolina Department of Health and Human Services (“NCDHHS”).

ABSENCE CREDIT

j. Absence Credit. Whenever a Member is absent from the Residence for fourteen (14) consecutive days or more, the Member is entitled to a per diem credit (absence credit) in an amount determined at the sole discretion of the Club.

**CLUB FACILITIES
REPLACEMENT
RESERVE**

The Monthly Payment includes an amount to be added to a Replacement Reserve to provide funds for future replacement of Club Facilities, such as new roofs, mechanical equipment and major renovations. This amount will be in addition to the budgeted items for operating costs provided for above. These funds may not be used for annual maintenance items which will be provided for in the annual operating budget.

**ADDITIONAL
SERVICES**

8. Additional Amenities and Services. Additional amenities and services available to Members at an additional cost include additional meals, additional housekeeping, beauty parlor, barber, personal transportation and assistance-in-living services in the Member’s Residence.



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**ADDITIONAL
HEALTH SERVICES**

9. Additional Health Services. Special services and supplies which may include physical therapy, pharmacy, special duty nurses, personal hygiene, personal laundry, rental of equipment, home health care and other services upon special arrangement will be available at an extra charge. These services and supplies are not included in the charges for care outlined in Section 7 above.

**HEALTH CENTER
HAS MEDICAL
DIRECTOR**

A physician will be designated as the Medical Director of The Club (herein referred to as "Medical Director") and will have oversight responsibilities for DuBose Health Center. The Medical Director will not be an employee of The Club. A Member is at liberty to engage the services of the DuBose Wellness Clinic for physician services or may use any other physician, all at the Member's expense. The Club will not be responsible for the cost of medical treatment by the Medical Director nor will the Club be responsible for the cost of medicine, drugs, prescribed therapy and similar treatments.

**MEMBER MUST BE
CAPABLE OF
INDEPENDENT
LIVING TO
REMAIN IN
RESIDENCE**

10. Duration of Member's Right to Occupy the Residence. The Member can live in the Residence for as long as the Member is capable of independent living and so long as independent living is practical. If, in the opinion of the Member's attending physician, or the Medical Director of The Club, the Member's physical or mental health requires that nursing care be given, the Member agrees to relocate to DuBose Health Center, which is licensed to provide such care, or to some other health facility of the Member's choice.

**MEMBER'S
VOLUNTARY
TERMINATION
RIGHTS**

11. Member's Termination Rights. The Member (including both of them if there are two Members) may terminate this Agreement at any time for any reason by giving the Company thirty (30) days' written notice signed by the Member (or both of them if there are two Members). The Member's obligations as provided herein shall continue until the Residence is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment. Transfer under the will of a deceased Member, other than to his/her estate, is a conveyance upon which a new Membership Fee must be paid in the event the devisee or beneficiary qualifies and elects to become a Member of The Club. In the event of death, the estate of the Member will retain all Membership obligations provided herein until the



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Member's Residence is sold. As previously stated, if the Member is not also the Owner, the Owner and the Member's estate shall be jointly and severally responsible for said obligations.

**THE COMPANY
AND/OR THE CLUB
MAY TERMINATE
MEMBERSHIP FOR
CAUSE**

12. Termination Rights of the Company and/or Club.

a. The Company and/or Club shall not terminate this Agreement except for just cause. The Member agrees to be obligated to vacate and use best effort to market and sell the Residence in the event the Company and/or Club terminates this Agreement for just cause. Just cause includes, but is not limited to, the following:

**FAILURE TO PAY
CHARGES DUE**

i. except as set forth below, failure to pay to the Club any charges due hereunder;

**DETRIMENTAL
DISTURBANCES**

ii. creation by the Member of a disturbance within The Cedars which in the judgment of The Club or the Company is detrimental to the health, safety, comfort and peaceful lodging of the other Members, e.g., loud noises, harassing other residents.

**INFECTION WITH
DANGEROUS OR
CONTAGIOUS
DISEASE**

iii. the Member becomes infected with a dangerous and contagious disease or becomes mentally or emotionally disturbed, the Medical Director determines that the Member's condition is detrimental to the health, safety or welfare of other residents or the staff of The Cedars and the Member's condition cannot be cared for in DuBose Health Center within the limits of its license from the State of North Carolina; or

**MEMBER REFUSES
MEDICAL
TREATMENT**

iv. the Member refuses medical treatment which, in the opinion of the attending physician or the Medical Director, is medically required for the Member's health or the health or safety of other Members or staff.



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**CEDARS POLICY
TO NOT
TERMINATE
SOLELY BY
REASON OF
INABILITY TO PAY
MONTHLY
CHARGES**

b. Because it is and shall continue to be the declared policy of The Club to endeavor to avoid termination of this Agreement solely by reason of a Member's financial inability to pay the total Monthly Payment and other charges, the Member shall be permitted to remain at The Cedars at a reduced Monthly Payment and deferral of the balance based on the Member's ability to pay for so long as: (i) they provide information to justify deferral of the usual charges; (ii) they establish the ability to secure repayment of such deferred charges; and (iii) the determination is made that the deferral of such charges can, in the sole discretion of The Club, be granted without impairing the ability of The Club to operate on a sound financial basis. The deferral of revenue to The Club will be borne by The Club until repaid.

**IF THE MEMBER
HAS FINANCIAL
DIFFICULTIES**

c. If the Member encounters financial difficulties making it impossible to pay the Monthly Payment and other charges appropriate for the Residence or for care in DuBose Health Center, then:

i. the Member may remain until any applicable Title XVIII Medicare benefits and/or third party insurance benefits received by The Club on the Member's behalf have been exhausted. The Member shall continue to have the obligation to pay the amount of the Monthly Payment and other charges which are not covered by Medicare benefits or insurance benefits.

ii. the Member shall in any case be permitted to remain at The Cedars after the date of failure to pay until such time as other arrangements can be made for the Member's care; and

**POLICY NOT
APPLICABLE IN
CASES WHERE
MEMBER MAKES
UNAPPROVED
GIFTS OR OTHER
TRANSFERS**

Notwithstanding the above, the provisions of Sections 12(b) and (c) shall be rendered inoperative and inapplicable if the Member has impaired the ability to meet the financial obligations hereunder by making unapproved gifts or other transfers.

Any charges deferred as herein contemplated will be offset by The Club against the proceeds from the sale of the



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Member's Residence when such sale occurs and The Club shall have a first priority claim against said proceeds, subject only to existing first mortgage liens, if any, and subject to the lien of the Condominium for Condominium assessments. The Member agrees that the financial obligations to The Club constitute a debt which must be repaid. The Member agrees to execute a note and a deed of trust on the Residence, and any other documents required by The Club as security for the repayment of this debt. If the Member is not the Owner, then the Member shall cause the Owner to give a deed of trust on the Residence occupied by the Member. It is understood and acknowledged that the lien shall be subordinate to the lien of the Condominium for Condominium assessments and any deed of trust must expressly so provide. The note shall bear interest at the prime rate as published in the Wall Street Journal or a lower rate negotiated among the parties.

**CEDARS WILL
GIVE 30 DAYS
NOTICE AND
MEMBERS HAVE 30
DAYS TO CORRECT
PROBLEM**

d. Prior to any termination of the Agreement by The Club, The Club will give the Member notice in writing of the reasons for termination and the Member will have thirty (30) days thereafter within which the problem may be corrected. If the problem is corrected within such specified time, the Agreement shall not be then terminated. If the problem is not corrected within such time, this Agreement will be terminated and the Member must leave The Cedars. Notwithstanding such termination, however, the Member will be obligated for the Monthly Payment and other charges, whether for the Residence or for nursing care until the Residence has been sold, transferred or otherwise conveyed to a new Owner who assumes the ownership rights and obligations of the Member with respect to the Residence and the Monthly Payment.

**MEDICAL
DIRECTOR MAY
WAIVE NOTICE
PERIOD**

e. If the Medical Director determines that either the giving of notice or the lapse of time as above provided might be detrimental to the Member or other residents or staff of The Cedars, then such notice and/or waiting period, prior to termination and relocation to an appropriate hospital or other facility, shall not be required and termination of this Agreement shall be deemed to have occurred when the Member is relocated. In such event, The Club is expressly



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authorized to transfer the Member to an appropriate hospital or other facility and will promptly notify the Member's representative or the Member's attending physician. However, the Member will retain all ownership rights and obligations in the Residence until it is sold, transferred or otherwise conveyed to a new Owner who assumes the rights and obligations of the Member with respect to the Residence and the Monthly Payment. If the Member is not the Owner, then the Member and the Owner shall be jointly and severally responsible for all such obligations until a new Owner and/or Member assumes all such rights and obligations of the Member with respect to the Residence and the Monthly Payment.

13. Miscellaneous Provisions with Respect to the Member's Residence.

**RESIDENCES ARE
FOR RESIDENTIAL
PURPOSES ONLY**

a. All Residences are for living purposes only and shall not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions or applicable covenants and restrictions.

**PETS ARE
PERMITTED
WITHIN CERTAIN
GUIDELINES**

b. Small pets may be permitted provided the prior written consent of The Club Administrator has been obtained. Pets must be on a leash at all times. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Member owning the pet is responsible for any costs expended by The Club for the failure of the Member to adhere to The Cedars pet policy, including, but not limited to the cost of disinfection, cleaning and fumigation. Pets are prohibited in the common facilities. Any Member having a pet understands and agrees that the pet will be removed from the Residence in the event the pet becomes a nuisance to other Members as determined in the sole discretion of the administrator of The Club. The Club will provide the Member with fourteen (14) days written notice that the pet must be removed from the Residence.

**OCCUPANCY OF
RESIDENCES**

c. Except as hereinafter provided, no person other than a Member may occupy the Residence except with the express written approval of The Club. In the event that another



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person who is not a party to this Agreement (including any subsequent spouse of the Member) is accepted for residency under this Agreement at a time subsequent to the date hereof (said acceptance to be in accordance with admission policies governing all other admissions), an additional Membership Fee and an additional Monthly Payment will be charged for this resident in accordance with Paragraph 6 above. The amount of the Membership Fee paid to the Company shall be an amount agreed upon between the Owner and the Company or be based on the then current percentage being charged and the fair market value of the Residence at the time of acceptance of this additional Member as determined by a Qualified Appraisal. The applicable Monthly Payment shall be paid for each month thereafter that this Member remains in residency in the Residence. Provided, however, if such person does not meet the requirements for residency they will not be permitted to occupy the Residence for more than thirty (30) days (except with the express written approval of The Club) and this Agreement may be terminated as provided herein if the Member continues to allow such unapproved occupancy of the Residence.

**CEDARS MAY
MODIFY UNITS TO
MEET LEGAL
REQUIREMENTS**

d. The Club or the Company may effect changes in any Residence in The Cedars at any time to meet the requirements of applicable law. The Member agrees to temporarily relocate to other facilities provided by The Club at its cost if it becomes necessary to vacate the Residence in order to make such changes.

**MEMBER MUST
OBTAIN
INSURANCE FOR
PERSONAL
PROPERTY**

e. Each Member must obtain insurance on personal property (furniture, clothing, jewelry, etc.) located within the Residence and for liability insurance. Furnishings provided by the Member shall not interfere with the health, safety and general welfare of other Members.

**FUTURE
PURCHASER MUST
MEET CEDARS
RESIDENCY
REQUIREMENTS**

14. Resale. The Member acknowledges that the resale of a Residence in The Cedars must be made to an individual or individuals that meet The Cedars requirements for Membership or who is purchasing a Residence for or on behalf of a person (or persons) who meets The Cedars requirements for Membership. The determination that the individual or individuals meets the requirement for



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Membership shall be made by the Company. The Member also acknowledges and agrees that in the event they move out of the Residence prior to its sale, the Member will be responsible for paying the Monthly Payment until the Residence is sold, transferred or otherwise conveyed to a new Owner who assumes the ownership rights and obligations of the Member with respect to the Residence and the Monthly Payment.

**ASSOCIATE
MEMBERSHIPS**

15. Associate Memberships. The Company anticipates that there will be a large demand for membership in The Club. The Company shall have the option, at its sole discretion, to create Associate Members who are not residents of The Cedars to have secondary priority access to the Club facilities.

**AMENDMENTS TO
AGREEMENT**

16. Amendments.

a. Except as expressly provided herein, no amendment or modification of this Agreement shall be made.

**MUST BE IN
WRITING**

b. No Amendment of this Agreement shall be valid unless in writing executed by the Member (or both of them if there are two) and the Company or approved and made effective in the manner set forth herein. Changes in the Monthly Payment and the Membership Fee are outside the scope of the amendment process and may only be made by the Company pursuant to the terms and conditions provided herein.

**MAY BE AMENDED
WITH 51% VOTE
OF MEMBERS AND
APPROVAL BY
COMPANY**

c. Further, this Agreement may be amended only by written approval of not less than fifty-one percent (51%) of the Members, and the Company, provided, however, that no such amendment shall:

i. reduce the aforesaid percentage of Members which is required to consent to any such amendment; or

ii. permit the preference or priority of any Member over any other Member without the consent of each Member.



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17. Cancellation Rights.

**MEMBER HAS 30
DAYS FROM DATE
OF EXECUTION TO
RESCIND THIS
AGREEMENT**

a. This Agreement may be rescinded by the Member within thirty (30) days following the later of the execution of this Agreement by Member or the receipt of a Disclosure Statement prepared in accordance with North Carolina law, and the Member will not be required to close on the purchase of the Residence or move into the Residence before the expiration of the thirty (30) day period. If this Agreement is rescinded, all amounts deposited plus interest earned thereon will be refunded to Member within thirty (30) days of such rescission.

**AUTOMATIC
TERMINATION OF
AGREEMENT**

b. If the designated Member dies before closing on the purchase of a Residence, then this Agreement will be automatically canceled. In such event, all amounts deposited plus interest earned thereon will be refunded to Member's estate or the Member.

Furthermore, if a Member sells the Residence and does not reside in the Residence as a Member, or within DuBose Health Center, the Membership is automatically canceled.

18. Miscellaneous Legal Provisions.

**NORTH CAROLINA
LAW GOVERNS**

a. This Agreement will be interpreted according to the laws of the State of North Carolina.

**INVALIDITY OF
CERTAIN
PROVISIONS**

b. The invalidity of any restriction, condition or other provision of this Agreement, or any part of same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

**AGENTS OF THE
CEDARS NOT
PERSONALLY
LIABLE**

c. This Agreement has been executed on behalf of the Company by its duly authorized agent, and no officer, director, agent or employee of the Company shall have any personal liability hereunder to the Member under any circumstances.



THE CEDARS
OF CHAPEL HILL

**OBLIGATIONS ARE
JOINT AND
SEVERAL**

d. When Member consists of more than one person, the rights and obligations of each are joint and several, except as the context otherwise requires.

**MAY NOT BE
ASSIGNED**

e. This Agreement is binding upon and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties. The rights of a Member pursuant to this Agreement may not be assigned or transferred. Any attempt by Member to assign this Agreement may be deemed a default of Member, and neither the Company nor the Club shall be bound by any such assignment.

**HEALTH AND
FINANCIAL
REPRESENTATION**

f. Member's Representations. By executing this Agreement the Member represents and warrants that they are capable of independent living, free of communicable disease, and have assets and monthly income which have been represented to The Cedars in writing through a preliminary application which are sufficient under foreseeable circumstances and after provision for payment of the Member's obligations under the Agreement to meet ordinary and customary living expenses after assuming Membership and occupancy. The Member further warrants that they will continue to carry the applicable Title XVIII Medicare benefits and Medicare Supplement and/or third party insurance policies listed on the preliminary application and that all written representations made with respect to such matters are true and correct.

**MEMBER AGREES
TO EXECUTE A
POWER OF
ATTORNEY**

g. Durable Power of Attorney. Each Member agrees to execute and deliver to The Club at or before assuming residency in The Cedars a Durable Health Care Power of Attorney and a Durable General Power of Attorney ("Powers of Attorney") in compliance with North Carolina law, in a form acceptable to The Club, naming a person of Member's choice to act on Member's behalf in the capacity of attorney-in-fact in the event it shall become necessary that a third party representative act on behalf of the Member. The Powers of Attorney shall grant the power and authority to make personal care decisions and health care decisions for the



THE CEDARS
OF CHAPEL HILL

Member. The Powers of Attorney shall not be affected by physical disability or mental incompetence of the Member which renders the Member incapable of managing their own affairs. Each Member shall keep such Powers of Attorney in full force and effect throughout the term of this Agreement. The attorney-in-fact, trustee or other representative named in any such Durable Powers of Attorney shall in no event be a person employed by The Club, the Company, the Condominium or any entity engaged in the management of The Cedars.

