

DISCLOSURE STATEMENT
SHARON VILLAGE

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DISCLOSURE STATEMENT

Dated: February 25, 2019

Name of Facility: Sharon Village Apartments

Located at: 4009 Craig Avenue (28211-2561)
P O Box 220130
Charlotte, NC 28222-0130

Telephone No.: 704-365-7190

In accordance with Chapter 58, Article 64 of the North Carolina General Statutes of the State of North Carolina:

- * **This Disclosure Statement may be delivered until revised, but not after
July 24, 2020;**
- * **Delivery of the Disclosure Statement to a contracting party before execution
of a contract for continuing care is required;**
- * **This Disclosure Statement has not been reviewed or approved by any
government agency or representative to ensure accuracy or completeness of
the information set out**

DISCLOSURE STATEMENT

SHARON VILLAGE APARTMENTS

I. ORGANIZATION INTRODUCTION AND INFORMATION

With its beginning in 1969, professional leadership of our organization has had many years of successful experience in the health care field and has developed an accomplished management team as an integral part of the operation.

Depending on local community needs, White Oak Manor, Inc. through its qualifying subsidiary companies, develops and manages its own communities, or manages the facility for local community or private groups. We are an organization of 2,200 employees, with combined annual revenue of more than 170 million dollars. We own 17 health care facilities with 2,008 SNF beds, 75 Assisted Living beds and 303 Independent Living Apartments; and operate on a for-profit status as a corporation.

Our goal is to deliver the highest quality services to our residents at the lowest possible cost. Our Apartment Managers are trained as cooperative supportive problem solvers and our full-time corporate staff has daily exposure to the intricacies involved in translating the concept of quality health care into the actual delivery of health services.

Through the following methods White Oak Manor – Charlotte, Inc. and its parent company, White Oak Manor, Inc., will achieve their objectives:

1. Maximize the utilization of manpower and professional skills to recruit qualified personnel to staff the facility.
2. Provide overall administration and direction including financial systems implementation and review, and professional analysis of the several indices of the facility's progress.
3. Assist in the development of short and long range communications, media, and public relations programs to increase the visibility of the facility's activities and to promote the committee education; evaluate the continuing development of the facility's program and resident care policies.
4. Provide ongoing responsive management to ensure quality cost-effective operation and the constant sensitivity to changing community needs.
5. Use of bulk buying power to obtain the best service and buys from vendors.
6. Provide attractive working conditions and effective recruitment policies in order to insure a stable, high caliber level of employee.
7. Provide a high degree of expertise by being able to call on other communities within the organization wherein individuals have attained excellence in specific areas.
8. Assure top quality care, a good reputation, and a successful financial operation.

II. FACILITY INTRODUCTION AND INFORMATION

Sharon Village combines beauty, dignity, and security to create a remarkably attractive atmosphere. There are thirty-four one and two bedroom apartments, carefully planned to provide convenience, safety, and privacy that make up Sharon Village.

In the kitchen, you'll find all those extras you've come to expect – refrigerator, dishwasher, disposal, stove, built-in microwave, and oven. Spend afternoons relaxing on your porch or balcony, in the company of friends or in undisturbed privacy. Located in each apartment are emergency call systems connected to the nurses' station in the adjacent White Oak Manor – Charlotte nursing center. In addition, centrally located are a dining area and community room.

The White Oak Manor – Charlotte nursing center is a licensed 180-bed Medicare and Medicaid certified nursing facility staffed 24-hours a day with health professionals.

Physical, speech and occupational therapists are available to apartment residents. Activities at Sharon Village are planned to meet the needs and desires of the individual resident. We offer planned and stimulating entertaining activities for you to enjoy at the community as well as outside excursions to satisfy everyone's taste. You're not bound by a schedule but are free to set your own pace.

White Oak Manor – Charlotte, Inc. is a wholly owned subsidiary of White Oak Manor, Inc., and both are for profit South Carolina corporations. The 4.559 acre site includes 34 apartments, all with ground floor entrance, and a 180-bed nursing facility.

Sharon Village can be easily located by traveling East on Highway #74 from downtown Charlotte, N.C., turning right on Sharon Amity (South) and then right again approximately 1.2 miles onto Craig Avenue.

As of September 30, 2018 there were 34 residents at Sharon Village occupying 33 of 34 available apartments.

Our nursing facility is recognized by the following affiliated groups:

1. Licensed by State Health Department
2. Certified by Medicare, Medicaid, and VA
3. Member of North Carolina Health Care Facilities Assoc.
4. Member of American Health Care Assoc.

The day-to-day operating manager of Sharon Village Apartments is Sheri Conrad, Apartment Coordinator. Please see biography on next page.

APARTMENT COORDINATOR'S BIOGRAPHY

Sheri Conrad

Sheri joined the White Oak family in July 2017 performing various administrative duties for multiple departments. In October 2018 she was promoted to Apartment Director for Sharon Village Apartments.

Sheri has over 28 years of in-depth experience in Property Management, Construction Management, Leasing and Human Resources. Her prior employment includes Star Linear Systems, Trammel Crow Company, Childress Klein Properties and Summit Properties.

CURRENT CONTACT INFORMATION:

SHARON VILLAGE APARTMENTS

4009 Craig Avenue (28211-2561)

P O Box 220130

Charlotte, NC 28222-0130

704-365-7190

The Corporate Staff of White Oak Management, Inc. is:

- a) Oliver K. Cecil, Jr., NHA
Chief Executive Officer
Secretary
(41+ years' experience)
- b) Douglas M. Cecil, NHA
President
(34+ years' experience)
- c) John P. Barber, CPA
Executive Vice President – CFO
Treasurer
(40+ years' experience)
- d) Kenneth Heitkamp, NHA
Director of Operations
(35+ years' experience)
- e) Joey Haney, CPA
Vice President Finance
(39+ years' experience)
- f) Susan Flanagan, MS, RD, LDN
Dietary Consultant
(35+ years' experience)
- g) Mildred Chapman, RN
Nurse Consultant
(40+ years' experience)
- h) Candy Baker, RN
Nurse Consultant
(33+ years' experience)
- i) Sharon Barnhardt, RN
Director of Risk Management & Compliance
(40+ years' experience)
- j) Pam Davis
Clinical Applications Coordinator
(38+ years' experience)
- k) Jacqueline Kirkwood, MSW, LMSW
Social Service Consultant
(32+ years' experience)
- l) Maintenance staff with preventive maintenance duties to insure efficiency and safety for staff and residents.
- m) Staff of 36 Home Office Support Personnel

Note: The above Corporate Staff can be contacted at:

White Oak Management, Inc.
130 East Main Street (29306)
P O Box 3347
Spartanburg, SC 29304

CORPORATE STRUCTURE AND MANAGEMENT COMPANY

White Oak Manor – Charlotte, Inc. is a wholly owned subsidiary (Q-sub) of White Oak Manor, Inc. White Oak Manor – Charlotte, Inc. has two operating divisions: White Oak Manor – Charlotte (180-bed Nursing) and Sharon Village Apartments (34 Continuing Care Retirement Apartments). The parent company, White Oak Manor, Inc., owns 100% of the real estate and related fixed equipment. On October 1, 2002, White Oak Manor – Charlotte, Inc. entered into a lease with its parent company, White Oak Manor, Inc., for the building and fixed equipment located at both divisions.