**FORCE
MAJEURE**

19. Force Majeure. The occurrence of an event which materially interferes with the ability of The Cedars to perform its obligations or duties hereunder which is not within the reasonable control of The Cedars or any of its Affiliates, and which could not with the exercise of diligent efforts have been avoided (“Force Majeure Event”), including, but not limited to, war, rebellion, natural disaster (including floods, earthquake, fire, hurricanes, windstorms, tornadoes), accident, strike, riot, civil commotion, act of God, pandemic, epidemic, outbreak of infectious diseases or other public health crisis, including quarantine or other employee restrictions, act of authority or change in Law, shall not relieve The Cedars from the performance during the Force Majeure Event. The Cedars shall promptly notify Member of the occurrence and particular of such Force Majeure Event and shall provide Member, from time to time, with its best estimate of the duration of such Force Majeure Event and with notice of the termination thereof. The Cedars shall use diligent efforts to avoid or remove such causes of non-performance as soon as is reasonably practicable. Upon termination of the Force Majeure Event, the performance of any suspended obligation or duty shall recommence upon the implementation by The Cedars of its reconstituted operations. The Cedars shall not be liable to Member for any default, breach or damages arising out of or relating to the suspension or termination of any of its obligations or duties under this Agreement by reason of the occurrence of a Force Majeure Event, provided The Cedars complies in all material respects with its obligations under this Section.



THE CEDARS
OF CHAPEL HILL

**RECEIPT OF
CERTAIN
DOCUMENTS**

20. Acknowledgment and Receipt of Documents. The Member hereby certifies that he/she has received a copy of Condominium Documents, Management Agreements and The Cedars Disclosure Statement.

EXECUTION

21. This Agreement may be signed in multiple originals or counterparts, all of which together constitute one and the same instrument. In addition, pursuant to NCGS § 66, Article 40, the parties to this Agreement agree and consent to be bound by the use of electronic signatures and acknowledge that electronic signatures shall be treated as original signatures. This Agreement becomes effective upon the purchase of a Residence by signatories, purchase of a Residence by someone who designates the signatories as Members, or designation of signatories as Members by the current owner of a Residence.



THE CEDARS
OF CHAPEL HILL

SCHEDULE A

Membership Fee \$ _____

Monthly Fee for Floor plan: _____

First Person \$ _____

Second Person \$ _____

Total Monthly Payment \$ _____

EXHIBIT C

PURCHASE AND SALE AGREEMENT



THE CEDARS
OF CHAPEL HILL

PURCHASE AND SALE AGREEMENT

PURCHASER

PURCHASER: _____,

Note: If Title to the Unit is to be taken in a Trust, provide the full name of the Trust.

Whose address is _____

(hereinafter called "Purchaser")

SELLER

SELLER:

Note: If Title to the Unit is vested in a Trust, provide the full name of the Trust and current Trustees. If title to the Unit is vested in an Estate, provide the full name of the Estate and name of the Personal Representative. Whose address is _____
(hereinafter called "Seller").

THIS PURCHASE AND SALE AGREEMENT (hereinafter

"Agreement") is entered into by Purchaser and Seller this _____

day of _____, 20____.

WITNESSETH:

**THE CEDARS
INCLUDES PRIVATE
UNITS, CLUBHOUSE
AND DUBOSE
HEALTH CENTER**

The Life Plan Community (also Continuing Care Retirement Community) known as **THE CEDARS OF CHAPEL HILL**, consisting of a Clubhouse, DuBose Health Center, and three types of living units (detached cottages, villas and verandas) ("The Cedars") have been developed by The Cedars of Chapel Hill, L.L.C. (the "Company"); and

**RESIDENTIAL UNITS
ARE
CONDOMINIUMS**

All of the residential living units are condominium units (hereinafter referred to as "Units" which shall refer to villas, verandas and cottages) known as **THE CEDARS OF CHAPEL HILL** and Seller is the owner of one of said Units; and

**PURCHASE OF UNIT
REQUIRES
PAYMENT OF
MEMBERSHIP FEE**

The Club Facilities consisting of the Clubhouse, and DuBose Health Center are operated by the Cedars of Chapel Hill Club, Inc., a not-for-profit and non-proprietary corporation (hereinafter referred to as "The Club"). The purchase of a Unit requires that it be coupled with the rights, privileges and responsibilities of membership in The Club to be utilized by the Unit Owner or by a designee approved by The Club who meets the various requirements set forth in The Cedars Membership Agreement. Each Unit Owner or an approved designee must acquire Membership simultaneously with the purchase of a Unit and each Member shall execute The Cedars Membership Agreement and become eligible for permanent residency and all rights of access to the Club Facilities upon closing of the purchase.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, Purchaser and Seller hereby covenant and agree as follows:

1. **PURCHASE/SALE:** Purchaser hereby agrees to purchase the Property hereinafter described for the purchase price hereinafter set forth and Seller agrees to sell the Property in accordance with the terms and conditions set forth herein.

**SPECIFIC UNIT TO
BE ACQUIRED**

2. **PROPERTY:** The address of the Unit which is the subject of this Agreement is:

as more fully described in the Declaration of Condominium (the "Declaration") recorded in the Offices of the Durham and Orange County Registers of Deeds, together with an undivided fractional interest in and to the common elements included in the aforesaid Condominium (herein referred to as the "Property").

**MEMBERSHIP IN
THE CLUB
INTEGRAL PART OF
PURCHASE**

3. **CEDARS MEMBERSHIP AGREEMENT:** Purchaser hereby expressly acknowledges the responsibility to enter into the Cedars Membership Agreement simultaneously with the closing under this Agreement. This Membership Agreement is subject to the approval of the Company. Purchaser further acknowledges that in the event a designee is chosen and this designee is approved by The Club, then the designee will be required to enter into the Cedars Membership Agreement.

The Membership Fee due under said Membership Agreement will be paid to the Company. It is noted that the Membership Agreement has a 30 day right of cancellation pursuant to the N. C. Department of Insurance regulations. This Contract is subject to said rescission period expiring without exercise by Purchaser and Purchaser being able to obtain approval of, and execution by, the Company of the Membership Agreement.

**PURCHASE PRICE
OF UNIT**

4. **PURCHASE PRICE OF UNIT:** The Purchase Price of the Unit is:

_____ DOLLARS
(\$ _____)

Purchase Price of Unit is payable as follows:

(a) \$ _____, upon the execution hereof by Purchaser, as an initial earnest money deposit which shall be held by the Company as Escrow Agent.

(b) \$ _____, the balance of Purchase Price due at Closing.

**NO FINANCING
CONTINGENCY**

5. **CASH PURCHASE:** This Agreement does not contain a financing contingency.

**DEVELOPER MAY
ADD ADDITIONAL
UNITS OR
EXPANSIONS**

6. **PHASED DEVELOPMENT:** The Company, or its assigns, may develop further Units and/or expand or develop additional common facilities in the future. The total number of Units for all phases shall be no greater than three hundred twenty five (325). Whether such additional phases are added, the number and architectural design of the condominiums in such phases and the order of any such expansion, shall be solely in the discretion of the Company. Reference is made to the Declaration for specific discussion of the Future Phase Property. A copy of the Declaration has been provided to Purchaser, the receipt of which is expressly acknowledged by Purchaser.

**CLOSING DATE AND
GENERAL
WARRANTY,
TRUSTEE OR
EXECUTOR DEED
GIVEN**

7. **CLOSING DATE:** Closing of the purchase of the Property and payment of Membership Fee (hereinafter referred to as "Closing") shall occur on or before _____, 20____ at a mutually agreed-upon location. Seller shall deliver at Closing a properly executed and acknowledged General Warranty Deed, Trustee's Deed or Executor's Deed as appropriate.

**SELLER AND
PURCHASER
RESPONSIBLE FOR
CERTAIN CLOSING
EXPENSES**

8. **CLOSING EXPENSES:** Each party shall bear responsibility for those closing costs customary for sellers and buyers in Durham County and Orange County, North Carolina. For example, Seller shall be responsible for paying the tax stamps on the Deed as well as for preparation of the Deed. Purchaser shall be responsible for recording fees for the Deed, Purchaser's attorney's fees for closing, any Transfer fees, and for any costs associated with financing aspects of the Closing including title examination, closing and loan documentation preparation, mortgage recording fees, and the title insurance cost, if applicable.

PRORATIONS

9. **PRORATIONS:** Property taxes, the Monthly Payment and applicable assessments shall be prorated between Purchaser and Seller as of the date of Closing.

TITLE CONDITIONS

10. **CONVEYANCE OF TITLE:** The Property shall be conveyed free and clear of all encumbrances save and except:

(a) taxes and assessments not yet due;

(b) the recorded Declaration, By-Laws and related documents establishing THE CEDARS OF CHAPEL HILL CONDOMINIUM, and all amendments thereto (hereinafter referred to as the "Condominium");

(c) all facts and conditions which may be shown by survey and physical examination of the Property;

(d) any applicable zoning and/or development laws and ordinances, including those of Durham County and the City of Chapel Hill;

(e) usual and customary utility easements.

**PURCHASER
ACCEPTS UNIT "AS
IS"**

11. **ACCEPTANCE OF UNIT:** Purchaser has inspected and accepts the Unit "as is" except as otherwise stated in this Agreement. All appliances, heating, plumbing and air conditioning systems shall be in good working order as of the date of closing.

**CEDARS MEMBER
HAS ACCESS TO
DUBOSE HEALTH
CENTER**

12. **CLUBHOUSE AND DUBOSE HEALTH CENTER:** The Cedars Clubhouse, consisting of the dining facilities, activity rooms, ballroom, library, and beauty and barber shop and DuBose Health Care Center housing seventy eight (78) beds are complete.

The Clubhouse and 78-bed DuBose Health Center are part of the Condominium and therefore are owned by the members as common elements of the Condominium. The Company may negotiate and execute management agreements for the Club and DuBose Health Center with a qualified operator. Pursuant to the terms of the Membership Agreement the Purchaser, or the designee approved for Membership by The Club, as a benefit and Membership right under the Membership will be entitled to admission to DuBose Health Center so long as their attending physician or the Medical Director determine that this type of care is needed.

**SELLER HAS OPTION
TO REPAIR DAMAGE
OR CANCEL
AGREEMENT**

13. **RISK OF LOSS:**

(a) Partial loss or damage to the Property by fire and storm or other casualties between the date hereof and closing hereunder shall not void or impair this Agreement, but all such damage by way of fire and storm or other casualty is to be the responsibility of Seller.

(b) In the event of total or substantial loss as a result of the hazards mentioned above, Seller shall have the option to repair all damage at its own cost or through insurance proceeds from the Condominium Association, or to cancel this Agreement and refund all monies paid hereunder to Purchaser.

(c) In the event of loss or damage as a result of the hazards mentioned, the time for Closing shall be extended for such time as may be reasonably required to repair the damage.

**WARRANTIES TO BE
TRANSFERRED TO
PURCHASER**

14. **WARRANTY:** At Closing, Seller shall transfer to Purchaser all of Seller's right, title and interest in and to any manufacturer's warranty furnished to Seller covering any equipment or appliance installed in the Property, and Seller makes no warranty or agreement of any kind with respect to any such equipment or appliance.

15. MONTHLY PAYMENT:

(a) As of the closing date, Purchaser agrees to accept responsibility for the Monthly Payment which includes the costs of condominium common expenses (the "Condominium Fee") and the costs of services (the "Service Fee") provided to Members as described in the Membership Agreement. If the Member is not the purchaser of the Unit, the Member shall be considered jointly and severally responsible for the Monthly Payment of the Purchaser and the Purchaser shall likewise be jointly and severally responsible for the Monthly Payment with the Member. In such circumstances, the Member and the Purchaser shall execute a guaranty agreement in a form approved by The Club further evidencing this joint and several responsibility;

THE SERVICES FEE

(b) Purchaser acknowledges the continuing obligation as a Member to pay the Member's share of the costs of club services (the Services Fee) in accordance with the Cedars Membership Agreement to contribute toward the expenses of operating The Club and for services, as well as any capital purchases and debt service, if any, necessary for repair, maintenance and modification of The Club Facilities.

**PERSONAL
MODIFICATIONS
AND UPGRADES**

(c) Maintenance and repairs to "non-standard" appliances and modifications which are existing or future upgrades to The Cedars standard items, and items which are the personal property of the Purchaser, will be made at the request of Purchaser and Purchaser agrees to pay the additional cost of this maintenance and repair. This provision also applies to any increased costs for the maintenance of landscape additions to cottages.

**OPERATING FUNDS
DEPOSIT**

16. OPERATING FUNDS DEPOSIT: At closing, Purchaser shall be responsible for a \$15,000 non-refundable fee to The Club for Operating Funds for The Club and Condominium Association. This fee is used for the North Carolina Department of Insurance Operating Reserve Fund requirements, working capital and capital improvements.

**INSURING
PERSONAL
PROPERTY**

17. **INSURANCE ON PERSONAL PROPERTY:** Purchaser is responsible for insuring personal property (i.e. furniture, clothing, jewelry, china, silver, etc.) located in the Unit, and for carrying liability insurance for any occurrences within the Unit.

**OCCUPANCY BY
SOMEONE OTHER
THAN OWNER**

18. **OCCUPANCY:** Purchaser may purchase a Unit for use by another individual who meets The Cedars Residency requirements and who is approved by the Company and who agrees to execute The Cedars Membership Agreement and to abide by the rights, obligations and responsibilities outlined in The Cedars Membership Agreement. This individual must meet the qualifications in the Membership Agreement and shall be jointly and severally liable for the Monthly Payment and all other obligations outlined in The Cedars Membership Agreement.

**PURCHASER AND
SELLER HAVE
RIGHTS IN CASE OF
DEFAULT**

19. **DEFAULT:** If Purchaser defaults in the performance of any obligation of this Agreement, the sole remedy of Seller for such default shall be to receive and retain the earnest money deposit as liquidated damages, it being agreed that Seller's damages in the event of such default by Purchaser will be difficult to estimate precisely and that the earnest money deposit constitutes the party's best estimate of such damages and is intended as liquidated damages and not a penalty or forfeiture. In the event of a default in the performance of any of the obligations of the Seller pursuant to this Agreement, Purchaser shall be entitled to terminate this Agreement and receive a refund of the earnest money deposit or to seek to recover all damages resulting from Seller's default. Either Seller or Purchaser is hereby allowed ten (10) days to cure any default prior to termination hereof by the non-defaulting party as provided herein. In any situation where litigation is required to enforce rights hereunder, the prevailing party shall be entitled to recover its legal costs incurred from the non-prevailing party, or retain all funds paid by or on behalf of Purchaser as liquidated damages, in which event Seller shall have no further obligation to Purchaser under this Agreement.

**NOTICES SHALL BE
IN WRITING**

20. **NOTICES:** Any notice to Seller or Purchaser shall be in writing and shall be delivered to the address of the appropriate party stated above, or such other address as shall subsequently be provided by appropriate notice, with copies to the Company. Notice may be either hand delivered or deposited in the U.S. Mail. If mailed, any written notice shall be deemed received on the second calendar day following the date of mailing if addressed and mailed by certified or registered mail, postage paid, to the addressee set forth above.

**NO RIGHT OF FIRST
REFUSAL**

21. **RIGHT OF FIRST REFUSAL:** While the Declaration provides for a right of first refusal, The Cedars of Chapel Hill, LLC has agreed to not exercise this right in connection with the future sale of this Unit.

**MEMBERSHIP FEE
FOR NEW MEMBER
IN UNIT**

22. **MEMBERSHIP FEE FOR NEW RESIDENT:** In the event the Purchaser gives or wills the Unit to a family member, or to anyone else, the Membership Fee paid by or on behalf of the new Member shall be an amount agreed to between the Owner and the Company or based on the fair market value when the gift or devise is made and the property ownership is transferred and a new Member is designated. If transfer is made and there is no change in the Member(s) occupying the Unit, no Membership Fee is due. Member is defined in the Declaration of Condominium. The Purchaser acknowledges that Company has the unconditional right to approve or disapprove Club Memberships.

**UNITS MAY BE USED
AS SALES MODELS
AND/OR OFFICE**

23. **SALES OFFICE:** It is disclosed to Purchaser that the Company is entitled to use one or more of the Units as sales model and/or office. Further, as provided in the Declaration, the Company is entitled to the use of offices in the Clubhouse for administrative and sales purposes, including re-sales.