Additionally, on October 1, 2002, White Oak Manor – Charlotte, Inc. entered into a management agreement with White Oak Management, Inc. to oversee several functions including accounting and payroll, consulting services for Nursing, Dietary, Activities, and overall management services.

White Oak Manor, Inc. is financially responsible for all indebtedness including all financial and contract obligations entered into by any of its' subsidiaries (Q-sub), including White Oak Manor – Charlotte, Inc.

The Board of Directors and Shareholders of White Oak Manor, Inc., White Oak Manor – Charlotte, Inc., and White Oak Management, Inc. are identical and are listed below:

SHAREHOLDER	RELATIONSHIP	ADDRESS	OWNERSHIP
The Estate of Bettye C. Cecil	Mother	P O Box 3347 Spartanburg, SC 29304	63.55%
Dorothy Dean Cecil	Daughter	1718 Crestwood Drive Columbia, SC 29205	8.23%
Douglas M. Cecil	Son	P O Box 3347 Spartanburg, SC 29304	6.63%
Jeni C. Feeser	Daughter	5 Bobwhite Court Beaufort, SC 29902	7.83%
Beth C. Cecil	Daughter	P O Box 3347 Spartanburg, SC 29304	8.23%
Oliver K. Cecil, Jr.	Son	P O Box 3347 Spartanburg, SC 29304	5.53%

Directors of White Oak Manor, Inc., White Oak Manor – Charlotte, Inc. and White Oak Management, Inc. are:

Bettye Cecil - Owner	Beth Cecil
Oliver K. Cecil, Jr. – Chairman & CEO	Dorothy Dean Cecil
Douglas M. Cecil – President	Jeni Cecil Feeser
John P. Barber – Treasurer	

RELATED PARTY TRANSACTION STATEMENT

With one exception, which is explained below, there is no person, association, trust, partnership, or corporation which has an ownership interest in White Oak Manor – Charlotte, Inc., White Oak Management, Inc., or White Oak Manor, Inc. which also has an ownership interest in a service firm, association, trust partnership or corporation which provides goods, leases, or services to the facility. Furthermore, there are no plans for other such arrangements to be developed in the next 12 months.

The one exception is White Oak Pharmacy, Inc., who supplies prescription drugs, medical and nursing supplies to White Oak Manor – Charlotte nursing facility. The value of the goods purchased by White Oak Manor – Charlotte varies from year to year. For the year ending 9/30/18, the total value was approximately \$555,139.

The ownership and Board of Directors of White Oak Pharmacy, Inc. are listed below:

Shareholders:

John P. Barber	33.3%
Oliver K. Cecil, Jr.	33.3%
Douglas M. Cecil	33.3%

Board of Directors

President – John P. Barber
Vice President – Douglas M. Cecil
Secretary – Oliver K. Cecil, Jr.

AFFILIATION STATEMENT

White Oak Manor – Charlotte, Inc., White Oak Manor, Inc., and White Oak Management, Inc. are not affiliated with a religious, charitable, or other nonprofit organization; therefore, White Oak Manor – Charlotte, Inc. is responsible for all financial and contract obligations and White Oak Manor – Charlotte, Inc. is not a tax exempt organization.

CRIMINAL VIOLATION STATEMENT

There are no directors, officers, agents, or managing employees of White Oak Manor, Inc., White Oak Manor – Charlotte, Inc. and White Oak Management, Inc. that have ever been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment that involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department for any reason.



White Oak Manor, Inc.
John P. Barber
Executive Vice President & CFO

2/22/19

Date

III. POLICIES

ADMISSION

Health Criteria – Prospective residents must be ambulatory and be able to function independently in the activities of daily living. Also, please refer to Section 1 (i) – (iii) of the Apartment Rental Agreement.

Financial and Insurance Criteria – Prior to admission, the resident must pay the Retention Deposit, if applicable, and the first month's rent. We do not require, but recommend, the resident maintain adequate renter's insurance covering the personal contents of their apartment.

Age Requirement – Admissions are limited to those individuals who are 65 years of age or older.

Changes of Condition Prior to Occupancy – At the time of occupancy, each resident must meet the health criteria outlined above.

Cancellation/ Termination – In accordance with Section 1 of the Apartment Rental Agreement, the following describes our cancellation and termination policy:

“The term of this Agreement shall begin on the first day of occupancy, and end upon the first of the following to occur:

- (a) The last day of the month following the Resident's death, or at such time thereafter as the Resident's belongings have been removed from the premises; or
- (b) Resident's default as hereinafter defined; or
- (c) Sharon Village having determined, and having given written notification thereof, that the Resident:
 - (i) is socially incompatible with the Sharon Village employees, other residents or guests;
 - (ii) has demonstrated possible emotional instability.
 - (iii) poses a risk to the life and well-being of him/herself or others;
 - (iv) has destroyed, or attempted to destroy, property belonging to Sharon Village, him/herself or others; or
 - (v) fails to fully comply with all terms and provisions contained in this Agreement; or
 - (vi) has acted in any other unreasonable fashion or poses for Sharon Village its employees, residents or guests, any other unreasonable risks; or
- (d) The last day of any month prior to which the Resident has given to Sharon Village:
 - (i) In the event the Resident is to be transferred, based upon written medical certification, to a hospital or to White Oak Manor – Charlotte Nursing Center, at least ten (10) days prior written notice or
 - (ii) In the event the Resident is to be transferred based upon written medical certification, anywhere else, at least thirty (30) days prior written notice; or
 - (iii) In the event the Resident is to be transferred anywhere else, without written medical certification, at least (60) sixty days prior written notice; or

- (e) At such time as, if ever, the apartment is destroyed by fire or other calamity, or if the apartment, or a substantial portion of the complex, is acquired through condemnation proceedings, making it such, under the circumstances, that the apartment is no longer reasonably fit for its intended use.

In the event the Resident is transferred as provided in Paragraph (i) above, to a hospital, he shall have sixty (60) days from date of transfer to return to his apartment, and to have the within Agreement remain in full force and effect, so long as all terms, covenants and conditions here in contained, including those pertaining to rental payments, have been (and are then being) fully complied with.