**AGREEMENT
BINDING ON HEIRS
AND SUCCESSORS
AND MAY NOT BE
ASSIGNED WITHOUT
CONSENT**

**TERMS SURVIVE
THE CLOSING**

**IF PART OF
AGREEMENT
UNENFORCEABLE,
REMAINDER NOT
AFFECTED**

**WAIVER OF POWER
OR RIGHTS MUST BE
IN WRITING**

**THIS AGREEMENT
SUPERSEDES OTHER
AGREEMENTS
CONCERNING THE
CEDARS**

24. **MISCELLANEOUS:**

(a) This Agreement is binding upon and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties. The rights of Purchaser pursuant to this Agreement may not be assigned or transferred without the express written consent of Seller. Any attempt by Purchaser to assign this Agreement without such consent may be deemed by Seller a default by Purchaser and Seller shall not be bound by any such assignment. Notwithstanding the foregoing, in the event of an untimely death of Purchaser prior to closing, the Purchaser's obligations shall cease, the Agreement will be terminated, and all deposits returned to the Purchaser's estate. If there will be more than one Purchaser, the Agreement will continue to be binding on the surviving Purchaser.

(b) The terms of this Agreement shall survive the Closing of the transaction contemplated hereby and shall thereafter continue to bind the parties and their successors to this Agreement. This Agreement may be executed in duplicate originals.

(c) If any provision of this Agreement is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision hereof. All titles or captions in this Agreement are for convenience in reference and in no way define, limit or extend this Agreement.

(d) No failure of a party to exercise any power or right granted hereunder or to insist upon strict compliance with any obligation specified herein, and no practice at variance with the terms hereof, shall constitute a waiver of said power or right unless expressly authorized in writing by the affected party.

(e) This Agreement supersedes any and all understandings and agreements between the parties regarding the Property and constitutes the sole agreement between the parties regarding the Property. No oral statements or representations shall be deemed to modify this Agreement or bind either party.

**PURCHASER
ACKNOWLEDGES
RECEIPT OF
DOCUMENTS**

25. **ACKNOWLEDGEMENT OF RECEIPT:**

By execution of this Agreement Purchaser acknowledges receipt, review and approval of the form and content of the documents listed below and agrees to be bound by the terms and provisions thereof together with such amendments as are authorized herein:

Disclosure Statement
Condominium Documents
Articles of Incorporation
Declaration of Condominium
By-laws
Condominium Management Agreement
Club Management Agreement

**PURCHASER'S
RIGHT TO CANCEL**

26. **PURCHASER'S RIGHT TO CANCEL:** Purchaser shall have the absolute right to cancel this Agreement at any time by delivering written notice to Seller, with copies to the Company, during the thirty (30) calendar day period immediately following execution of this Agreement by both parties, or the later of (i) the full execution of the Membership Agreement or (ii) the delivery of the Disclosure Statement to the Purchaser (the "Cancellation Period"). Purchaser's cancellation of this Agreement during the Cancellation Period is without penalty and all payments made by the Purchaser before such cancellation shall be refunded by Seller within ten (10) days after the expiration of the Cancellation Period. Purchaser shall not be required to move into the Unit prior to the expiration of this thirty (30) day period. Notwithstanding the language of Paragraph 24 (b) and this Paragraph 26, Purchaser's Right to Cancel this Agreement shall terminate at Closing.

**BROKERAGE
COMMISSION**

27. **BROKERAGE:** Seller has an agreement for the listing and sale of the Property with The Cedars of Chapel Hill Realty Company, L.L.C. (Realty Company). Realty Company has earned its commission and the Seller agrees to pay said commission in accordance with the Listing Agreement at Closing. In the event of a default by Purchaser with resulting forfeiture of earnest money deposit as described above in Paragraph 19, Realty Company shall be entitled to one-half (1/2) of said forfeited deposit as its full compensation from Seller.

**ELECTRONIC
SIGNATURES**

28. **EXECUTION:** This Agreement may be signed in multiple originals or counterparts, all of which together constitute one and the same instrument. In addition, pursuant to NCGS § 66, Article 40, the parties to this Agreement agree and consent to be bound by the use of electronic signatures and acknowledge that electronic signatures shall be treated as original signatures.

SIGNED AND SEALED BY PURCHASER in duplicate originals as of the day and year first above written.

WITNESSES:

PURCHASER:

(IF MORE THAN ONE, EACH SHOULD SIGN)

If husband and wife, please check the way you would like to take title:

Tenancy by the Entirety

Tenants in common (each spouse owns one-half).

Joint tenants with right of survivorship (each spouse owns one-half, but in the case of death, the survivor automatically becomes the sole owner).

In individual name of _____

SIGNED AND SEALED BY SELLER in duplicate originals this ____ day of _____, _____.

WITNESSES:

SELLER:

EXHIBIT D

**COMPARISON OF ACTUAL RESULTS FOR 2023 WITH
FORECAST IN PREVIOUS DISCLOSURE STATEMENT**

The Cedars of Chapel Hill Club, Inc.

Narrative of Material Differences Between 2023 Forecast and Actual

Variations of \$100,000 between actual and forecasted results are considered material variances which are explained below

	<u>Forecast</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>	
Revenues:				
Residence Service Fees	\$ 9,579,490	8,803,234	(776,256)	% allocation of total fee reduced to cover Condo increased costs
Second Person Fees	2,089,370	2,234,468	145,098	Census higher than expected
Miscellaneous	<u>110,596</u>	-	<u>(110,596)</u>	
Total Service Fee Revenue	11,779,456	11,037,702	(741,754)	
Health Center Revenues	5,468,260	5,749,062	280,802	105 patients above budget for entire year
Net Proceeds from Home Care/Clinic	<u>(20,769)</u>	<u>(619)</u>	<u>20,150</u>	
Employee Retention Credit	3,667,548	3,667,548	-	Employee Retention Credit not anticipated
Non Operating Income	135,000	135,000	-	New non-refundable fee
Interest Income	<u>20,821</u>	<u>7,969</u>	<u>(12,852)</u>	
Total Revenues	<u>17,247,768</u>	<u>20,596,662</u>		
Expenses:				
General and Administrative:				
Wages and Benefits	1,033,453	756,324	277,129	Open positions throughout the year
Legal and Professional	20,675	20,235	440	
Management Fees	514,878	514,870	8	
Management Salaries and Benefits	252,886	260,125	(7,239)	
Other	<u>374,757</u>	<u>1,923,821</u>	<u>(1,549,064)</u>	Bad debts accumulated over many years. Some may be collected.
Total General and Administrative	<u>2,196,649</u>	<u>3,475,375</u>		
Plant:				
Wages and Benefits	120,851	124,054	(3,203)	
Maintenance and Repairs	45,299	47,613	(2,314)	
Utilities	208,594	222,393	(13,799)	
Other	18,608	20,312	(1,704)	
Total Plant	<u>393,352</u>	<u>414,372</u>		
Environmental Services:				
Wages and Benefits	1,705,062	1,750,105	(45,043)	
Other	169,038	168,817	221	
Total Environmental Services	<u>1,874,100</u>	<u>1,918,921</u>		
Food and Beverage				
Wages and Benefits	4,204,693	4,330,279	(125,586)	Hourly wage higher than forecasted
Food	1,664,808	1,601,875	62,933	
Other	461,146	448,211	12,935	
Total Food & Beverage	<u>6,330,647</u>	<u>6,380,365</u>		
Health Center:				
Wages and Benefits	4,635,525	5,264,885	(629,360)	Increased census created increased wage
Other	580,253	692,099	(111,846)	Increased census
Total Health Center	<u>5,215,778</u>	<u>5,956,984</u>		
Resident Services:				
Wages and Benefits	670,939	583,940	86,999	
Other	<u>105,368</u>	<u>91,172</u>	14,196	

Total Resident Services	776,307	675,112	
Non Operating Capital Replacement	-	-	
Total Expenses	16,786,833	18,821,130	
Increase (Decrease) in Unrestricted Net Assets	460,935	1,775,532	(2,034,297)
Assets			
Current Assets:			
Cash	537,971	150,827	(387,144) Higher than expected asset replacement needed in 2023
Accounts Receivable	2,413,508	4,921,875	2,508,367 Employee Retention Credit receivable
Inventory	95,489	140,348	44,859
Prepayments	747,875	350,316	(397,559) True up reduced the amount shown on BS
Total Current Assets	3,794,843	5,563,366	(70,726)
Operating Reserve Funds	3,666,131	3,595,405	
Other Assets:			
Property	-	-	-
Remodel	-	-	-
Deposits	6,073	6,073	-
Total Other Assets	6,073	6,073	-
Fixed Assets:			
Machinery and Equipment	-	-	-
Total Assets	7,467,047	9,164,844	
Liabilities and Net Assets			
Current Liabilities:			
Accounts Payable	882,109	1,082,551	200,442 Increase accrued payroll at year end
Other Liabilities:			
Operating Reserve and Other Owner Deposits Payable to Cedars Condo Assn	3,886,733	3,957,166	70,433
Total Other Liabilities	172,485	284,810	112,325 Higher than expected asset replacement needed in 2023
Total Liabilities	4,059,218	4,241,976	
Net Assets:			
Unrestricted	4,941,327	5,324,527	
Temporarily Restricted	2,525,720	3,840,317	1,314,597 Increased 2nd person and health center revenue
Total Net Assets	2,525,720	3,840,317	1,314,597
Total Liabilities and Net Assets	7,467,047	9,164,844	
	Forecast	Actual	(Unfavorable)
Cash Flow From Operating Activities:			
Increase/(Decrease) in Unrestricted Net Assets	460,935	1,775,532	1,314,597 Increased 2nd person and health center revenue
Adjustments to Reconcile to Actual Cash Flows:			
(Increase) Decrease in Accounts Receivable	(114,929)	(2,623,296)	(2,508,367) Added Employee Retention Credit receivable
(Increase) Decrease in Operating Reserve Funds	(106,781)	(36,056)	70,725
(Increase) Decrease in Other Assets	(14,754)	337,946	352,700 True up reduced the amount shown on BS
Increase (Decrease) in Accounts Payable	8,734	209,177	200,443 Increase accrued payroll at year end
Operating Reserve and Other Member Deposits	76,210	146,643	70,433
Net Change in Cedars Condo Assn Receivable/Payable	109,145	221,470	112,325 Higher than expected asset replacement needed in 2023
Net Cash Provided By (Used In) Operating Activities	418,560	31,416	
Net Change in Cash	418,560	31,416	
Cash, Beginning of Year	119,411	119,411	
Cash, End of Year	537,971	150,827	

The Cedars of Chapel Hill Condominium Association
Narrative of Material Differences Between 2023 Forecast and Actual

Variances of \$100,000 between actual and forecasted results are considered material variances which are explained below

Favorable
(Unfavorable)
Variance

	Forecast	Actual	
Revenues:			
Residence Service Fees	6,604,574	7,346,212	741,638 % allocation increased to cover Condo increased costs
Developer and Office Condo Fees	-	-	-
Contributions from Related Party	124,698	123,997	(701)
Transfer from Club Improvement Fund	400,000	-	-
Other	(343)	-	343
Total Revenues	7,128,929	7,470,209	
Other Non Operating Income	-	200,750	
Interest Income	-	4,884	4,884
Total Revenues	7,128,929	7,675,843	

Expenses:

General and Administrative:			
Wages and Benefits	489,231	618,811	(129,580) increased condo - club distribution amount
Insurance - General	309,004	389,726	(80,722)
Legal and Professional	20,675	20,235	440
Management Fees	315,570	315,566	4
Management Salaries and Benefits	206,906	212,829	(5,923)
Other	420,669	418,658	2,011
Total General and Administrative	1,762,055	1,975,825	
Plant:			
Wages and Benefits	1,087,659	1,116,487	(28,828)
Maintenance and Repairs	860,688	904,647	(43,959)
Utilities	834,378	889,573	(55,195)
Other	167,466	182,804	(15,338)
Total Plant	2,950,191	3,093,512	
Environmental Services:			
Wages and Benefits	426,266	437,526	(11,260)
Other	42,259	42,204	55
Total Environmental Services	468,525	479,730	
Resident Services:			
Wages and Benefits	-	-	-
Other	-	-	-
Total Resident Services	-	-	-
Capital Replacement	2,359,340	2,085,283	274,057 Reduced asset replacement needed in 2023
Total Expenses	7,540,111	7,634,350	
Increase (Decrease) in Unrestricted Net Assets	(411,182)	41,493	

	Forecast	Actual	Favorable (Unfavorable) Variance
Assets			
Current Assets:			
Replacement Reserve	3,570,002	790,427	(2,779,575) Higher than expected asset replacements needed in 2022 carryover
Receivable from Cedars Club	107,232	284,810	177,578 Intercompany account offset by higher amount on Club statements
Property Remodel	-	1,953,077	Error in Forecast. Should have been forecasted as \$3,462,770
Total Assets	<u>3,677,234</u>	<u>3,028,314</u>	
Liabilities and Net Assets			
Note Payable	2,900,000	1,612,815	Behind schedule on Clubhouse renovation
Total Liabilities	<u>2,900,000</u>	<u>1,612,815</u>	
Net Assets:			
Restricted	107,232	790,427	683,195 Error in Forecast. Should have been forecasted as \$3,570,002
Unrestricted	670,002	625,072	(44,930)
Total Net Assets	<u>777,234</u>	<u>1,415,499</u>	638,265
Total Liabilities and Net Assets	<u>3,677,234</u>	<u>3,028,314</u>	(648,920)
Cash Flow From Operating Activities:			
Increase/(Decrease) in Unrestricted Net Assets	1,948,158	41,493	(1,906,665) Higher than expected asset replacement needed in 2022 carryover
Adjustments to Reconcile to Actual Cash Flows:			
Net Change in Cedars Club Receivable/Payable	811,182	(221,467)	(1,032,649) Higher than expected asset replacement needed in 2022 carryover
Net Cash Provided By (Used In) Operating Activities	2,759,340	(179,974)	(2,939,314)
Cash Flow From Investing Activities:			
Increase in Property Remodel	(3,000,000)	(1,953,077)	1,046,923 Behind schedule on Clubhouse renovation
Cash Flow From Financing Activities:			
Increase in Note Payable	2,500,000	1,612,815	(887,185) Behind schedule on Clubhouse renovation
Net Change in Cash	2,259,340	(520,236)	(2,779,576)
Cash, Beginning of Year	1,310,662	1,310,662	
Cash, End of Year	<u>3,570,002</u>	<u>790,427</u>	(2,779,575) Higher than expected asset replacement needed in 2022 carryover

The Cedars of Chapel Hill, L.L.C.
Narrative of Material Differences Between 2023 Forecast and Actual

Variances of \$100,000 or greater between actual and forecasted results are considered material variances which are explained below

	<u>Forecast</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Membership Fees	\$ 1,738,880	\$ 1,930,420	191,540 Greater number of re-sales than forecasted.
Overhead Fees	2,402,914	2,626,459	223,545 inflation.
Commissions	<u>1,008,550</u>	<u>1,102,792</u>	94,242 Greater number of resales than forecasted.
Total Revenues	5,150,344	5,659,671	
Cost of Sales	<u>195,841</u>	<u>219,058</u>	23,217
Gross Profit	<u>4,954,503</u>	<u>5,440,613</u>	
Operating Expenses:			
Marketing Compensation	491,103	505,580	(14,477)
Direct Marketing Costs	138,867	110,942	27,925
General and Administrative	580,799	699,962	(119,163) Higher bonuses for salespeople because of greater number of sales.
Depreciation and Amortization	1,271,357	1,298,505	(27,148)
Maintenance, Laundry and Housekeeping	-	-	
Total Operating Expenses	<u>2,482,126</u>	<u>2,614,989</u>	
Income (Loss) From Operations	<u>2,472,377</u>	<u>2,825,624</u>	
Other Income (Expense):			
Interest Expense	(74,660)	(87,948)	(13,288)
Interest Income	-	-	-
Other Income (Expense)	<u>21,800</u>	<u>27,750</u>	5,950
Total Other Income (Expense)	<u>(52,860)</u>	<u>(60,198)</u>	
Net Income (Loss)	<u>\$ 2,419,517</u>	<u>\$ 2,765,426</u>	

	<u>Forecast</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$ 2,419,517	\$ 2,765,426	(345,909) Greater number of resales than forecasted.
Adjustments to Reconcile to Actual Cash Flows			
Depreciation and Amortization	1,271,357	1,298,505	(27,148)
Changes in Assets and Liabilities			
(Increase) Decrease in:			
Accounts Receivable	(9,551)	(125,764)	116,213 Delay in collecting overhead payment from The Cedars Club.
Deposits in Escrow	36,050	9,000	27,050
(Increase) Decrease in:			
Accounts Payable and Accrued Expenses	6,093	94,669	(88,576)
Deposits in Escrow	(34,000)	(9,000)	(25,000)
Net Adjustments	1,269,949	1,267,410	
Net Cash Provided by Operating Activities	<u>3,689,466</u>	<u>4,032,836</u>	
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchases of Property and Equipment	(2,500)	-	(2,500)
Deferred Development Costs	-	-	-
Net Cash Used in Investing Activities	<u>(2,500)</u>	<u>-</u>	
CASH FLOW FROM FINANCING ACTIVITIES			
Member Distributions	(2,250,000)	(2,400,000)	150,000 Greater net income allowed larger distributions than forecasted.
Notes Payable Proceeds	-	-	-
Notes Payable Repayments	(1,422,775)	(1,629,604)	206,829 Miscalculated principle payments due to Covid deferral.
Net Cash Used in Financing Activities	<u>(3,672,775)</u>	<u>(4,029,604)</u>	
Net (Decrease) Increase in Cash	14,191	3,232	
Cash at Beginning of Year	<u>483,821</u>	<u>483,821</u>	
Cash at End of Year	<u>\$ 498,012</u>	<u>\$ 487,053</u>	

EXHIBIT E

**FINANCIAL STATEMENTS
AND
FORECASTED FINANCIAL STATEMENTS**

The Cedars of Chapel Hill Club, Inc.

Financial Statements

For the Years Ended December 31, 2023 and 2022



BALDWIN & HODGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members
The Cedars of Chapel Hill Club, Inc.
Chapel Hill, North Carolina

Opinion

We have audited the accompanying financial statements of The Cedars of Chapel Hill Club, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities and net assets as of December 31, 2023 and December 31, 2022, and the related statements of revenues, support expenses and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cedars of Chapel Hill Club, Inc., as of December 31, 2023 and December 31, 2022, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Cedars of Chapel Hill Club, Inc., 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cedars of Chapel Hill Club, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

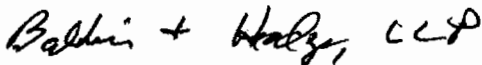
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 The Cedars of Chapel Hill Club, Inc'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cedars of Chapel Hill Club, Inc'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.



Baldwin & Hodge, LLP
Mount Olive, NC
April 18, 2024

The Cedars of Chapel Hill Club, Inc.
Statements of Assets, Liabilities and Net Assets
December 31,

	2023	2022
Assets		
Current Assets:		
Cash	\$ 150,827	\$ 119,411
Accounts Receivable	4,921,875	2,298,579
Inventory	140,348	86,808
Prepayments	350,316	645,715
Total Current Assets	5,563,366	3,150,513
Operating Reserve Funds	3,595,405	3,559,349
Other Assets:		
Insurance Claims	-	96,087
Deposits	6,073	6,073
Total Other Assets	6,073	102,160
Fixed Assets:		
Machinery and Equipment, net	-	-
Total Assets	\$ 9,164,844	\$ 6,812,022
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 1,082,551	\$ 873,374
Other Liabilities:		
Operating Reserve and Other Owner Deposits	3,957,166	3,810,523
Payable to The Cedars of CH Condo Association	284,810	63,340
Total Other Liabilities	4,241,976	3,873,863
Total Liabilities	5,324,527	4,747,237
Net Assets:		
Undesignated	3,840,317	2,064,785
Total Net Assets	3,840,317	2,064,785
Total Liabilities and Net Assets	\$ 9,164,844	\$ 6,812,022

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill Club, Inc.
Statements of Revenues, Support Expenses and Change in Net Assets
For the Years Ended December 31,

	2023	2022
Revenues:		
Residence Service Fees	\$ 8,803,234	\$ 8,094,652
Second Person Fees	2,234,468	1,991,773
Miscellaneous	-	60,633
	11,037,702	10,147,058
Health Center Revenue	5,749,062	5,991,990
Net Proceeds from Home Care/Clinic	(619)	(124,914)
Employee Retention Credit Refund	3,667,548	-
Other Non Operating Income	135,000	-
Interest Income	7,969	-
	\$ 20,596,662	\$ 16,014,134
Support Expenses:		
General and Administrative:		
Wages, Payroll Taxes and Benefits	756,324	686,655
General Insurance	43,303	30,234
Legal and Professional Fees	20,235	26,480
Management Fees	514,870	511,045
Salaries and Benefits (LCS)	260,125	242,936
Property Tax	4,250	3,762
Telephone	43,053	32,111
Other	317,471	304,587
Bad Debt	1,515,744	-
Total General and Administrative	3,475,375	1,837,810
Plant:		
Wages, Payroll Taxes and Benefits	124,054	113,075
Maintenance and Repairs	47,613	46,600
Utilities	222,393	210,744
Other	20,312	20,542
Total Plant	414,372	390,961
Environmental Services:		
Wages, Payroll Taxes and Benefits	1,750,105	1,457,000
Other	168,817	147,288
Total Environmental Services	1,918,922	1,604,288

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill Club, Inc.
Statements of Revenues, Support Expenses and Change in Net Assets
For the Years Ended December 31,

	2023	2022
Support Expenses (continued):		
Food and Beverage		
Wages, Payroll Taxes and Benefits	\$ 4,330,279	\$ 3,780,773
Food	1,601,875	1,574,796
Other	448,211	442,656
Total Food and Beverage	<u>6,380,365</u>	<u>5,798,225</u>
Health Center:		
Wages, Payroll Taxes and Benefits	5,264,885	4,566,786
Ancillaries	486,532	522,610
Other	205,567	262,883
Total Health Center	<u>5,956,984</u>	<u>5,352,279</u>
Resident Services:		
Wages, Payroll Taxes and Benefits	583,940	558,902
Other	91,172	102,444
Total Resident Services	<u>675,112</u>	<u>661,346</u>
Non Operating Capital Replacements	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 18,821,130</u>	<u>\$ 15,644,909</u>
Change in Undesignated Net Assets	<u>\$ 1,775,532</u>	<u>\$ 369,225</u>
Undesignated Net Assets, Beginning of Year	<u>2,064,785</u>	<u>1,695,560</u>
Undesignated Net Assets, End of Year	<u>\$ 3,840,317</u>	<u>\$ 2,064,785</u>

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill Club, Inc.
Statements of Cash Flows
For the Years Ended December 31,

	2023	2022
Cash Flows From Operating Activities:		
Change in Undesignated Net Assets	\$ 1,775,532	\$ 369,225
Depreciation	-	-
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Decrease (Increase) in Accounts Receivable	(2,623,296)	(250,247)
Decrease (Increase) in Operating Reserve Funds	(36,056)	168,908
(Increase) in Other Assets	337,946	(336,590)
Increase (Decrease) in Accounts Payable	209,177	77,573
Increase in Operating Reserve and Other Owner Deposits	146,643	(21,928)
Increase (Decrease) in Payable to Condominium Association	221,470	(48,745)
	31,416	(41,804)
Net Cash Provided By Operating Activities	31,416	(41,804)
Net Change in Cash	\$ 31,416	\$ (41,804)
Cash, Beginning of Year	119,411	161,215
Cash, End of Year	\$ 150,827	\$ 119,411

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill Club, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of The Cedars of Chapel Hill Club, Inc., (the Club) is presented to assist in understanding the Club's financial statements. The financial statements and notes are representations of the Club's management which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Business

The Cedars of Chapel Hill Club, Inc. is a non-profit 501(c)(4) corporation organized September 10, 1999, under the laws of the State of North Carolina. The Club is engaged in the business of providing services to its Members as a continuing care retirement community in Chapel Hill, North Carolina.

Services provided include operation of the clubhouse and health center as well as food service, skilled nursing care, housekeeping, maintenance and other services to its Members for which it receives a monthly fee, or fees for services rendered in the case of skilled nursing care and home health services and certain other services.

The Club also provides management services to The Cedars of Chapel Hill Condominium Association (the Association), which is part of the continuing care retirement community structure. The Association provides for the maintenance, repair, replacement, administration, and operation of The Cedar's property.

B. Revenue and Expense Recognition

Revenues from the monthly fees are recognized as they are earned and expenses are recognized in the period they are incurred.

C. Initial Year of Operations

During the initial year of operation (calendar 2004) the developer, The Cedars of Chapel Hill, LLC, absorbed the excess of expenses over revenues as start-up losses and made contributions to the Club sufficient to cover the net loss. In 2005, the developer contributed an additional \$252,571.

D. Cash and Cash Equivalents

The Club considers all checking accounts and money market accounts to be cash and cash equivalents.

The amount on hand at any one time in the Club's checking and money market accounts may exceed the \$250,000 Federally insured limit.

The Club's statements of financial position and results of operations are measured using the United States dollar as the functional currency.

The Cedars of Chapel Hill Club, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies (continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Support Expenses

In lieu of a separate schedule of functional expenses, all functional expenses have been listed on the Statement of Revenues, Support Expenses and Changes in Net Assets. All functional expenses listed are support expenses.

2. Liquidity

All assets are available for general expenditure without restrictions limiting their use.

3. Income Taxes

The Club has received a determination letter from the Internal Revenue Service that it is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. Accordingly, there is no provision for income taxes.

4. Accounting for Uncertain Tax Positions

The Club evaluates all the tax positions individually without possibility of offset or aggregation with other tax positions. At each statement of financial position date, the Club considers the related facts, the technical merits based on legislation, statute, and precedents with the assumption that it will be subject to evaluation by the appropriate taxing authority having full knowledge of all such information. The tax positions will be measured based on management's best judgment of the amount the taxpayer would ultimately accept in settlement with the taxing authorities. The Club will recognize a liability (or refund receivable) in the financial statements for any unrecognized tax benefit representing potential tax obligation based on such evaluation of the tax positions. The Club will accrue interest expense at the statutory rate of interest on the difference between the tax position recognized and the tax position taken in the tax return. In addition, The Club will recognize an expense for any statutory penalties, if applicable, with regard to unrecognized tax positions. Any liability related to this assessment will not be combined with deferred tax assets or liabilities, where applicable. The Club will disclose in its financial statements the nature of uncertainties and events that may change the unrecognized benefits significantly over the next year, and the tax years that remain subject to examination by tax jurisdictions. At December 31, 2023 and 2022, no unrecognized tax benefits representing potential tax obligations were recorded. Tax years subsequent to 2020 remain subject to examination by major tax jurisdictions.

The Cedars of Chapel Hill Club, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

5. Allocations

Each year management reviews the allocations of revenue and expense between the Club and Condominium Association. Therefore, some line items are different from previous years due to changes in allocation.

6. Overhead Fees

The Cedars of Chapel Hill Club, Inc., collects fees from Members equal to 10% of the operating expenses of The Club and The Cedars of Chapel Hill Condominium Association and pays such amounts to the Sponsor of The Cedars, The Cedars of Chapel Hill, LLC. This amount is paid in return for the Sponsor retaining full responsibility for all debt related to design, development, marketing, construction and start-up of The Cedars. Such amounts are not reflected in the Statements of Operations and include \$2,448,559 and \$2,305,524 for 2023 and 2022, respectively.

7. Subsequent Events

The Cedars of Chapel Hill Club, Inc. has evaluated subsequent events through April 18, 2024, the date the financial statements were available to be issued.

The Cedars of Chapel Hill Club, Inc.
Forecasted Financial Statements
For the Years Ended December 31, 2024 and 2028
(See Accountant's Compilation Report)

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BALDWIN & HODGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPILATION – FORECAST

To the Members of
The Cedars of Chapel Hill Club, Inc.
Chapel Hill, North Carolina

Management is responsible for the accompanying forecasted statements of assets, liabilities and net assets of The Cedars of Chapel Hill Club, Inc., and the related forecasted statements of revenues, support expenses and changes in net assets, and cash flows as of December 31, 2024 through 2028, for the years then ending, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit 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 financial statements.

We have compiled the accompanying forecasted statements of assets, liabilities and net assets, and the related forecasted statements of revenues, support expenses and changes in net assets, and cash flows of The Cedars of Chapel Hill Club, Inc. as of December 31, 2024 through 2028, for the years then ending, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include the evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update the report for events and circumstances occurring after the date of this report.

Baldwin & Hodge, LLP
Mount Olive, NC
May 28, 2024

The Cedars of Chapel Hill Club, Inc.
Forecasted Statements of Assets, Liabilities and Net Assets
December 31, 2024 through 2028
See Accompanying Notes and Accountants' Compilation Report

	2024	2025	2026	2027	2028
Assets					
Current Assets:					
Cash	\$ 158,186	\$ 2,658,815	\$ 3,764,866	\$ 4,733,984	\$ 6,294,403
Accounts Receivable	5,167,969	1,552,101	1,567,623	1,583,299	1,589,132
Inventory	154,383	169,821	186,803	205,484	228,031
Prepayments	385,348	423,883	466,271	512,898	564,186
Receivable from Cedars of CH Condo	270,022	1,972,365	1,627,797	1,557,862	1,310,251
Total Current Assets	<u>6,135,908</u>	<u>6,776,985</u>	<u>7,613,360</u>	<u>8,593,627</u>	<u>9,994,005</u>
Operating Reserve Funds	<u>3,703,267</u>	<u>3,851,398</u>	<u>4,005,454</u>	<u>4,165,672</u>	<u>4,332,299</u>
Other Assets:					
Deposits	-	-	-	-	-
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 9,839,175</u>	<u>\$ 10,628,383</u>	<u>\$ 11,618,814</u>	<u>\$ 12,759,199</u>	<u>\$ 14,326,304</u>
Liabilities and Net Assets					
Current Liabilities:					
Accounts Payable	1,393,377	1,407,311	1,421,384	1,435,598	1,449,954
Operating Reserve & Owner Deposits	<u>3,750,000</u>	<u>3,500,000</u>	<u>3,250,000</u>	<u>3,000,000</u>	<u>3,060,000</u>
Total Liabilities	<u>5,143,377</u>	<u>4,907,311</u>	<u>4,671,384</u>	<u>4,435,598</u>	<u>4,509,954</u>
Net Assets:					
Undesignated	4,695,798	5,721,072	6,947,430	8,323,601	9,816,350
Designated	-	-	-	-	-
Total Net Assets	<u>4,695,798</u>	<u>5,721,072</u>	<u>6,947,430</u>	<u>8,323,601</u>	<u>9,816,350</u>
Total Liabilities and Net Assets	<u>\$ 9,839,175</u>	<u>\$ 10,628,383</u>	<u>\$ 11,618,814</u>	<u>\$ 12,759,199</u>	<u>\$ 14,326,304</u>

The accompanying notes are integral part of these statements.