In the event the Resident is transferred, as provided in Paragraph (i) above, to White Oak Manor – Charlotte Nursing Center, the Resident shall have thirty (30) days from date of transfer to return to his apartment, and to have the within Agreement remain in full force and effect, so long as all terms, covenants and conditions herein contained, including those pertaining to rental payments, have been (and are then being) fully complied with.

In the event that the Resident, upon being transferred elsewhere as provided above, wishes to again become a tenant of Sharon Village, after the within Agreement has terminated, and is certified, in writing, by a qualified physician, as being again able to reside in the apartment complex, Sharon Village agrees to give the Resident, to the extent reasonably possible, a priority as far as the next available apartment, with Retention Deposit and rental rates to be those then in effect, and a new Apartment Rental Agreement to be entered into.

In the situations described in Paragraphs (i) and (ii) above, Sharon Village may, but shall have no legal duty to, waive the requirement regarding written notification based upon terms and conditions mutually agreeable to both Sharon Village and Resident.”

Apartment Rental Agreement (With Retention Schedule Included)

Retention Schedule is as follows:

<u>LENGTH OF OCCUPANCY</u>	<u>AMOUNT RETAINED</u>	<u>AMOUNT REFUNDED</u>
Upon Occupancy	20%	80%
Year 1	20%	60%
Year 2	20%	40%
Year 3	20%	20%
Year 4	20%	0%

The purpose of paying the Retention Deposit is to reduce the monthly rent when compared to the Straight Rental payment plan.

Upon a resident's death, the unearned portion of the Retention Deposit becomes the facility's property. In the event of a death of a spouse where the remaining spouse continues to live at Sharon Village, the Retention Deposit continues to be earned by the facility based on the original Apartment Agreement. When the remaining spouse dies, the unearned portion becomes the facility's property.

Upon termination of the Apartment Rental Agreement (with Retention Schedule Included) for any reason other than resident's death, the resident or his legal representative shall be entitled to a refund of the unearned portion of the Retention Deposit. The amount of refund will be calculated on a daily basis (365 days per year). Refunds of this nature will be promptly made to the Resident or his legal representative but under no circumstances later than 30 days after the termination date of the agreement.

If an executed contract is rescinded or cancelled under the terms of this contract, all unearned fees and deposits will be fully refundable to the Resident or their Legal Representative within 30 days following the later of the execution of the contract or the receipt of a disclosure statement and Resident will not be required to move into apartment during recession period. The amount of refund will be calculated on a daily basis (365 days per year).

Transfers

A transfer fee may apply if you request a transfer from your current apartment to another. After 10 years of residency in the same apartment, a transfer fee may be waived. A 50% transfer fee will apply if transfer occurs within 5-10 years of residency. If request is made prior to 5 years, 100% of the transfer fee will apply. An exception to the transfer fee may apply if a prearranged agreement signed by both parties stipulates a desire to transfer to another specific apartment within one year. The transfer fee is not a present cost but is based on cost to refurbish the vacated apartment.

Marriages

If a current resident(s) of Sharon Village becomes married, the rent will increase based on the rent schedules in effect at that time for two persons. No additional deposit is required and the balance outstanding on any deposit(s) will continue to amortize in accordance with each Resident's original Rental Agreement. A new Rental Agreement will be negotiated between Sharon Village and the husband and wife as Residents. Other than for medical reasons there are no qualifying requirements for a spouse to meet as a condition for entry. In the event the spouse does not medically qualify for admission, the agreement will terminate and alternate placement will be required.

Rent/ Default

If an existing resident is unable to meet their monthly obligation to the facility, the Apartment Rental Agreement provides the following under Section(s) 16 (no initial deposit agreement) and 17 (with retention schedule agreement) "Default":

"This Apartment Rental Agreement is made upon the condition that the Resident shall faithfully perform all of the terms, covenants and conditions herein contained by him to be performed as herein set forth or in other agreements heretofore or hereafter entered into between Sharon Village and the Resident, and Resident shall be in default if:

- (a) Any rental payment due hereunder shall at any time be in arrears and unpaid for fifteen (15) days after receipt by Resident of written notice making demand therefore; or
- (b) Resident shall fail to observe or perform any of the covenants, agreements, or conditions set forth herein and said failure shall continue for a period of fifteen (15) days after receipt by Resident of written notice of such failure from Sharon Village.
- (c) Owner's having determined, and having given written notification thereof, that the resident:
 - (i) is socially incompatible with the Owner's employees, other residents, or guests;
 - (ii) has demonstrated possible emotional instability;
 - (iii) poses a risk to the life and well-being of himself or others;
 - (iv) has destroyed, or attempted to destroy, property belonging to the Owner, himself, or others; or
 - (v) has acted in any other unreasonable fashion or poses for the Owner, its employees, residents or guests, any other unreasonable risks or

In the event of a default, Sharon Village may, at its option, declare the term of this Agreement ended and repossess the apartment and shall further be entitled to all rights and remedies set forth herein." The Owner shall be entitled to be fully reimbursed for all costs and expenses incurred in enforcing its rights hereunder, including a reasonable attorney's fee, and shall be entitled to have accrued, monthly, interest, at the maximum rate allowed by law, as to any payments due and owing hereunder."

IV. SERVICES

The following services are available at no extra charge to residents:

- (a) Meals. Sharon Village will provide Resident with one meal per day, the meal to be determined by Owner, and to be served in the common dining area.
- (b) Guest Meals. Are available at \$10.00 per meal.
- (c) Utilities. All utilities, except telephone expenses, will be paid for by Sharon Village. However, the cost of telephone installation and removal shall be paid by Resident.
- (d) Janitorial Services. Sharon Village will provide services in all service areas, halls and community areas.
- (e) Maid Service. Sharon Village will provide maid service every other week, on a regularly scheduled basis, to clean Resident's apartment if so desired by Resident.
- (f) Laundry. Once each week, Resident's flat laundry will be picked up outside the door of Resident's apartment, cleaned, and then returned.
- (g) Laundromat. Laundry facilities are available free of charge at the apartment complex for Resident's use (Resident must provide detergent).
- (h) Transportation. Transportation will be available at certain scheduled times, to be determined by Sharon Village in view of the needs of the Resident and the other occupants of apartments.
- (i) Nursing Center. A bed in the adjoining nursing center will be made available, on a priority basis, whenever Resident's health, as determined by Resident's physician, so requires.
- (j) Nursing Facility Days. At the time of residence and each calendar year thereafter, each resident is allowed 10 inpatient days in the adjacent White Oak Manor Charlotte facility. Unused days cannot be carried forward to the next calendar year. A physician's written medical certification is required before admission to the Nursing Facility.
- (k) Nurse Call System. Is located in the master bedroom and bath of each apartment and is connected to the nurse's station at the adjacent nursing facility. If activated, a trained member of the Nursing Department will respond to the apartment.
- (l) Health Services Available. Skilled Nursing Care (Medicare and Medicaid Certified).
- (m) Storage Facilities. Sharon Village shall provide, at Resident's sole risk, reasonable storage space for Resident's belongings other than furniture and other household furnishings.
- (n) Recreational Facilities. Recreational facilities are available for Resident's use on first come/first served basis.

- (o) Basic Cable TV. Basic Cable TV service is provided by the Owner. Additional services can be purchased by the Resident.
- (p) Personal Services. The following services are available at the Resident's expense:
 - Beauty/ Barber Shop
 - Accommodations for overnight guests

V. **FEES/ RENT**

Application/ Registration Fee – a \$500 deposit is required to be on the waiting list. This fee is refundable within 30 days from receipt of such a request.

RETENTION & MONTHLY RENTAL FEES

Apartment Type	Retention Deposit	Monthly Rental Fee	
		1 st Person	2 nd Person
Efficiency	\$17,000	\$811	N/A
One Bedroom	\$22,000	\$1,051	\$1,351
One Bedroom Deluxe	\$26,000	\$1,331	\$1,631
Two Bedrooms	\$30,000	\$1,573	\$1,873

The purpose of the Retention Deposit is to reduce the monthly rent when compared to the Straight Rental Plan

STRAIGHT RENTAL PLAN

Apartment Type	Retention Deposit	Monthly Rental Fee	
		1 st Person	2 nd Person
Efficiency	N/A	\$1,082	N/A
One Bedroom	N/A	\$1,396	\$1,696
One Bedroom Deluxe	N/A	\$1,694	\$1,994
Two Bedrooms	N/A	\$1,972	\$2,272

Although Sharon Village will attempt to keep rental increases to a minimum, during any calendar year following the first full calendar year of this Agreement, Sharon Village may, due to an increase in the cost of operation, or for any other reason, upon thirty (30) days prior written notice to the Resident, increase the monthly rental payable hereunder so long as the sum of the increases in monthly rental during any calendar year does not exceed the greater of:

- (i) Six (6%) percent of the average monthly rental during the preceding calendar year; or
- (ii) An amount equal to the average monthly rental during the preceding calendar year multiplied by the percentage increase in the "Consumer Price Index" figures for January and December of the preceding calendar year, the Consumer Price Index being the "Consumer Price Index – U.S. City Average – All Items Figures for Urban Wage Earners and Clerical Workers (Including Single Workers), which index is currently published in the "Monthly Labor Review" of the Bureau of Labor Statistics of the United States Department of Labor, or its successor index.

SHARON VILLAGE APARTMENTS

SCHEDULE OF FEE CHANGES FOR THE LAST FIVE YEARS

RETENTION DEPOSIT PLAN

	2019		2018		2017		2016		2015	
	<u>Deposit</u>	<u>Rent</u>	<u>Deposit</u>	<u>Rent</u>	<u>Deposit</u>	<u>Rent</u>	<u>Deposit</u>	<u>Rent</u>	<u>Deposit</u>	<u>Rent</u>
<u>2 Bedrooms</u>										
1 Person	\$30,000	\$1,573	\$30,000	\$1,573	\$30,000	\$1,573	\$30,000	\$1,527	\$30,000	\$1,527
2 People	\$30,000	\$1,873	\$30,000	\$1,873	\$30,000	\$1,873	\$30,000	\$1,827	\$30,000	\$1,827
<u>1 Bedroom</u>										
1 Person	\$22,000	\$1,051	\$22,000	\$1,051	\$22,000	\$1,051	\$22,000	\$1,020	\$22,000	\$1,020
2 People	\$22,000	\$1,351	\$22,000	\$1,351	\$22,000	\$1,351	\$22,000	\$1,320	\$22,000	\$1,320
<u>1 Bedroom Deluxe</u>										
1 Person	\$26,000	\$1,331	\$26,000	\$1,331	\$26,000	\$1,331	\$26,000	\$1,292	\$26,000	\$1,292
2 People	\$26,000	\$1,631	\$26,000	\$1,631	\$26,000	\$1,631	\$26,000	\$1,592	\$26,000	\$1,592
<u>Efficiency</u>										
1 Person	\$17,000	\$811	\$17,000	\$811	\$17,000	\$811	\$17,000	\$787	\$17,000	\$787

STRAIGHT RENTAL PLAN

	2019		2018		2017		2016		2015	
	<u>Deposit</u>	<u>Rent</u>	<u>Deposit</u>	<u>Rent</u>	<u>Deposit</u>	<u>Rent</u>	<u>Deposit</u>	<u>Rent</u>	<u>Deposit</u>	<u>Rent</u>
<u>2 Bedrooms</u>										
1 Person	N/A	\$1,972	N/A	\$1,972	N/A	\$1,972	N/A	\$1,915	N/A	\$1,915
2 People	N/A	\$2,272	N/A	\$2,272	N/A	\$2,272	N/A	\$2,215	N/A	\$2,215
<u>1 Bedroom</u>										
1 Person	N/A	\$1,396	N/A	\$1,396	N/A	\$1,396	N/A	\$1,355	N/A	\$1,355
2 People	N/A	\$1,696	N/A	\$1,696	N/A	\$1,696	N/A	\$1,655	N/A	\$1,655
<u>1 Bedroom Deluxe</u>										
1 Person	N/A	\$1,694	N/A	\$1,694	N/A	\$1,694	N/A	\$1,645	N/A	\$1,645
2 People	N/A	\$1,994	N/A	\$1,994	N/A	\$1,994	N/A	\$1,945	N/A	\$1,945
<u>Efficiency</u>										
1 Person	N/A	\$1,082	N/A	\$1,082	N/A	\$1,082	N/A	\$1,050	N/A	\$1,050

SHARON VILLAGE
FREQUENCY AND AVERAGE DOLLAR CHANGE (RETENTION DEPOSIT PLAN) -
RENT

	2019	2018	2017	2016	8/2015	5/2015
<u>2 Bedrooms</u>						
1 Person	N/C	N/C	+46	N/C	+199	+39
2 People	N/C	N/C	+46	N/C	+272	+45
<u>1 Bedroom</u>						
1 Person	N/C	N/C	+31	N/C	+133	+26
2 People	N/C	N/C	+31	N/C	+206	+32
<u>One Bedroom Deluxe</u>						
1 Person	N/C	N/C	+39	N/C	N/C	+98
2 People	N/C	N/C	+39	N/C	N/C	+177
<u>Efficiency</u>						
1 Person	NC	NC	+24	N/C	N/C	+123