The Cedars of Chapel Hill Club, Inc.
Forecasted Statements of Revenues, Support Expenses and Changes in Undesignated Net Assets
For the Years Ending December 31, 2024 through 2028
See Accompanying Notes and Accountants' Compilation Report

	2024	2025	2026	2027	2028
Revenues:					
Residence Service Fees	\$ 9,726,280	\$ 10,166,063	\$ 10,623,293	\$ 11,048,225	\$ 11,434,913
Second Person Fees	2,334,107	2,439,142	2,524,512	2,612,870	2,704,320
Miscellaneous	7,967	8,246	8,535	8,834	9,143
	<u>12,070,364</u>	<u>12,613,451</u>	<u>13,156,340</u>	<u>13,669,929</u>	<u>14,148,376</u>
Health Center Revenue	6,201,438	6,418,488	6,643,135	6,875,645	7,116,293
Net Proceeds from Home Care/Clinic	7,710	7,980	8,259	8,548	8,847
Other Non Operating Income	450,000	450,000	450,000	450,000	450,000
Interest Income	20,460	20,460	20,460	8,370	8,370
Total Revenues	\$ 18,749,972	\$ 19,510,379	\$ 20,278,194	\$ 21,012,492	\$ 21,731,886
Support Expenses:					
General and Administrative:					
Wages and Benefits	1,023,117	1,053,811	1,085,426	1,117,988	1,151,528
Insurance - General	53,970	59,367	65,304	71,834	78,017
Management Fees	518,739	534,301	550,330	568,840	583,845
Management Salaries and Benefits	273,591	281,799	290,253	298,961	307,830
Other	374,818	385,857	397,433	409,356	421,637
Total General and Administrative	<u>2,244,035</u>	<u>2,315,135</u>	<u>2,388,745</u>	<u>2,464,979</u>	<u>2,543,957</u>
Plant:					
Wages and Benefits	123,060	126,752	130,555	134,472	138,506
Maintenance and Repairs	46,609	48,007	49,447	50,930	52,458
Utilities	222,676	229,356	236,237	243,324	250,624
Other	19,343	19,923	20,521	21,137	21,771
Total Plant	<u>411,688</u>	<u>424,038</u>	<u>436,760</u>	<u>449,863</u>	<u>463,359</u>
Environmental Services:					
Wages and Benefits	1,848,792	1,804,256	1,970,906	2,039,887	2,111,283
Other	169,338	174,418	179,651	185,041	190,592
Total Environmental Services	<u>2,018,130</u>	<u>2,078,674</u>	<u>2,150,556</u>	<u>2,224,928</u>	<u>2,301,875</u>
Food and Beverage					
Wages and Benefits	4,342,888	4,473,175	4,607,370	4,745,591	4,887,959
Food	1,689,096	1,738,769	1,791,982	1,845,721	1,901,093
Other	508,056	523,298	538,997	555,167	571,822
Total Food & Beverage	<u>6,540,040</u>	<u>6,736,242</u>	<u>6,938,329</u>	<u>7,146,479</u>	<u>7,360,874</u>
Health Center:					
Wages and Benefits	5,254,574	5,412,211	5,574,577	5,741,814	5,914,068
Other	612,023	630,364	649,296	668,775	688,838
Total Health Center	<u>5,866,597</u>	<u>6,042,595</u>	<u>6,223,873</u>	<u>6,410,589</u>	<u>6,602,906</u>
Resident Services:					
Wages and Benefits	685,472	706,036	727,217	749,034	771,505
Other	128,529	132,385	136,357	140,448	144,661
Total Resident Services	<u>814,001</u>	<u>838,421</u>	<u>863,574</u>	<u>889,482</u>	<u>916,166</u>
Capital Expenditures	-	50,000	50,000	50,000	50,000
Total Expenses	\$ 17,894,491	\$ 18,485,105	\$ 19,051,836	\$ 19,636,321	\$ 20,239,137
Increase in Undesignated Net Assets	655,481	1,025,274	1,226,358	1,376,171	1,492,749
Undesignated Net Assets, Beginning of Year	3,840,317	4,695,798	5,721,072	6,947,430	8,323,601
Undesignated Net Assets, End of Year	\$ 4,695,798	\$ 5,721,072	\$ 6,947,430	\$ 8,323,601	\$ 9,816,350

The accompanying notes are integral part of these statements.

The Cedars of Chapel Hill Club, Inc.
Forecasted Statements of Cash Flow
For the Years Ending December 31, 2024 through 2028
See Accompanying Notes and Accountants' Compilation Report

	2024	2025	2026	2027	2028
Cash Flows From Operating Activities					
Decrease in Undesignated Net Assets	\$ 855,481	\$ 1,025,274	\$ 1,226,358	\$ 1,376,171	\$ 1,492,749
Adjustments to Reconcile to Actual Cash Flows					
Decrease (Increase) in Accounts Receivable	(246,094)	3,615,868	(15,522)	(15,676)	(15,833)
Decrease (Increase) in Other Assets	(42,994)	(53,973)	(59,370)	(65,308)	(71,837)
Decrease (Increase) in Cedars of CH Club Interco	(554,832)	(1,702,343)	344,568	69,935	247,611
Increase in Accounts Payable	310,826	13,934	14,073	14,214	14,356
Net Cash Provided by Operating Activities	<u>322,387</u>	<u>2,898,760</u>	<u>1,510,107</u>	<u>1,379,336</u>	<u>1,667,046</u>
Cash Flows From Financing Activities					
(Increase) in Operating Reserve Funds	(107,862)	(148,131)	(154,056)	(160,218)	(166,627)
(Decrease) in Operating Reserve & Owner Deposits	(207,166)	(250,000)	(250,000)	(250,000)	60,000
Net Cash Used in Financing Activities	<u>(315,028)</u>	<u>(398,131)</u>	<u>(404,056)</u>	<u>(410,218)</u>	<u>(106,627)</u>
Cash Flow From Investment Activities					
Purchase of Machinery and Equipment	-	-	-	-	-
Net Cash Used in Investment Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash	\$ 7,359	\$ 2,500,629	\$ 1,106,051	\$ 969,118	\$ 1,560,419
Cash, Beginning of Year	<u>150,827</u>	<u>158,186</u>	<u>2,658,815</u>	<u>3,764,866</u>	<u>4,733,984</u>
Cash, End of Year	<u>\$ 158,186</u>	<u>\$ 2,658,815</u>	<u>\$ 3,764,866</u>	<u>\$ 4,733,984</u>	<u>\$ 6,294,403</u>

The accompanying notes are integral part of these statements.

The Cedars of Chapel Hill Club, Inc.
Notes to Forecasted Financial Statements
Years Ending December 31, 2024 through 2028
See Accountants' Compilation Report

1. Nature of the Forecasts

This financial forecast presents, to the best of management's knowledge and belief, the expected financial position, results of activities, and cash flows for the forecast periods. Accordingly, the forecast reflects management's judgment as of May 28, 2024, the date of the forecast, of the expected conditions and management's expected course of action. The assumptions disclosed herein are those that management believe 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.

2. Summary of Significant Accounting Policies

A. Nature of Business

The accompanying forecasted financial statements include the accounts of The Cedars of Chapel Hill Club, Inc. (The Club), a non-profit corporation organized under the laws of the State of North Carolina to operate a continuing care retirement community.

The Cedars of Chapel Hill Club, Inc. is organized to manage the various membership functions that are included in each owner's Membership Agreement. The Club manages the commonly owned property of The Cedars as well as provides services to Members in the clubhouse, health center and the residences. Life Care Services LLC, specialists in managing continuing care communities, has been retained to manage the daily operations of The Club.

B. Revenue Recognition

The Club's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The revenue and expense estimates have been calculated based upon expected occupancy and anticipated fill up rates. Service fees are based on the weighted average service fees for the villas, verandas and cottages and, together with second person fees and health center fees, are calculated based on the anticipated occupancy.

C. Cash and Cash Equivalents

All checking accounts and money market accounts are considered to be cash and cash equivalents.

The amount on hand at any one time in The Club's checking and money market accounts during the forecast period may exceed the \$250,000 Federally insured limit.

The forecasted statements of financial position and changes in net assets are measured using the United States dollar as the functional currency.

D. Operating Reserve Funds

Operating reserve funds include funds held pursuant to the requirements of the North Carolina Department of Insurance and the Membership Agreement.

E. Fixed Assets

At the time of closing, the purchaser of a condominium residence acquired not only the condominium, but also an undivided interest in all common property. Common property includes land, clubhouse, health center and all related machinery and equipment. Purchasers will retain the tax basis for their pro rata share of the common areas. Small amounts of machinery and equipment will be purchased and depreciated according to the corporation's capitalization policy.

The Cedars of Chapel Hill Club, Inc.
Notes to Forecasted Financial Statements
Years Ending December 31, 2024 through 2028
See Accountants' Compilation Report

2. Summary of Significant Accounting Policies (Continued)

F. Financial Statement Presentation

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted assets, depending on the existence and/or nature of any donor restrictions.

Net assets of The Club and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - The Club anticipates no temporarily restricted net assets.

Permanently restricted net assets - The Club anticipates no permanently restricted net assets.

3. Summary of Significant Forecast Assumptions

A. Operating Reserve Funds

Operating reserve funds include funds held pursuant to the requirements of the North Carolina Department of Insurance and the Membership Agreement.

Until a facility is at least 90% occupied, the reserve must be equal to 50% of the forecasted operating expenses for the following year. Once 90% occupancy is achieved, the reserve must be 25% of the forecasted operating expenses for the following year. The forecast assumes that as of December 31 of each year, more than 90% of the available residences will be occupied. Accordingly, the reserve includes \$9,000 for each projected occupied residence that will be contributed by the purchaser in accordance with the Membership Agreement. Further, additional amounts may be added to the reserve from time to time at the discretion of the Board of Directors.

B. Revenue Recognition

The revenue and expense estimates have been calculated based upon the expected occupancy and fill up.

Service fees, second person fees and health center fees are based on the expected fill up rate during the forecasted periods and have been determined based on the weighted average service fees/second person fees for the villa, voranda and cottage homes.

Interest income is based on a 1.0% rate of return on the operating cash and money market accounts.

C. Expenses

Salaries and wages have been projected based on anticipated staffing needs for The Club. When employees are shared between The Club and The Cedars of Chapel Hill Condominium Association, the compensation and benefits are allocated based on the anticipated time spent on the respective activities. The Condominium Association is the governing body for all issues related to the real estate aspects of the development.

Management fees represent a prorated amount of the cost for Life Care Services, LLC, which will manage the daily operations of The Club and The Condominium Association.

Maintenance, repairs and utilities have been projected based on anticipated need and usage.

Food costs are projected based on approximately one meal per day for residents and three meals per day for residents of the health center, plus costs for special resident events.

The Cedars of Chapel Hill Club, Inc.
Notes to Forecasted Financial Statements
Years Ending December 31, 2024 through 2028
See Accountants' Compilation Report

3. Summary of Significant Forecast Assumptions (Continued)

Health center costs are based on anticipated usage of supplies and materials in delivering health care services.

The overhead fee is collected from Members and then paid to The Cedars of Chapel Hill, LLC. The fee is approximately 10% of total operating expenses of The Club and The Condominium Association before the

D. Support Expenses

In lieu of a separate schedule of functional expenses, all functional expenses have been listed on the Statement of Revenues, Support Expenses and Changes in Net Assets. All functional expenses listed are support expenses.

4. Liquidity

All assets are projected to be available for general expenditure without restrictions limiting their use.

5. Income Taxes

The Cedars of Chapel Hill Club, Inc. has been organized as a non-profit Corporation under Internal Revenue Code Section 501(c)(4). As such, the Corporation will be exempt from Federal and State income taxes.

The Cedars of Chapel Hill Condominium Association

Financial Statements

For the Years Ended December 31, 2023 and 2022



BALDWIN & HODGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Cedars of Chapel Hill Condominium Association
Chapel Hill, North Carolina

Opinion

We have audited the accompanying financial statements of The Cedars of Chapel Hill Condominium Association, which comprise the statements of assets, liabilities and net assets as of December 31, 2023 and December 31, 2022, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cedars of Chapel Hill Condominium Association, as of December 31, 2023 and December 31, 2022, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Cedars of Chapel Hill Condominium Association, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cedars of Chapel Hill Condominium Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 The Cedars of Chapel Hill Condominium Association'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cedars of Chapel Hill Condominium Association's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of estimated lives and estimated replacement costs on page 10 (Schedule 1) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Baldwin & Hodge CPA

Baldwin & Hodge, LLP

Mount Olive, NC

April 18, 2024

The Cedars of Chapel Hill Condominium Association
Statements of Assets, Liabilities and Net Assets
December 31,

	2023	2022
Assets		
Current Assets:		
Cash - Replacement Reserve	\$ 790,427	\$ 1,310,662
Receivable from The Cedars of Chapel Hill Club	284,810	63,343
Total Current Assets	1,075,237	1,374,005
Other Assets:		
Property Remodel	1,953,077	-
Total Assets	\$ 3,028,314	\$ 1,374,005
Liabilities and Net Assets		
Liabilities		
Note Payable	1,612,815	-
Net Assets:		
Designated	\$ 790,427	\$ 1,310,662
Undesignated	625,072	63,343
Total Net Assets	1,415,499	1,374,005
Total Liabilities and Net Assets	\$ 3,028,314	\$ 1,374,005

The accompanying notes are an integral part of these statements.

**The Cedars of Chapel Hill Condominium Association
Statements of Operations and Changes in Net Assets
For the Years Ended December 31,**

	2023	2022
Revenues:		
Residence Service Fees	\$ 7,346,212	\$ 6,790,199
Contributions from Related Party:		
The Cedars of Chapel Hill, LLC	123,997	112,157
Other	-	612
	<u>7,470,209</u>	<u>6,902,968</u>
Other Non Operating Income	200,750	-
Interest Income	4,884	-
	<u>4,884</u>	<u>-</u>
Total Revenues	<u>\$ 7,675,843</u>	<u>\$ 6,902,968</u>
Expenses:		
General and Administrative:		
Wages, Payroll Taxes and Benefits	618,811	561,808
Insurance	389,726	272,102
Legal and Professional Fees	20,235	26,480
Management Fees	315,566	313,221
Salaries and Benefits	212,829	198,766
Other Taxes	4,250	3,762
Telephone	26,387	19,681
Other	388,021	372,274
Total General and Administrative	<u>1,975,825</u>	<u>1,768,094</u>
Plant:		
Wages, Payroll Taxes and Benefits	1,116,487	1,017,675
Maintenance and Repairs	904,647	885,405
Utilities	889,573	842,976
Other	182,804	184,874
Total Plant	<u>3,093,511</u>	<u>2,930,930</u>
Environmental Services:		
Wages, Payroll Taxes and Benefits	437,526	364,250
Other	42,204	36,822
Total Environmental Services	<u>479,730</u>	<u>401,072</u>

The accompanying notes are an integral part of these statements.

**The Cedars of Chapel Hill Condominium Association
Statements of Operations and Changes in Net Assets
For the Years Ended December 31,**

	2023	2022
Expenses (continued):		
Capital Improvements	2,085,283	2,373,382
Total Expenses	<u>\$ 7,634,350</u>	<u>\$ 7,473,478</u>
Change in Undesignated Net Assets	<u>\$ 41,493</u>	<u>\$ (570,510)</u>
Transfer from (to) Designated Net Assets	520,234	521,767
Undesignated Net Assets, Beginning of Year	<u>63,344</u>	<u>112,086</u>
Undesignated Net Assets, End of Year	<u>\$ 625,072</u>	<u>\$ 63,344</u>
Designated Net Assets at Beginning of Year	\$ 1,310,662	\$ 1,832,429
Transfer from (to) Undesignated Net Assets	<u>(520,234)</u>	<u>(521,767)</u>
Designated Net Assets at End of Year	<u>\$ 790,427</u>	<u>\$ 1,310,662</u>

The accompanying notes are an integral part of these statements.

**The Cedars of Chapel Hill Condominium Association
Statements of Cash Flows
For the Years Ended December 31,**

	2023	2022
Cash Flows From Operating Activities:		
Change in Unrestricted Net Assets	\$ 41,493	\$ (570,510)
Adjustments to reconcile to actual cash flows:		
Decrease (Increase) in Receivable from The Cedars of Chapel Hill Club, Inc.	(221,467)	48,743
	(179,974)	(521,767)
Net Cash Provided By Operating Activities	(179,974)	(521,767)
Cash Flows From Investing Activities:		
Increase in Property Remodel	(1,953,077)	-
	(1,953,077)	-
Net Cash Provided by Investing Activities	(1,953,077)	-
Cash Flows from Financing Activities:		
Increase in Note Payable	1,612,815	-
	1,612,815	-
Net Cash Provided by Investing Activities	1,612,815	-
Net Change in Cash	\$ (520,236)	\$ (521,767)
Cash - Replacement Reserve, Beginning of Year	1,310,662	1,832,429
Cash - Replacement Reserve, End of Year	\$ 790,427	\$ 1,310,662

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill Condominium Association
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of The Cedars of Chapel Hill Condominium Association (the Association) is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Business

The Cedars of Chapel Hill Condominium Association is a non-profit association organized December 7, 2001, under the laws of the State of North Carolina. The Association is made up of owners of condominiums in The Cedars continuing care retirement community.

The Association provides for the maintenance, repair, replacement, administration and operation of The Cedar's property.

B. Revenue and Expense Recognition

Revenues from the monthly service fees are recognized as they are earned and expenses are recognized in the period they are incurred.

C. Initial Year of Operations

During the initial year of operation (calendar 2004), the developer, The Cedars of Chapel Hill, LLC, absorbed the excess of expenses over revenues as start up losses and made contributions to the Association sufficient to cover the net loss. In 2005, the developer contributed an additional \$580,000.

D. Cash and Cash Equivalents

The Association considers all checking accounts and money market accounts to be cash and cash equivalents.

The Cedars of Chapel Hill Club, Inc. (The Club) collects condominium fees on behalf of the Association and pays all expenses and charges. The Club retains any excess cash for the benefit of the Association.

The Association's statements of financial position and results of operations are measured using the United States dollar as the functional currency.

E. Property and Equipment

Property and equipment are stated at cost.

The Cedars of Chapel Hill Condominium Association
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies (continued)

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Income Taxes

The Association has been organized as a homeowners association under Internal Revenue Code section 528(c)(1). The Association will elect on an annual basis to be taxed as a regular corporation or as a homeowners association. Any fees collected from Members in excess of expenses can be deferred from taxation by an election approved by the membership.

3. Accounting for Uncertain Tax Positions

The Association evaluates all the tax positions individually without possibility of offset or aggregation with other tax positions. At each statement of financial position date, the Association considers the related facts, the technical merits based on legislation, statute, and precedents with the assumption that it will be subject to evaluation by the appropriate taxing authority having full knowledge of all such information. The tax positions will be measured based on management's best judgment of the amount the taxpayer would ultimately accept in a settlement with the taxing authorities. The Association will recognize a liability (or refund receivable) in the financial statements for any unrecognized tax benefit representing potential tax obligation based on such evaluation of the tax positions. The Association will accrue interest expense at the statutory rate of interest on the difference between the tax position recognized and the tax position taken in the tax return. In addition, The Association will recognize an expense for any statutory penalties, if applicable, with regard to unrecognized tax positions. Any liability related to this assessment will not be combined with deferred tax assets or liabilities, where applicable. The Association will disclose in its financial statements the nature of uncertainties and events that may change the unrecognized benefits significantly over the next year, and the tax years that remain subject to examination by tax jurisdictions. At December 31, 2023 and 2022, no unrecognized tax benefits representing potential tax obligations were recorded. Tax years subsequent to 2020 remain subject to examination by major tax jurisdictions.

The Cedars of Chapel Hill Condominium Association
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

4. Note Payable

On September 10, 2021, the Association obtained a loan in the amount of \$5,000,000 for renovation of the Clubhouse. The loan provides for drawdown as the work is completed with interest only for the first two years, and monthly payments of \$49,539 per month beginning October 20, 2023. The renovation is still in progress as of December 31, 2023 and is expected to be completed in 2024. Interest accrues at 3.49% per annum. As of December 31, 2023, the Association had drawn down \$1,749,089 under the agreement. During 2023, the Association made interest payments of \$2,196 prior to October; monthly payments thereafter totaled \$148,617, of which \$12,341 was applied against accrued interest and \$136,274 was applied against principal. The balance as of December 31, 2023, was \$1,612,815. The Association has a one-time option to modify the monthly payments based on the remaining principal balance, which it will likely exercise once the full \$5,000,000 has been drawn down.

Currently, the Association has an obligation of \$49,539 per month, which results in an obligation for interest and principal of \$594,468 per year. Because of the delays in drawing down the loan and the option to modify the monthly payments, an amortization of principal and debt maturity schedule has not been determined. The maturity date of the loan is September 20, 2033.

Payable on or before December 31, 2024	594,468
Payable on or before December 31, 2025	594,468
Payable on or before December 31, 2026	594,468
Payable on or before December 31, 2027	594,468
Payable on or before December 31, 2028	594,468
Payable after January 1, 2029	2,972,340
	\$ 5,944,680

6. Net Assets

The Cedars of Chapel Hill Condominium Association has undesignated net assets which are utilized for the operation of The Association. Designated net assets are designated by the Board of Directors to be set aside for use in funding the Replacement Reserve, which is described in Schedule Number 1.

7. Allocations

Each year management reviews the allocations of revenue and expense between the Club and Condominium Association. Therefore, some line items are different from previous years due to changes in allocations.

8. Subsequent Events

The Cedars of Chapel Hill Club, Inc. has evaluated subsequent events through April 18, 2024, the date the financial statements were available to be issued.

**The Cedars of Chapel Hill Condominium Association
Supplementary Information
For the Years Ended December 31, 2023 and 2022**

The Association's board of directors conducted a study in October 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement. The following information is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Life	Estimated Replacement Cost	Designated for Repairs & Replacements 12/31/23	Designated for Repairs & Replacements 12/31/22
Site Improvements	1 to 30	\$ 1,325,170	\$ 58,541	\$ 102,447
Building Structure & Systems	3 to 30	13,645,865	700,141	644,151
Building MEP	4 to 40	10,084,940	268,741	302,441
Common Area Interiors & Finishes	7 to 35	4,024,891	541,773	685,540
Unit Improvements	1 to 15	616,666	18,885	23,889
Furniture, Fixtures & Equipment	3 to 30	10,337,692	485,182	548,736
Total(s)		<u>\$ 40,035,224</u>	<u>\$ 2,073,263</u>	<u>\$ 2,307,204</u>

See Auditor's Report

The Cedars of Chapel Hill Condominium Association

Forecasted Financial Statements

For the Years Ended December 31, 2024 and 2028

(See Accountant's Compilation Report)



BALDWIN & HODGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

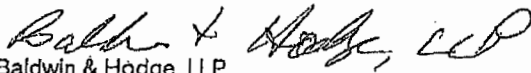
REPORT ON COMPILATION – FORECAST

To the Board of Directors
The Cedars of Chapel Hill Condominium Association
Chapel Hill, North Carolina

Management is responsible for the accompanying forecasted statements of assets, liabilities, and net assets of The Cedars of Chapel Hill Condominium Association, and the related forecasted statements of operations and changes in net assets and forecasted statements of cash flows as of December 31, 2024 through 2028, for the years then ending, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit 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 financial statements.

We have compiled the accompanying forecasted statements of assets, liabilities, and net assets and the related forecasted statements of operations and change in net assets and forecasted statements of cash flows of The Cedars of Chapel Hill Condominium Association (a non-profit organization) as of December 31, 2024 through 2028, for the years then ending, in accordance with attestation standards established by the American Institute of Certified Public Accountants. Management has elected to omit the Schedule of Future Replacement costs as supplementary information as required by standards.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include the evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update the report for events and circumstances occurring after the date of this report.


Baldwin & Hodge, LLP
Mount Olive, NC
May 28, 2024

The Cedars of Chapel Hill Condominium Association
Forecasted Statements of Assets, Liabilities and Net Assets
December 31, 2024 through 2028
 See Accompanying Notes and Accountants' Compilation Report

	2024	2025	2026	2027	2028
Assets					
Current Assets:					
Cash - Replacement Reserve	\$ 1,040,427	\$ 1,290,427	\$ 1,640,427	\$ 1,840,427	\$ 2,040,427
Total Current Assets	<u>1,040,427</u>	<u>1,290,427</u>	<u>1,640,427</u>	<u>1,840,427</u>	<u>2,040,427</u>
Property Remodel	<u>6,000,000</u>	<u>7,559,623</u>	<u>7,103,629</u>	<u>6,631,464</u>	<u>6,142,554</u>
Total Assets	<u>\$ 7,040,427</u>	<u>\$ 8,850,050</u>	<u>\$ 8,744,056</u>	<u>\$ 8,471,891</u>	<u>\$ 8,182,981</u>
Liabilities and Net Assets					
Current Liabilities:					
Accounts Payable	-	-	-	-	-
Payable to Cedars of CH Club	<u>270,022</u>	<u>1,972,365</u>	<u>1,627,797</u>	<u>1,557,862</u>	<u>1,310,251</u>
Total Current Liabilities	<u>270,022</u>	<u>1,972,365</u>	<u>1,627,797</u>	<u>1,557,862</u>	<u>1,310,251</u>
Loan Payable	<u>4,574,706</u>	<u>4,134,329</u>	<u>3,678,335</u>	<u>3,206,170</u>	<u>2,717,260</u>
Total Liabilities	<u>4,844,728</u>	<u>6,106,694</u>	<u>5,306,132</u>	<u>4,764,032</u>	<u>4,027,511</u>
Net Assets:					
Undesignated	<u>1,155,272</u>	<u>1,452,929</u>	<u>1,797,497</u>	<u>1,867,432</u>	<u>2,115,043</u>
Designated	<u>1,040,427</u>	<u>1,290,427</u>	<u>1,640,427</u>	<u>1,840,427</u>	<u>2,040,427</u>
Total Net Assets	<u>2,195,699</u>	<u>2,743,356</u>	<u>3,437,924</u>	<u>3,707,859</u>	<u>4,155,470</u>
Total Liabilities and Net Assets	<u>\$ 7,040,427</u>	<u>\$ 8,850,050</u>	<u>\$ 8,744,056</u>	<u>\$ 8,471,891</u>	<u>\$ 8,182,981</u>

The accompanying notes are integral part of these statements.

The Cedars of Chapel Hill Condominium Association
Forecasted Statements of Operations and Change in Net Assets
For the Years Ending December 31, 2024 through 2028
See Accompanying Notes and Accountants' Compilation Report

	2024	2025	2026	2027	2028
Revenues:					
Residence Service Fees	\$ 7,281,734	\$ 7,638,539	\$ 7,982,273	\$ 8,281,653	\$ 8,550,810
Contributions from Related Party: The Cedars of Chapel Hill, LLC	530,200	135,408	140,147	145,052	250,129
Interest Income	12,540	12,540	12,540	12,540	12,540
Other	80	-	-	-	-
	<u>7,824,554</u>	<u>7,786,487</u>	<u>8,134,960</u>	<u>8,419,245</u>	<u>8,813,479</u>
Interest Income	-	-	-	-	-
Total Revenues	\$ 7,824,554	\$ 7,786,487	\$ 8,134,960	\$ 8,419,245	\$ 8,813,479
Expenses:					
General and Administrative:					
Wages and Benefits	496,546	513,925	531,912	550,529	569,798
Insurance - General	485,726	500,298	515,307	530,766	546,689
Legal and Professional	20,675	21,295	21,934	22,592	23,270
Management Fees	317,937	327,475	337,289	347,418	357,841
Salaries and Benefits	223,847	230,562	237,479	244,603	251,941
Interest	70,000	65,000	60,000	55,000	50,000
Other	367,192	385,308	403,817	422,731	442,064
Total General and Administrative	<u>1,981,923</u>	<u>2,043,863</u>	<u>2,107,748</u>	<u>2,173,639</u>	<u>2,241,603</u>
Plant:					
Wages and Benefits	1,107,544	1,146,308	1,186,429	1,227,954	1,270,932
Maintenance and Repairs	885,567	912,134	939,498	967,583	996,713
Utilities	890,704	935,239	982,001	1,031,101	1,082,656
Other	174,084	179,307	184,686	190,227	195,934
Total Plant	<u>3,057,899</u>	<u>3,172,988</u>	<u>3,292,614</u>	<u>3,416,965</u>	<u>3,546,235</u>
Environmental Services:					
Wages and Benefits	462,197	478,374	495,117	512,446	530,382
Other	42,335	43,605	44,913	46,260	47,648
Total Environmental Services	<u>504,532</u>	<u>521,979</u>	<u>540,030</u>	<u>558,706</u>	<u>578,030</u>
Total Expenses	\$ 5,544,354	\$ 5,738,830	\$ 5,940,382	\$ 6,149,310	\$ 6,385,868
Change in Undesignated Net Assets	2,280,200	2,047,657	2,194,568	2,269,935	2,447,611
Transfer from (to) Designated Net Assets	(1,750,000)	(1,750,000)	(1,850,000)	(2,200,000)	(2,200,000)
Undesignated Net Assets, Beginning of Year	625,072	1,155,272	1,452,929	1,797,497	1,867,432
Undesignated Net Assets, End of Year	\$ 1,155,272	\$ 1,452,929	\$ 1,797,497	\$ 1,867,432	\$ 2,115,043
Designated Net Assets at Beginning of Year	\$ 790,427	\$ 1,040,427	\$ 1,290,427	\$ 1,640,427	\$ 1,840,427
Capital Replacements	(1,500,000)	(1,500,000)	(1,500,000)	(2,000,000)	(2,000,000)
Transfer from (to) Undesignated Net Assets	1,750,000	1,750,000	1,850,000	2,200,000	2,200,000
Designated Net Assets at End of Year	\$ 1,040,427	\$ 1,290,427	\$ 1,640,427	\$ 1,840,427	\$ 2,040,427

The accompanying notes are integral part of these statements.

The Cedars of Chapel Hill Condominium Association
Forecasted Statements of Cash Flow
For the Years Ending December 31, 2024 through 2028
See Accompanying Notes and Accountants' Compilation Report

	2024	2025	2026	2027	2028
Cash Flows From Operating Activities					
Increase in Undesignated Net Assets	\$ 2,280,200	\$ 2,047,657	\$ 2,194,568	\$ 2,269,935	\$ 2,447,611
Adjustments to Reconcile to Actual Cash Flows					
Depreciation of Property Remodel	-	440,377	455,994	472,165	488,910
Increase (Decrease) in Cedars of CH Condo Interco Activities	554,832	1,702,343	(344,568)	(69,935)	(247,811)
	<u>2,835,032</u>	<u>4,190,377</u>	<u>2,305,994</u>	<u>2,672,165</u>	<u>2,688,910</u>
Cash Flows From Financing Activities					
Net Change in Loan Payable	2,961,891	(440,377)	(455,994)	(472,165)	(488,910)
Net Cash Provided by (Used in) Financing Activities	<u>2,961,891</u>	<u>(440,377)</u>	<u>(455,994)</u>	<u>(472,165)</u>	<u>(488,910)</u>
Cash Flow From Investment Activities					
Property Remodel Additions	(4,046,923)	(2,000,000)	-	-	-
Capital Replacements	(1,500,000)	(1,500,000)	(1,500,000)	(2,000,000)	(2,000,000)
Net Cash Used in Investment Activities	<u>(5,546,923)</u>	<u>(3,500,000)</u>	<u>(1,500,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Net Change in Cash	\$ 250,000	\$ 250,000	\$ 350,000	\$ 200,000	\$ 200,000
Cash - Replacement Reserve, Beginning of Year	790,427	1,040,427	1,290,427	1,640,427	1,840,427
Cash - Replacement Reserve, End of Year	<u>\$ 1,040,427</u>	<u>\$ 1,290,427</u>	<u>\$ 1,640,427</u>	<u>\$ 1,840,427</u>	<u>\$ 2,040,427</u>

The accompanying notes are integral part of these statements.

The Cedars of Chapel Hill Condominium Association
Notes to Forecasted Financial Statements
Years Ending December 31, 2024 through 2028
See Accountants' Compilation Report

1. Nature of the Forecasts

This financial forecast presents, to the best of management's knowledge and belief, the expected financial position, results of activities, and cash flows for the forecast periods. Accordingly, the forecast reflects management's judgment as of April 20, 2023, the date of the forecast, of the expected conditions and management's expected course of action. The assumptions disclosed herein are those that management believe 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.

2. Summary of Significant Accounting Policies

A. Nature of Business

The accompanying forecasted financial statements include the accounts of The Cedars of Chapel Hill Condominium Association (The Association), a non-profit association organized under the laws of the State of North Carolina to operate as the governing body for all issues related to the real estate aspects of the cottage, veranda, villa and penthouse homes and common properties in The Cedars of Chapel Hill.

The Association has contracted with The Cedars of Chapel Hill Club, Inc. (The Club) for it to manage the daily operations related to The Association's responsibilities.

North Carolina law requires that any condominium ownership that includes commonly owned property be subject to the North Carolina Condominium Act. Accordingly, The Cedars of Chapel Hill Condominium Association has been created to comply with state law regarding the management of commonly owned property.

B. Revenue Recognition

The Association's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

C. Cash and Cash Equivalents

All checking accounts and money market accounts are considered to be cash and cash equivalents.

The amount on hand at any one time in The Association's checking and money market accounts during the forecast period may exceed the \$250,000 Federally insured limit.

The forecasted statements of financial position and changes in net assets are measured using the United States dollar as the functional currency.

D. Fixed Assets

At the time of closing, the purchaser of a condominium residence acquires not only the condominium, but also an undivided interest in all common property. Common property includes land, clubhouse, health center and all related fixtures and equipment. Purchasers will retain the tax basis for their pro rata share of the common areas. Accordingly, no property, plant and equipment is included on the forecast and no depreciation has been included on the statement of activities.

E. Financial Statement Presentation

Contributions received are recorded as undesignated or designated depending on the existence and/or nature of any donor restrictions.

Net assets of The Association and changes therein are classified and reported as follows:

Undesignated net assets - Net assets that are not subject to donor-imposed stipulations.