FREQUENCY AND AVERAGE DOLLAR CHANGE (STRAIGHT RENTAL PLAN) - RENT

	2019	2018	2017	2016	8/2015	5/2015
<u>2 Bedrooms</u>						
1 Person	N/C	N/C	+57	N/C	+251	+48
2 People	N/C	N/C	+57	N/C	+345	+54
<u>1 Bedroom</u>						
1 Person	N/C	N/C	+41	N/C	+175	+34
2 People	N/C	N/C	+41	N/C	+232	+41
<u>One Bedroom Deluxe</u>						
1 Person	N/C	N/C	+39	N/C	N/C	+198
2 People	N/C	N/C	+39	N/C	N/C	+177
<u>Efficiency</u>						
1 Person	N/C	N/C	+32	N/C	N/C	+123

FREQUENCY AND AVERAGE DOLLAR CHANGE (RETENTION DEPOSIT PLAN) -
DEPOSIT

	2019	2018	2017	2016	8/2015	5/2015
<u>2 Bedrooms</u>						
1 Person	N/C	N/C	N/C	N/C	+5,000	N/C
2 People	N/C	N/C	N/C	N/C	+5,000	N/C
<u>1 Bedroom</u>						
1 Person	N/C	N/C	N/C	N/C	+4,500	N/C
2 People	N/C	N/C	N/C	N/C	+4,500	N/C
<u>One Bedroom Deluxe</u>						
1 Person	N/C	N/C	N/C	N/C	N/C	+5,500
2 People	N/C	N/C	N/C	N/C	N/C	+5,500
<u>Efficiency</u>						
1 Person	N/C	N/C	N/C	N/C	N/C	+4,500

VI. FINANCIAL INFORMATION

1. Audited Financial Statement – Please refer to Attachment I.
2. Current Interim Financial Statement – Please refer to Attachment I.
3. Five Year Projection Statement – Please refer to Attachment II.

VII. PROJECTED VS. ACTUAL FORECAST COMPARISON

The following pages include:

1. White Oak Manor – Charlotte and Sharon Village, Inc.
 - a. Comparison – Year Ended September 30, 2018
Forecasted Balance Sheet
 - b. Comparison – Year Ended September 30, 2018
Forecasted Income Statement
 - c. Comparison – Year Ended September 30, 2018
Forecasted Statements of Cash Flows
 - d. Schedules Exhibit A – Assets Limited to Use – Operating Reserve /
Consolidating Balance Sheet

White Oak Manor- Charlotte and Sharon Village, Inc.
Comparison - Year Ended September 30, 2018
Forecasted Balance Sheets

ASSETS	2018 Actual	2018 Forecast	Variance	% Variance
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 342,097	\$ 367,349	\$ (25,252)	-7%
Accounts Receivable, Net	667,171	601,817	65,354	11%
Estimated Third-Party Payor Settlements			-	0%
Other Current Assets	37,048	37,294	(246)	-1%
Total Current Assets	1,046,316	1,006,460		
ASSETS LIMITED AS TO USE - OPERATING RESERVE	186,195	191,781	(5,586)	-3%
MOVEABLE EQUIPMENT	1,541,596	1,629,329	(87,733)	-5%
Less: Accumulated Depreciation	1,110,654	1,100,650	10,004	1%
Construction in Progress	-	-		
Moveable Equipment, Net	430,942	528,679		
Total Assets	\$ 1,663,453	\$ 1,726,920		
	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>	<u>% Variance</u>
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)				
CURRENT LIABILITIES				
Accounts Payable	\$ 241,915	\$ 254,100	\$ (12,185)	-5%
Accrued Wages and Other Liabilities	484,246	480,903	3,343	1%
Intercompany Accounts	5,936,672	5,445,109	491,563	9%
Total Current Liabilities	6,662,833	6,180,112		
DEFERRED CREDITS				
Unearned Deposit Revenue - Nonrefundable	18,202	13,024	5,178	40%
Unearned Deposit Revenue - Refundable	-	-	-	0%
Deposits on Apartments	7,500	9,500	(2,000)	-21%
Total Deferred Credits	25,702	22,524		
LONG-TERM DEBT				
Total Liabilities	6,688,535	6,202,636		
SHAREHOLDER'S EQUITY (DEFICIT)				
Common Stock, par value \$1 per share; 300,000 shares authorized, 281,450 shares issued and outstanding	281,450	281,450	-	0%
Retained Earnings (Deficit)	(5,306,532)	(4,757,166)	(549,366)	12% A
Other Comprehensive Loss	-	-	-	0%
Total Shareholder's Equity	(5,025,082)	(4,475,716)		
Total Liabilities and Shareholder's Equity	\$ 1,663,453	\$ 1,726,920		

Out of balance check - -

Materiality Threshold - variance is greater than 10% and \$100,000

A) Larger loss than expected caused the retained earning forecast to be misstated.

White Oak Manor- Charlotte and Sharon Village, Inc.
Comparison - Year Ended September 30, 2018
Forecasted Income Statement

	2018 <u>Actual</u>	2018 <u>Forecast</u>	<u>Variance</u>	<u>% Variance</u>
REVENUES				
Net Patient Service Revenue	\$ 10,746,716	\$ 11,056,103	\$ (309,387)	-3%
Apartment Rents	508,449	499,879	8,570	2%
Deposit Amortization	14,292	4,141	10,151	245%
Investment Income	60,000	60,000	-	0%
Other Revenue	22,706	19,087	3,619	19%
Total Revenues	<u>11,352,163</u>	<u>11,639,210</u>		
COST AND EXPENSES				
Nursing Services	4,912,914	5,002,728	(89,814)	-2%
Ancillaries	1,392,730	1,259,277	133,453	11% B
Dietary Expenses	1,124,349	1,103,419	20,930	2%
Social Services	135,074	143,390	(8,316)	-6%
Activities	167,431	169,642	(2,211)	-1%
Medical Records	35,619	72,773	(37,154)	-51%
Laundry and Linen	151,701	158,524	(6,823)	-4%
Housekeeping	401,485	416,414	(14,929)	-4%
Facility Operations and Maintenance	682,946	641,277	41,669	6%
Depreciation	122,564	131,078	(8,494)	-6%
Interest Expense	1,706 **		1,706	0%
Taxes and Insurance	126,102	132,321	(6,219)	-5%
Employee Benefits	1,096,153	872,149	224,004	26% C
General and Administrative	1,826,987	1,812,471	14,516	1%
Total Expenses	<u>12,177,781</u>	<u>11,915,463</u>		
Net Loss	<u>\$ (825,618)</u>	<u>\$ (276,253)</u>		

Materiality Threshold - variance is greater than 10% and \$100,000

B) Ancillaries were up due to drug cost being up 55% / 155k. The increase is due to increase in VA occupancy of 61% / 580k.

C) White Oak is self insured for health and workers comp. insurance. Cost for health insurance were up 25% / 165k and worker comp. up 62% / 89k.

White Oak Manor- Charlotte and Sharon Village, Inc.
Comparison - Year Ended September 30, 2018
Forecasted Statements of Cash Flows

	2018 Actual	2018 Forecast	Variance	% Variance	
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Loss	\$ (825,618)	\$ (276,253)	\$ (549,365)	199%	D
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	122,584	131,078	(8,494)	-6%	
Deposit Amortization	(14,292)	(4,141)	(10,151)	245%	
Deposit Receipts	17,599	4,270	13,329	312%	
(Increase) in Current Assets:					
Accounts Receivable	(71,313)	(5,959)	(65,354)	1097%	
Estimated Third-Party Payor Settlements			-	100%	
Other Current Assets	(123)	(369)	246	-67%	
Increase in Current Liabilities:					
Accounts Payable	(9,669)	2,516	(12,185)	-484%	
Intercompany Accounts	555,680	64,117	491,563	767%	E
Accrued Wages and Other Liabilities	8,104	4,761	3,343	70%	
Net Cash Provided by (Used In) Operating Activities	(217,048)	(79,980)			
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(30,081)	(136,312)	106,231	-78%	F
Net Change in Assets Limited as to Use - Operating Reserve	-	(5,586)	5,586	-100%	
Net Cash Used in Investing Activities	(30,081)	(141,898)			
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to Shareholder	-	-	-	0%	
Net Cash Used in Financing Activities	-	-			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(247,129)	(221,878)			
Cash and Cash Equivalents - Beginning of Year	589,227	589,227			
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 342,098</u>	<u>\$ 367,349</u>			

Materiality Threshold - variance is greater than 10% and \$100,000

D) Net Loss - Lower than expected revenue drove the larger than expected loss. The estimate variances were small individually but larger in total.

E) Intercompany account is a culmination of overall activity and is reflective of the net loss and cash balance increase.

F) Reduced capital purchases, prior year renovations and improves have decreased as expected but the forecast did not correctly project.

Exhibit A - Reserve - "Assets Limited to Use"

Based on Projection for 2019					
		BU	CR	TR	
Total Operating Expenses		11,832,980	12,576,851	8,994,836	
Principal Payment On Any Long-Term Debt	+	-	-	-	
Depreciation Expense	-	(92,828)	(83,557)	(155,455)	
Amortization Expense	-	-	-	-	
Extraordinary Items As Approved	-	-	-	-	
Debt Service Portion, If Provided For By Reserve Acct	-	-	-	-	
Total Operating Costs		11,740,152	12,493,294	8,839,381	
Occupancy Factor (See Subsection C)	*	25.00%	25.00%	25.00%	
Operating Reserve Requirement		2,935,038	3,123,324	2,209,845	8,268,207
			Audited Financial Stmts Reserve		7,265,873
			Reserve Short		<u>(1,002,334)</u>

As of 9/30/2018 White Oak's Reserve was 13.8% or \$1,002,334 short of the requirement. White Oak's investment in Millennium USA HedgeFocus Fund LP of \$342,680 is not included assets limited to use. The company has performed many capital improvement projects over the last few years including improvements to the apartments resulting in a reduced cash balance. The company has reduced its capital spending and taken other steps in an effort to restore cash reserves.

VIII. RESERVES, ESCROW AND TRUSTS

Sufficient reserves are maintained at all times to pay the residents the total outstanding initial deposit liability. The amount available at September 30, 2018 was \$186,195

The amount anticipated to meet the operating reserve requirement effective at September 30, 2019 is \$3,181,693.

The funds will come from cash or investments of White Oak Manor, Inc. The funds will be invested in "investment grade securities" such as cash, AAA or better rated bonds, U.S. Treasury and U.S. Government Agency obligations. The investment decisions will be made by Mr. Brent Schofield of Common Wealth Financial Network and Mr. Justin Runager of UBS.

There are no material differences between (i) the forecast statements of revenues and expenses and cash flows or other forecast financial data filed pursuant to N.C.G.S. §58-64-20 as a part of the disclosure statement recorded most immediately subsequent to the start of the provider's most recently completed fiscal year and (ii) the actual results of operations during that fiscal year, together with the revised forecast statements of revenues and expenses and cash flows or other forecast financial data being filed as a part of the revised disclosure statement. Based on the terms of the resident agreement, initial deposits are not required to be in an Escrow or Trust Account.

IX. FACILITY DEVELOPMENT/ EXPANSION

During the year, a freestanding elevator was installed allowing residents better access to community dining and social events.

X. OTHER MATERIAL INFORMATION, AS APPLICABLE

N/A as there is no past or current litigation, bankruptcy filing, receivership, liquidation, impending actions or perils against White Oak Manor, Inc., White Oak Manor – Charlotte, Inc., White Oak Management, Inc. or this retirement community.

XI. RESIDENT'S AGREEMENT/ CONTRACT

Please refer to Attachment

ATTACHMENT I

WHITE OAK MANOR, INC. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



WHITE OAK MANOR, INC. AND SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
White Oak Manor, Inc.
Spartanburg, South Carolina

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of White Oak Manor, Inc. and Subsidiaries (the Company), which comprises the consolidated balance sheet as of September 30, 2018, and the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
White Oak Manor, Inc.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of White Oak Manor, Inc. and Subsidiaries as of September 30, 2018, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2017 consolidated financial statements were audited by other auditors, whose report dated February 21, 2018, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
January 21, 2019

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2018 AND 2017

ASSETS	2018	2017
CURRENT		
Patient Accounts Receivable, Net of Allowance for Uncollectible Accounts of Approximately \$288,000 and \$509,000 in 2018 and 2017, Respectively	\$ 16,556,581	\$ 14,701,376
Investments	342,680	314,880
Other Current Assets	1,258,633	1,244,320
Total Current Assets	18,157,894	16,260,576
ASSETS LIMITED AS TO USE	8,080,689	8,515,799
PROPERTY AND EQUIPMENT		
Less: Accumulated Depreciation	146,196,302	142,782,661
Property and Equipment, Net	(78,229,664)	(71,956,794)
	67,966,638	70,825,867
OTHER ASSETS		
Other	-	291,681
Deferred Other Costs, Net	287,173	367,344
Goodwill, Net	475,715	543,675
Total Other Assets	762,888	1,202,700
Total Assets	\$ 94,968,109	\$ 96,804,942

See accompanying Notes to Consolidated Financial Statements.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 2018 AND 2017