Designated net assets - Net assets that are designated to fund the Replacement Reserve.

The Cedars of Chapel Hill Condominium Association
Notes to Forecasted Financial Statements
Years Ending December 31, 2024 through 2028
See Accountants' Compilation Report

3. Summary of Significant Forecast Assumptions

A. Revenue Recognition

The revenue and expense estimates have been calculated based upon the expected occupancy and fill up during the forecasted periods.

Residential service fees are based on the weighted average condominium service fees for the cottage, villa, veranda, and penthouse homes and the anticipated occupancy.

B. Expenses

Salaries and wages have been projected based on anticipated staffing needs for The Association. When employees are shared between The Club and The Association, the compensation and benefits have been allocated based on the anticipated time spent on the respective activities. The Club is responsible for managing the commonly owned property of The Cedars as well as provide services to Members in the clubhouse, health center and the residences.

Management fees represent a prorated amount of the cost for Life Care Services, LLC, which will manage the daily operations of The Association and The Club.

Maintenance, repairs and utilities have been projected based upon anticipated need and usage.

Allocations to Replacement Reserve are intended to provide funds in the future to replace common property as necessary.

C. Loan Payable

The Condominium Association will be spending approximately \$6 million in 2023 and 2024 to renovate and redecorate the clubhouse. To cover costs in excess of funds accumulated for this purpose, the Association will borrow \$5 million from Truist Bank, repayable over 10 years beginning in 2024. Funds for repayment will be from the Association's own operations, receipts from a class action lawsuit settlement, and a contribution by The Cedars of Chapel Hill, LLC, totaling \$1 million over a 10-year period. The renovation and redecoration costs are reflected in the forecasted statements in accordance with Note 2D above.

4. Income Taxes

The Cedars of Chapel Hill Condominium Association has been organized as a homeowners association under Internal Revenue Code section 528(c)(1). The Association will elect on an annual basis to be taxed as a regular corporation or as a homeowners association. Any fees collected from Members in excess of expenses can be deferred from taxation by an election approved by the membership.

5. Loan Payable

In 2024, the Association began a remodel of its clubhouse and borrowed \$7,000,000 toward the cost, repayable over 10 years beginning in August 2024. The Cedars of Chapel Hill, LLC, the original sponsor of the community, has agreed to pay \$100,000 each year toward the repayment of the loan. Costs of the property remodel are recorded as an asset and amortized over the 10 year term of the loan.

The Cedars of Chapel Hill, LLC

Financial Statements

For the Years Ended December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Member
The Cedars of Chapel Hill, LLC
Chapel Hill, North Carolina

Opinion

We have audited the accompanying financial statements of The Cedars of Chapel Hill, LLC, which comprise the balance sheets as of December 31, 2023 and December 31, 2022, and the related statements of operations and changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cedars of Chapel Hill, LLC, as of December 31, 2023 and December 31, 2022, and the results of its operations and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Cedars of Chapel Hill, LLC, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cedars of Chapel Hill, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 The Cedars of Chapel Hill, LLC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cedars of Chapel Hill, LLC'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.

Baldwin & Hodge, LLP

Baldwin & Hodge, LLP
Mount Olive, NC
April 8, 2024

The Cedars of Chapel Hill, LLC
Balance Sheets
December 31,

	2023	2022
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 487,053	\$ 483,821
Restricted Cash - Deposits in Escrow	427,050	436,050
Accounts Receivable and Prepaid Expenses	446,213	320,449
Total Current Assets	1,360,316	1,240,320
Other Assets (Net of Depreciation and Amortization):		
Marketing Office	312,072	322,389
Deferred Development Costs	322,059	1,610,247
	634,131	1,932,636
Total Assets	\$ 1,994,447	\$ 3,172,956
Liabilities and Member's Equity		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 103,576	\$ 8,907
Deposits in Escrow	425,000	434,000
Current Portion of Loan Payable	729,961	1,422,775
Total Current Liabilities	1,258,537	1,865,682
Loan Payable	-	936,790
Total Liabilities	1,258,537	2,802,472
Member's Equity	735,910	370,484
Total Liabilities and Member's Equity	\$ 1,994,447	\$ 3,172,956

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill, LLC
Statements of Revenue and Expenses & Changes in Member's Equity
For the Years Ending December 31,

	2023	2022
Revenue:		
Membership Fees	\$ 1,930,420	\$ 1,809,900
Overhead Fees	2,626,459	2,305,524
Commissions	<u>1,102,792</u>	<u>1,027,010</u>
Total Revenue	5,659,671	5,142,434
Cost of Sales	<u>219,058</u>	<u>190,137</u>
Gross Profit (Loss)	5,440,613	4,952,297
Operating Expenses:		
Marketing Compensation	505,580	472,214
Direct Marketing Costs	110,942	133,526
General and Administrative	699,962	558,461
Depreciation and Amortization	<u>1,298,505</u>	<u>1,299,612</u>
Total Operating Expenses	<u>2,614,989</u>	<u>2,463,813</u>
Income (Loss) from Operations	<u>2,825,624</u>	<u>2,488,484</u>
Other Income (Expense)		
Other Income	27,750	21,800
Interest Expense	<u>(87,948)</u>	<u>(134,093)</u>
Total Other Income (Expense)	<u>(60,198)</u>	<u>(112,293)</u>
Net Income (Loss)	<u>2,765,426</u>	<u>2,376,191</u>
Beginning Member's Equity	370,484	194,293
Member Distributions	<u>(2,400,000)</u>	<u>(2,200,000)</u>
Ending Member's Equity	<u>\$ 735,910</u>	<u>\$ 370,484</u>

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill, LLC
Statements of Cash Flows
For the Years Ending December 31,

	2023	2022
Cash Flow from Operating Activities:		
Net Income (Loss)	\$ 2,765,426	\$ 2,376,191
Adjustments to Reconcile to Actual Cash Flows		
Depreciation and Amortization	1,298,505	1,299,612
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(125,764)	(73,143)
Cash - Escrow	9,000	(187,250)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	94,669	(6,692)
Deposits in Escrow	<u>(9,000)</u>	<u>185,000</u>
Net Adjustments	<u>1,267,410</u>	<u>1,217,527</u>
Net Cash Provided by Operating Activities	4,032,836	3,593,718
Cash Flow from Investing Activities:		
Sale (Purchase) of Property and Equipment	-	-
Deferred Development Costs	<u>-</u>	<u>-</u>
Net Cash Used in Investing Activities	-	-
Cash Flow from Financing Activities:		
Member Distributions	(2,400,000)	(2,200,000)
Notes Payable Repayments	<u>(1,629,604)</u>	<u>(1,432,133)</u>
Net Cash Provided by (Used) in Financing Activities	<u>(4,029,604)</u>	<u>(3,632,133)</u>
Net Increase (Decrease) in Cash	3,232	(38,415)
Cash at Beginning of Year	<u>483,821</u>	<u>522,236</u>
Cash at End of Year	<u>\$ 487,053</u>	<u>\$ 483,821</u>

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of The Cedars of Chapel Hill, LLC (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Business

The Company is a single member limited liability company organized August 6, 1999, under the laws of the State of North Carolina. The Company is engaged in the business of managing a continuing care retirement community in Chapel Hill, North Carolina and resale of homes through its wholly-owned subsidiary, The Cedars of Chapel Hill Realty Company, LLC (Realty).

The Company was responsible for all initial development, marketing and construction activities. As each residence was sold, fee simple title to the residence as a condominium, along with an undivided interest in the common areas, was transferred to the purchaser. A provision in the purchase agreement provides that when the residence is resold, the new buyer will pay to the Company a membership fee equal to ten percent of the purchase price of the home. In addition, if the Company sells the residence, the seller agrees to pay a real estate commission, which is currently six percent. See Note 9.

The Company provides management services to The Cedars of Chapel Hill Club, Inc. (the Club). The Club is a North Carolina not-for-profit corporation created to provide services to its members. These services include the operation of the clubhouse, the DuBose Health Center and the Home Care Agency. The Club collects from the Members and pays to the Company an Overhead Fee equal to ten percent of operating costs of the Club and the Condominium Association. See Note 9.

The Cedars of Chapel Hill Condominium Association (The Association) is organized as a North Carolina Homeowner's Association. All common property of The Cedars, including the clubhouse and health center, is owned by the condominium owners and the Board of Directors is made up of condominium owners. The Club serves as the administrative agent for The Association. The Association provides for the maintenance, repair, replacement and administration of The Cedars

B. Revenue and Cost Recognition

Revenue is derived from the Membership Fee paid by each owner of a home at The Cedars or the person designated as a member by the purchaser. In addition, an overhead fee equal to 10% of the total Club and Condominium Association costs is collected by the Club from its members and paid to the Company. See Note 9. Commissions are earned on homes sold by Realty.

C. Cash and Cash Equivalents

The Company considers all checking accounts and money market accounts to be cash and cash equivalents.

The amount on hand at any one time in the Company's checking and money market accounts may exceed the \$250,000 federally insured limit.

The Cedars of Chapel Hill, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies (continued)

The Company's statements of financial position and results of operations are measured using the United States dollar as the functional currency.

D. Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using straight line methods over the estimated useful lives of the respective assets.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Income Taxes

The Company has elected and its member has consented to be treated as a partnership for income tax purposes. The member reports the Company's taxable income, losses, and other pass-through items on its income tax returns. Accordingly, no provision for income taxes has been provided.

3. Related Party Transactions

The Company has expensed management fees totaling \$381,900 in 2023 and \$374,400 in 2022 for services provided by Meadowmont Retirement Community, LLC.

4. Marketing Office

In 2014, one of the condominium homes owned by the Company was converted to a marketing office and is being depreciated over 39 years. For the period ended December 31, 2022 and 2021 depreciation expense amounted to \$10,317 and \$11,424, respectively.

	2023	2022
Marketing Office	\$ 395,491	\$ 395,491
Less Accumulated Depreciation	83,419	73,102
Net	\$ 312,072	\$ 322,389

5. Member's Equity

The Company is currently a single member limited liability company.

6. Restricted Cash - Deposits in Escrow

Deposits are made by purchasers at the time of signing a Resale Purchase and Sale Agreement. The deposits are refundable during a thirty (30) day rescission period. After this thirty day period the deposit becomes an earnest money deposit.

7. Open Tax Years

Tax years subsequent to 2020 remain subject to examination by major tax jurisdictions.

The Cedars of Chapel Hill, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

8. Lawsuit

In 2011, the Company, together with related entities, was named in a lawsuit filed by children of former Members contesting collection of Membership Fees when new people move into The Cedars and the annual Overhead Payment of 10% of the total of operating expenses for the Club and Condominium Association. In 2013, the suit was settled with a one-time payment of \$1,450,000 to the class plus \$100,000 per year to be paid to the Cedars Condominium Association beginning in 2016 (increasing each year by the percentage increase in Overhead Fees collected by the Company). The amount paid in 2023 and 2022 was \$123,997 and \$112,157, respectively, and is included in General and Administrative Expenses.

9. Deferred Development Costs

As a part of its original agreement with purchasers of homes, the Company agreed to expand Dubose Health Center to 84 beds, when needed. As of December 31, 2022, \$8,668,767 of costs related to the expansion to 78 beds, net of amortization, is reflected on the balance sheet as Deferred Development Costs. The expansion officially opened in August 2019. The total cost of the expansion is being amortized on a straight-line basis over 7 years beginning April 2017.

	2023	2022
Deferred Development Costs	\$ 8,668,767	\$ 8,668,767
Less Accumulated Amortization	8,346,708	7,058,520
Net	<u>\$ 322,059</u>	<u>\$ 1,610,247</u>

10. Note Payable

In 2018 and 2019, the Company borrowed \$7,000,000 to expand DuBose Health Center as described in Note 10. The loan carries a fixed interest rate of 4.32% and is payable on April 1, 2024. SunTrust Bank authorized the deferral of three payments in 2020 that are payable at the original termination date of April 1, 2024. The amount of principal paid in 2020 was \$879,538 as compared to the anticipated principal of \$1,211,537; the amortization of remaining principal is as follows:

	2023	2022
Payable on or before December 31, 2023	-	1,422,775
Payable on or before April 1, 2024	729,961	936,790
	<u>\$ 729,961</u>	<u>\$ 2,359,565</u>

11. Subsequent Events

The Cedars of Chapel Hill, LLC has evaluated subsequent events through April 8, 2024, the date the financial statements were available to be issued.

The Cedars of Chapel Hill, LLC

Forecasted Financial Statements

For the Years Ended December 31, 2024 through 2028

(See Accountant's Compilation Report)



BALDWIN & HODGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPILATION – FORECAST

To the Member
The Cedars of Chapel Hill, LLC
Chapel Hill, North Carolina

Management is responsible for the accompanying forecasted balance sheets of The Cedars of Chapel Hill, LLC, and the related forecasted statements of operations and change in member's equity and forecasted statements of cash flows as of December 31, 2024 through 2028, for the years then ending, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit 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 financial statements.

We have compiled the accompanying forecasted balance sheets, and the related statements of operations and change in member's equity and forecasted statements of cash flows of The Cedars of Chapel Hill, LLC, as of December 31, 2024 through 2028, for the years then ending, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include the evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update the report for events and circumstances occurring after the date of this report.

Baldwin & Hodge, LLP
Baldwin & Hodge, LLP
Mount Olive, NC
May 10, 2024

The Cedars of Chapel Hill, LLC
Forecasted Balance Sheets
For the Years Ending December 31, 2024 through 2028
See Accompanying Notes and Accountants' Compilation Report

	2024	2025	2026	2027	2028
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 408,892	\$ 392,656	\$ 338,930	\$ 328,562	\$ 317,609
Restricted Cash - Deposits in Escrow	432,050	437,050	442,050	447,050	452,050
Accounts Receivable and Prepaid Expenses	456,213	466,213	476,213	486,213	496,213
Total Current Assets	<u>1,297,155</u>	<u>1,295,919</u>	<u>1,257,193</u>	<u>1,261,825</u>	<u>1,265,872</u>
Other Assets (Net of Depreciation and Amortization):					
Marketing Office	301,932	291,792	281,652	271,512	261,372
Property, Equipment and Leasehold Improvements	1,500	2,500	3,000	3,000	3,000
Total Other Assets	<u>303,432</u>	<u>294,292</u>	<u>284,652</u>	<u>274,512</u>	<u>264,372</u>
Total Assets	<u>\$ 1,600,587</u>	<u>\$ 1,590,211</u>	<u>\$ 1,541,845</u>	<u>\$ 1,536,337</u>	<u>\$ 1,530,244</u>
Liabilities and Member's Equity					
Current Liabilities:					
Accounts Payable and Accrued Expenses	\$ 108,576	\$ 113,576	\$ 118,576	\$ 123,576	\$ 128,576
Deposits in Escrow	430,000	435,000	440,000	445,000	450,000
Total Current Liabilities	<u>538,576</u>	<u>548,576</u>	<u>558,576</u>	<u>568,576</u>	<u>578,576</u>
Notes Payable	-	-	-	-	-
Total Liabilities	<u>538,576</u>	<u>548,576</u>	<u>558,576</u>	<u>568,576</u>	<u>578,576</u>
Member's Equity:					
Member's Equity	1,062,011	1,041,635	983,269	967,761	951,668
Total Member's Equity	<u>1,062,011</u>	<u>1,041,635</u>	<u>983,269</u>	<u>967,761</u>	<u>951,668</u>
Total Liabilities and Member's Equity	<u>\$ 1,600,587</u>	<u>\$ 1,590,211</u>	<u>\$ 1,541,845</u>	<u>\$ 1,536,337</u>	<u>\$ 1,530,244</u>

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill, LLC
Forecasted Statements of Operations & Changes in Member's Equity
For the Years Ending December 31, 2024 through 2028
See Accompanying Notes and Accountants' Compilation Report