	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Cash Overdraft	\$ 2,647,561	\$ 1,634,372
Current Portion of Long-Term Debt	2,715,496	2,482,362
Accounts Payable	5,046,956	5,127,349
Accrued Wages and Other Liabilities	10,337,309	9,304,201
Tenant Deposits	146,500	137,236
Total Current Liabilities	20,893,822	18,685,520
LONG-TERM DEBT, Net of Current Portion	53,060,457	54,824,830
FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS	184,749	1,510,913
OTHER LIABILITIES		
Deferred Income	758,712	645,246
Asset Retirement Obligation	909,100	909,100
Total Long-Term Liabilities	54,913,018	57,890,089
Total Liabilities	75,806,840	76,575,609
SHAREHOLDERS' EQUITY		
Common Stock: Series A Voting, No Par Value, Authorized 1,000,000 Shares; Issued and Outstanding 47,050 Shares	110	110
Common Stock: Series B Non-Voting, No Par Value, Authorized 20,000,000 Shares; Issued and Outstanding 19,916,135 Shares	46,752	46,752
Retained Earnings	16,796,001	18,332,858
Accumulated Other Comprehensive Income	2,318,406	1,849,613
Total Shareholders' Equity	19,161,269	20,229,333
Total Liabilities and Shareholders' Equity	\$ 94,968,109	\$ 96,804,942

See accompanying Notes to Consolidated Financial Statements.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
REVENUE		
Net Patient Service Revenue	\$ 159,088,511	\$ 150,787,646
Management Fee Revenue	343,914	-
Change in Fair Value of Interest Rate Swap Agreements	1,326,164	1,671,820
Other Revenue	6,023,684	6,420,688
Total Revenue	166,782,273	158,880,154
EXPENSES		
Nursing Service	64,556,431	62,940,217
Ancillaries	21,837,863	20,266,872
Dietary	14,084,334	13,565,452
Social Services	2,322,649	2,234,515
Activities	2,009,228	1,959,878
Medical Records	673,078	671,842
Laundry and Linen	2,006,550	2,043,094
Housekeeping	5,217,155	5,027,796
Facility Operations and Maintenance	8,275,407	7,891,310
Depreciation	6,272,870	5,547,143
Interest Expense	2,376,125	1,811,885
Amortization Expense	148,131	101,472
Property Taxes and Insurance	5,022,211	3,777,184
Employee Benefits	14,605,689	12,866,487
Bad Debt Expense	318,821	656,026
General and Administrative	18,592,588	17,680,065
Total Expenses	168,319,130	159,041,238
NET LOSS	(1,536,857)	(161,084)
OTHER COMPREHENSIVE INCOME		
Change in Unrealized Gains on Securities Available-for-Sale	468,793	678,705
COMPREHENSIVE INCOME (LOSS)	\$ (1,068,064)	\$ 517,621

See accompanying Notes to Consolidated Financial Statements.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	Series A Voting Common Stock		Series B Non-Voting Common Stock		Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
BALANCE - SEPTEMBER 30, 2016	47,050	\$ 110	19,916,135	\$ 46,752	\$ 18,493,942	\$ 1,170,908	\$ 19,711,712
Net Loss	-	-	-	-	(161,084)	-	(161,084)
Change in Unrealized Gains on Securities Available-for-Sale	-	-	-	-	-	678,705	678,705
BALANCE - SEPTEMBER 30, 2017	47,050	110	19,916,135	46,752	18,332,858	1,849,613	20,229,353
Net Loss	-	-	-	-	(1,536,857)	-	(1,536,857)
Change in Unrealized Gains on Securities Available-for-Sale	-	-	-	-	-	468,793	468,793
BALANCE - SEPTEMBER 30, 2018	<u>47,050</u>	<u>\$ 110</u>	<u>19,916,135</u>	<u>\$ 46,752</u>	<u>\$ 16,796,001</u>	<u>\$ 2,318,406</u>	<u>\$ 19,161,269</u>

See accompanying Notes to Consolidated Financial Statements.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (1,536,857)	\$ (161,084)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:		
Depreciation	6,272,870	5,547,143
Amortization	148,131	101,472
Amortization of Debt Issuance Costs	75,752	69,485
Bad Debt Expense	318,821	656,026
Change in Fair Value of Swap Agreement	(1,326,164)	(1,671,820)
Change in Third-Party Payor Settlements	41,000	319,038
Unearned Deposit Income and Other Liabilities	113,466	5,988
Asset Retirement Obligation	-	10,654
Decrease (Increase) in:		
Patient Accounts Payable	(2,174,026)	(1,005,236)
Other Assets	277,368	(124,725)
Increase (Decrease) in:		
Cash Overdraft	1,013,189	(312,111)
Accounts Payable	(80,393)	(1,392,701)
Accrued Wages and Other Liabilities	992,108	(62,966)
Tenant Deposits	9,264	13,029
Net Cash Provided by Operating Activities	4,144,529	1,992,192
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales of Investments	-	659,122
(Increase) Decrease in Assets Limited as to Use	876,103	(482,090)
Purchases of Property and Equipment	(3,413,641)	(15,382,915)
Increase of Deferred Other Costs	-	(273,126)
Net Cash Used by Investing Activities	(2,537,538)	(15,479,009)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(2,226,709)	(2,000,000)
Proceeds from Issuance of Long-Term Debt	628,050	15,499,465
Increase of Deferred Loan and Other Costs	(8,332)	(12,648)
Net Cash Provided (Used) by Financing Activities	(1,606,991)	13,486,817
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
Cash and Cash Equivalents - Beginning of Year	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 2,300,375	\$ 1,658,160

See accompanying Notes to Consolidated Financial Statements.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

White Oak Manor, Inc. and its wholly owned subsidiaries, (the Company) operate nursing home facilities, assisted living facilities, and apartment complexes for the elderly throughout North and South Carolina.

Principles of Consolidation

The accompanying 2018 and 2017 consolidated financial statements include the accounts of White Oak Manor, Inc. and its wholly-owned subsidiaries, which are as follows:

White Oak Management, Inc.
White Oak Manor – Spartanburg, Inc.
White Oak Manor – Columbia, Inc.
White Oak Manor – Newberry, Inc.
White Oak Manor – Rock Hill, Inc.
White Oak Manor – Shelby, Inc.
White Oak Manor – Kings Mountain, Inc.
White Oak Manor – Tryon, Inc.
White Oak Manor – Rutherfordton, Inc.
White Oak Manor – Burlington, Inc.
White Oak Manor – Charleston, Inc.
White Oak Manor – Charlotte, Inc.
White Oak Estates, Inc.
White Oak Estates Apartments, Inc.
White Oak Estates Assisted Living, Inc.
White Oak Manor – Lancaster, Inc.
White Oak Manor – York, Inc.
White Oak Manor – Waxhaw, Inc.
White Oak Manor at North Grove, Inc.