	2024	2025	2026	2027	2028
Revenues:					
Membership Fees	\$ 1,971,648	\$ 2,060,372	\$ 2,132,485	\$ 2,207,122	\$ 2,284,371
Overhead Fees	2,744,650	2,840,712	2,940,137	3,043,042	3,149,549
Commissions	1,143,556	1,195,016	1,236,841	1,280,131	1,324,935
Total Revenues	5,859,853	6,096,100	6,309,464	6,530,295	6,758,855
Cost of Sales	225,630	232,399	239,371	246,552	253,948
Gross Profit (Loss)	5,634,224	5,863,702	6,070,093	6,283,743	6,504,907
Operating Expenses:					
Marketing Compensation	523,275	541,590	560,546	580,165	600,470
Direct Marketing Costs	114,270	117,698	121,229	124,866	128,612
General and Administrative	720,961	742,590	764,867	787,813	811,448
Depreciation and Amortization	333,199	11,640	12,140	12,640	12,640
Clubhouse Renovation	100,000	100,000	100,000	100,000	100,000
Total Operating Expenses	1,791,705	1,513,518	1,558,782	1,605,484	1,653,170
Income (Loss) From Operations	3,842,518	4,350,184	4,511,311	4,678,259	4,851,737
Other Income (Expense):					
Interest Expense	(45,000)	-	-	-	-
Other	28,583	29,440	30,323	31,233	32,170
Total Other Income (Expense)	(16,418)	29,440	30,323	31,233	32,170
Net Income (Loss)	3,826,101	4,379,624	4,541,634	4,709,492	4,883,907
Beginning Member's Equity	735,910	1,062,011	1,041,635	983,269	967,761
Member Distributions	(3,500,000)	(4,400,000)	(4,600,000)	(4,725,000)	(4,900,000)
Ending Member's Equity	\$ 1,062,011	\$ 1,041,635	\$ 983,269	\$ 967,761	\$ 951,668

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill, LLC
Forecasted Statements of Cash Flows
For the Years Ending December 31, 2024 through 2028
See Accompanying Notes and Accountants' Compilation Report

	2024	2025	2026	2027	2028
Cash Flow From Operating Activities					
Net Income (Loss)	\$ 3,826,101	\$ 4,379,624	\$ 4,541,634	\$ 4,709,492	\$ 4,883,907
Adjustments to Reconcile to Actual Cash Flows					
Depreciation and Amortization	333,199	11,640	12,140	12,640	12,640
Changes in Assets and Liabilities					
(Increase) Decrease in:					
Accounts Receivable	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Cash - Escrow	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Increase (Decrease) in:					
Accounts Payable and Accrued Expenses	5,000	5,000	5,000	5,000	5,000
Deposits in Escrow	5,000	5,000	5,000	5,000	5,000
Net Adjustments	328,199	6,640	7,140	7,640	7,640
Net Cash Provided by Operating Activities	4,154,300	4,386,264	4,548,774	4,717,132	4,891,547
Cash Flow From Investing Activities					
Sale (Purchase) of Property and Equipment	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
Net Cash Used in Investing Activities	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
Cash Flow From Financing Activities					
Member Distributions	(3,500,000)	(4,400,000)	(4,600,000)	(4,725,000)	(4,900,000)
Notes Payable Repayments	(729,961)	-	-	-	-
Net Cash Used in Financing Activities	(4,229,961)	(4,400,000)	(4,600,000)	(4,725,000)	(4,900,000)
Net (Decrease) Increase in Cash	(78,161)	(16,236)	(53,726)	(10,368)	(10,953)
Cash at Beginning of Year	487,053	408,892	392,656	338,930	328,562
Cash at End of Year	\$ 408,892	\$ 392,656	\$ 338,930	\$ 328,562	\$ 317,609

The accompanying notes are an integral part of these statements.

The Cedars of Chapel Hill, LLC
Notes to Forecasted Financial Statements
For the Years Ending December 31, 2024 through 2028
See Accountants' Compilation Report

1. Nature of the Forecasts

This financial forecast presents, to the best of management's knowledge and belief, the expected financial position, results of activities, and cash flows for the forecast periods. Accordingly, the forecast reflects management's judgment as of April 20, 2023, the date of this forecast, of the expected conditions and management's expected course of action. The assumptions disclosed herein are those that management believe 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.

2. Deferred Development Costs

As a part of its original agreement with purchasers of homes, the Company agreed to expand Dubose Health Center to 84 beds, when needed. The expansion officially opened in August 2019. The total cost of the expansion is being amortized on a straight-line basis over 7 years beginning April 2017.

The Company borrowed \$7,000,000 from SunTrust Bank for the expansion, and this loan is being repaid over 5 years beginning in April 2019. The borrowing and repayment are reflected in the forecast.

3. Summary of Significant Accounting Policies

A. Nature of Business

The accompanying forecasted financial statements include the accounts of The Cedars of Chapel Hill, LLC (The Company) and its wholly owned subsidiary, The Cedars of Chapel Hill Realty Company, LLC, both limited liability companies organized under the laws of the State of North Carolina to engage in the business of developing, marketing and managing a residential community and health care center in Chapel Hill, North Carolina, and marketing resale homes. The managing member is The Cedars of Chapel Hill Development Company, LLC, with management delegated to two managers, Robert E. Woodruff and Roger L. Perry.

The Company was responsible for all initial development, marketing and construction activities. As each residence was sold, fee simple title to the residence as a condominium along with an undivided interest in the common areas was transferred to the purchaser. A provision in the purchase agreement provides that when the residence is resold, the new buyer will pay to The Company a Membership Fee equal to ten percent of the purchase price of the home. In addition, if The Company sells the residence the seller agrees to pay a real estate commission, which is currently six percent.

The Company provides management services to The Cedars of Chapel Hill Club, Inc. (the Club). This Club is a North Carolina not-for-profit corporation created to provide services to its Members. These services include the operation of the clubhouse, the DuBose Health Center and the Home Care Agency. The Club collects from the Members and pays to The Company an Overhead Fee equal to ten percent of operating costs of the Club and the Condominium Association.

Operating expenses consist of administrative salaries and expenses, marketing costs and development and management fees paid to Meadowmont Retirement Community, LLC.

B. Cash and Cash Equivalents

The Company considers all checking accounts and money market accounts to be cash and cash equivalents.

The amount on hand at any one time in The Company's checking and money market accounts during the forecast period may exceed the \$250,000 Federally insured limit.

The Company's forecasted statements of financial position and results of operations are measured using the United States dollar as the functional currency.

C. Property and Equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful life of the respective assets.

The Cedars of Chapel Hill, LLC
Notes to Forecasted Financial Statements
For the Years Ending December 31, 2024 through 2028
See Accountants' Compilation Report

3. Summary of Significant Accounting Policies (Continued)

E. Escrow Deposits

The amounts shown as escrow funds due to purchasers represent the estimated earnest money deposited by purchasers of resale homes.

4. Summary of Significant Forecast Assumptions

A. Member's Equity

Equity has been provided by the Company's sole member, The Cedars of Chapel Hill Development Company, LLC.

5. Income Taxes

The Company has elected and its member has consented to be treated as a partnership for income tax purposes. The Company's taxable income, its losses, and other pass-through items will be reported on the member's tax returns. Accordingly, no provision for income taxes has been included.

THE CEDARS OF CHAPEL HILL CLUB, INC.

UNAUDITED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2024

The Cedars of Chapel Hill Club, Inc.

Balance Sheet

March 31, 2024

(Unaudited)

Assets

Current Assets:

Cash	\$ 158,588
Accounts Receivable	5,055,963
Total Current Assets	<u>5,214,551</u>

Reserve Funds

Operating and Other	4,101,748
Capital Replacement	-
Total Reserve Funds	<u>4,101,748</u>

Other Assets:

Inventory	135,223
Prepayments and Deposits	171,251
Total Other Assets	<u>306,474</u>

Total Assets \$ 9,622,773

Liabilities and Net Assets

Current Liabilities:

Accounts Payable and Accrued Liabilities \$ 785,649

Payable to Cedars Condo Association 947,367

Other Liabilities:

Operating Reserve and Other Owner Deposits 3,823,673

Net Assets:

Unrestricted 4,066,084

Restricted -

Total Net Assets 4,066,084

Total Liabilities and Net Assets \$ 9,622,773

The Cedars of Chapel Hill Club, Inc.

Statement of Cash Flow

The Cedars of Chapel Hill Club, Inc.
Statement of Operations and Change in Unrestricted Net Assets
For the Three Months Ended March 31, 2024
(Unaudited)

Revenues:	
Residence Service Fees	\$ 3,085,514
Health Center Revenue, net	116,285
Other Revenue	<u>-</u>
Total Revenues	<u>3,201,799</u>
Expenses:	
General and Administrative	583,584
Plant	107,249
Environmental services	475,228
Food and Beverage	1,614,545
Resident Services	195,426
Capital Replacements from Replacement Fund	<u>-</u>
Total Expenses	<u>2,976,032</u>
Change in Unrestricted Net Assets	225,767
Unrestricted Net Assets, Beginning of Period	3,840,317
Transfer to Restricted Net Assets	<u>-</u>
Unrestricted Net Assets, End of Period	<u>\$ 4,066,084</u>

For the Three Months Ended March 31, 2024
(Unaudited)

Cash Flows From Operating Activities:

Change in Unrestricted Net Assets	<u>\$ 225,767</u>
Depreciation	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Decrease (Increase) in Accounts Receivable	(127,348)
Decrease (Increase) in Operating Reserve Funds	(506,343)
Decrease (Increase) in Other Assets	184,191
Increase (Decrease) in Accounts Payable	1,518
Increase in Operating Reserve and Other Owner Deposits	(131,975)
Increase (Decrease) in Payable to Condo Association	<u>361,952</u>
Net Cash Provided by Operating Activities	<u>7,762</u>
Net Change in Cash	7,762
Cash, Beginning of Period	150,827
Transfer to Capital Replacement Reserve	<u>-</u>
Cash, End of Period	<u><u>\$ 158,588</u></u>

THE CEDARS OF CHAPEL HILL CONDOMINIUM ASSOCIATION

UNAUDITED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2024

The Cedars of Chapel Hill Condominium Association

Balance Sheet

March 31, 2024

(Unaudited)

Assets

Current Assets:

Cash	\$	-
Receivable from The Cedars of Chapel Hill Club, Inc.		549,709
Total Current Assets		<u>549,709</u>

Reserve Funds

Operating		-
Capital Replacement		633,085
Total Reserve Funds		<u>633,085</u>

Other Assets:

Property Remodel		2,909,258
Prepayments and Deposits		-
Total Other Assets		<u>2,909,258</u>

Fixed Assets:

Property and Equipment, Net		<u>-</u>
-----------------------------	--	----------

Total Assets

\$ 4,092,052

Liabilities and Net Assets

Current Liabilities:

Accounts Payable and Accrued Liabilities	\$	<u>-</u>
--	----	----------

Payable to Cedars Condo Association

-

Other Liabilities:

Note Payable		<u>2,705,328</u>
--------------	--	------------------

Net Assets:

Unrestricted		753,639
Restricted		633,085
Total Net Assets		<u>1,386,724</u>

Total Liabilities and Net Assets

\$ 4,092,052

The Cedars of Chapel Hill Condominium Association
Statement of Operations and Changes in Net Assets
For the Three Months Ended March 31, 2024
(Unaudited)

Revenues:

Residence Service Fees	\$ 1,757,620
Health Center Revenue	-
Home Care/Clinic	-
Other Revenue	-
	-

Total Revenues	<u>1,757,620</u>
-----------------------	------------------

Expenses:

General and Administrative	518,486
Plant	791,104
Environmental services	118,807
Food and Beverage	-
Resident Services	-
Health Center	-
Capital Replacements from Replacement Fund	357,998
	357,998

Total Expenses	<u>1,786,395</u>
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Change in Unrestricted Net Assets	(28,775)
--	----------

Unrestricted Net Assets, Beginning of Period	625,072
---	---------

Transfer From Restricted Net Assets	157,342
	157,342

Unrestricted Net Assets, End of Period	<u>\$ 753,639</u>
---	-------------------

Restricted Net Assets, Beginning of Period	\$ 790,427
---	------------

Transfer From(To) Restricted Net Assets	(157,342)
	(157,342)

Restricted Net Assets, End of Period	<u>\$ 633,085</u>
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The Cedars of Chapel Hill Condominium Association

Statement of Cash Flow

For the Three Months Ended March 31, 2024

(Unaudited)

Cash Flows From Operating Activities:

Change in Unrestricted Net Assets \$ (28,775)

Depreciation

Adjustments to Reconcile Net Income to Net Cash Provided
by Operating Activities

Decrease (Increase) in Accounts Receivable -

Increase in Property Remodel (956,181)

Decrease (Increase) in Other Assets -

Increase (Decrease) in Accounts Payable -

Increase in Note Payable 1,092,513

Net Cash Provided by Operating Activities 107,557

Cash Flows From Investing Activities:

Purchase of Property and Equipment -

Sale of Machinery and Equipment -

Change in Intercompany Receivable (264,899)

Net Cash Provided by Investing Activities (264,899)

Net Change in Cash (157,342)

Cash, Beginning of Period 790,427

Transfer from Capital Replacement Reserve -

Cash, End of Period \$ 633,085

THE CEDARS OF CHAPEL HILL, L.L.C.

UNAUDITED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2024

THE CEDARS OF CHAPEL HILL, L.L.C.
Statements of Cash Flows
For the Three Months Ending March 31,2024
(UNAUDITED)

Cash Flow from Operating Activities:	
Net Income (Loss)	<u>\$ 853,457</u>
Adjustments to Reconcile to Actual Cash Flows	
Depreciation and Amortization	238,629
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts Receivable	174,673
Cash - Escrow	127,500
Lawsuit Escrow	-
Increase (Decrease) in:	
Accounts Payable	(20,344)
Deposits in Escrow	(131,000)
Deferred Revenue	<u>-</u>
Net Adjustments	<u>389,458</u>
Net Cash Provided by Operating Activities	<u>1,242,915</u>
Cash Flow from Investing Activities:	
Deferred Development Costs Incurred	-
Sale (Purchase) of Property and Equipment	280,018
Construction Loan Borrowing	-
Loan Repayment	<u>(256,612)</u>
Net Cash (Used) in Investing Activities	<u>23,406</u>
Cash Flow from Financing Activities:	
Member Distributions	<u>(800,000)</u>
Net Cash (Used) in Financing Activities	<u>(800,000)</u>
Net (Decrease) Increase in Cash	466,321
Cash at Beginning of Year	<u>487,053</u>
Cash at End of Year	<u><u>\$ 953,374</u></u>

THE CEDARS OF CHAPEL HILL, L.L.C.
Statements of Revenue and Expenses & Changes in Member's Equity
For the Three Months Ending March 31,2024
(UNAUDITED)

Revenue:	
Sale of Homes	\$ 450,000
Membership Fees	660,000
Overhead Fees	443,354
Commissions	<u>382,700</u>
Total Revenue	1,936,054
Costs of Sales	<u>454,178</u>
Gross Profit (Loss)	<u>1,481,876</u>
Operating Expenses:	
Marketing Compensation	177,395
Direct Marketing Costs	12,606
General and Administrative	176,030
Depreciation and Amortization	<u>238,629</u>
Total Operating Expenses	<u>604,660</u>
Income (Loss) from Operations	<u>877,216</u>
Other Income and (Expense)	
Interest Expense	(37,509)
Other Income	<u>13,750</u>
Total Other Income	<u>(23,759)</u>
Net Income (Loss)	<u>853,457</u>
Beginning Member's Equity	735,910
Member Distributions	<u>(800,000)</u>
Ending Member's Equity	<u><u>\$ 789,367</u></u>

THE CEDARS OF CHAPEL HILL, L.L.C.
Balance Sheet
March 31, 2024
(UNAUDITED)

2023

ASSETS

Current Assets:

Cash and Cash Equivalents	953,374	487,053	#REF!	(466,321)
Restricted Cash - Deposits in Escrow	299,550	427,050	#REF!	127,500
Accounts Receivable and Prepaid Expenses	271,540	446,213	#REF!	174,673
Total Current Assets	1,524,464	1,360,316	\$	(164,148)

Other Asset (Net of Depreciation and Amortization):

Marketing Office	115,484	312,072	#REF!	196,588
Property and Equipment	-	-	#REF!	-
Deferred Development Costs	-	322,059	#REF!	322,059

Total Assets	1,639,948	1,994,447	\$	354,499		354,499
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LIABILITIES AND MEMBER'S EQUITY

Current Liabilities:

Accounts Payable	83,232	103,576	#REF!	20,344
Deposits in Escrow	294,000	425,000	#REF!	131,000
Total Current Liabilities	377,232	528,576	\$	151,344

Construction Loan Payable	473,349	729,961	#REF!	256,612
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Member's Equity	789,367	735,910	#REF!	(53,457)
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Total Liabilities and Member's Equity	1,639,948	1,994,447	\$	354,499		354,499
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These financial statement properly reflect the financial position and results of operations in accordance with GAAP as of the date indicated.