The consolidated financial statements also include the accounts of the White Oak Estates Wellness Center, which is a department of White Oak Estates, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates could also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents consist of temporary bank deposits, money market instruments, and certificates of deposit with an original maturity of three months or less at the date of purchase. As of September 30, 2018 and 2017, the Company had overdrawn its cash balance by \$2,647,561 and \$1,634,372, respectively.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The Company provides an allowance for uncollectible accounts using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. Accounts past due more than 45 days are individually analyzed for collectability. At September 30, 2018 and 2017, the allowance for uncollectible accounts was approximately \$288,000 and \$509,000, respectively.

Investments

Investments are categorized as available-for-sale and reported at fair value. Unrealized gains and losses are excluded from net income (loss) and reported as a separate component of shareholders' equity.

Assets Limited as to Use

Assets limited as to use primarily include assets required to be set aside by the Department of Insurance of the State of North Carolina as operating reserves and amounts received for advance admission deposits. All assets limited as to use are held in cash or cash equivalents, equity investments, and debt securities.

Property and Equipment

Property and equipment are recorded at cost and include assets costing greater than \$500 in North Carolina nursing homes, all apartments, and assisted livings, and assets costing greater than \$5,000 in South Carolina nursing homes at the time of purchase with a useful life greater than one year. Routine maintenance, repairs, and renewals are charged to expense. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets. Equipment is depreciated over five to seven years, and building and improvements are depreciated over 10 to 40 years.

Goodwill

Goodwill represents the excess of the cost over the fair value of the net assets of the acquired businesses. Prior to October 1, 2015, goodwill was not amortized but was tested annually for impairment. In the event that the fair value of the Company's reporting unit containing goodwill was less than its carrying amount, the Company would determine the amount of the impairment based upon the excess of the carrying amount of goodwill over its implied fair value.

In fiscal year 2016, the Company adopted the provisions of Accounting Standards Update (ASU) No. 2014-02, *Intangibles-Goodwill and Other (Topic 350): Accounting for Goodwill*, which provides an alternative to accounting for goodwill for private companies. The alternative allows an entity to amortize goodwill over a period of 10 years. An entity that elects the alternative is also required to make an election to test goodwill for impairment at the entity level or the reporting unit level. The Company has elected to evaluate potential impairment at the entity level. Under the alternative, goodwill is tested for impairment only when a triggering event occurs or circumstances change that indicate that the fair value of the entity (or reporting unit) may be less than its carrying amount.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (Continued)

Amortization expense for the years ended September 30, 2018 and 2017 was approximately \$68,000.

Deferred Income

Amounts shown as deferred income were received under two types of rental agreements available to residents of White Oak Manor - Tryon, Inc.; White Oak Estates Apartments, Inc.; White Oak Manor - Charlotte, Inc.; and White Oak Manor - Burlington, Inc. (the Apartments).

Unearned deposit income represents fees that are earned over the estimated length of stay of the residents. Under the terms of the rental agreement, the unearned portion becomes the property of the Apartments in the event of the resident's death. The unearned portion is refundable to the resident in the event of termination of the lease by either the Apartments or the resident in decreasing amounts over a four or five year period.

Comprehensive Income

Comprehensive income consists of two components, net income (loss) and other comprehensive income. Other comprehensive income refers to revenue, expenses, gains, and losses that under generally accepted accounting principles are recorded as an element of shareholders' equity but are excluded from net income (loss). The Company's other comprehensive income is comprised of unrealized gains on investments categorized as available-for-sale.

Net Patient Service Revenue

Patient revenues are recorded at the private pay or expected reimbursement rate. Contractual adjustments include adjustments for patients admitted as private pay patients but later reimbursed under third-party payor rates and adjustments for ancillary charges. Final determination of amounts due from or to the Medicare and Medicaid programs is subject to review by appropriate governmental authorities or their agents. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory actions including fines, penalties, and exclusion from the Medicare and Medicaid programs.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company, with the consent of its shareholders, has elected S-corporation status. In lieu of corporate income taxes, earnings and losses are included in the income tax returns of the shareholders; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2018.

Self-Insurance

The Company is self-insured for professional and general liability costs, workers' compensation, and employee-related health care benefits. Self-insurance liabilities are determined based on claims filed and estimates for claims incurred but not reported.

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Company emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based on quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as debt securities, and U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 2 inputs held by the Company include its interest rate swap agreements. The Company does not have any investments valued using Level 3 inputs.

The Company also follows the policy of valuing certain financial instruments at fair value. This accounting policy allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Company has elected to measure alternative investments at fair value under this standard.

Variable Interest Entity

The Company has adopted the provisions of Accounting Standards Update (ASU) No. 2014-07, *Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*. This ASU provides an accounting alternative for private companies, whereby if certain criteria are met, an entity need not evaluate a lessor entity under Variable Interest Entity (VIE) accounting guidance.

Prior to 2016, the Company had not determined whether its relationships with certain entities would have required consolidation under VIE guidance. Because the relationship with the Kent and Bettye Cecil Trust meets the criteria in ASU 2014-07, the Company is no longer required to evaluate whether the entity needs to be consolidated.

New Accounting Standard

During the year ended September 30, 2018, the Company adopted a provision of Financial Accounting Standards Board (FASB) Account Standards Update (ASU) 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, which amends the disclosure requirements of Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, for reporting entities that measure the fair value of an investment using the net asset value (NAV) per share (or its equivalent) as a practical expedient. The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy and make certain disclosure for all investments for which fair value is measured using the NAV per share practical expedient. This standard has been applied retrospectively to all periods presented.

Risks and Uncertainties

The Company holds investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will continue to occur in the near term and that such changes could materially affect the Company's investment balances and the amounts reported in the consolidated balance sheets of the Company.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through January 21, 2019, the date the consolidated financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments, stated at fair value, at September 30, include:

	2018		2017	
	Cost	Market Value	Cost	Market Value
Alternative Investments	\$ 237,500	\$ 342,680	\$ 237,500	\$ 314,880
Total	<u>\$ 237,500</u>	<u>\$ 342,680</u>	<u>\$ 237,500</u>	<u>\$ 314,880</u>

Investment income and gains for assets limited as to use, cash equivalents, and other investments are recorded in other revenue on the consolidated statement of comprehensive income and are comprised of the following for the years ended September 30, 2018 and 2017:

	2018	2017
Income:		
Interest and Dividend Income	\$ 90,938	\$ 66,229
Realized Gains on Sales of Securities	534,470	262,320
Total	<u>\$ 625,408</u>	<u>\$ 328,549</u>
Other Changes in Comprehensive Income:		
Unrealized Gains on Available for Sale Securities	<u>\$ 468,793</u>	<u>\$ 678,705</u>

Management continually reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other than temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near term prospects, conditions in the issuer's industry, the recommendation of advisors, and the length of time and extent to which the market value has been less than cost. During the years ended September 30, 2018 and 2017, the Company recorded no losses for other-than-temporary declines in the fair value of investments. At September 30, 2018, the Company held certain investments in unrealized loss positions. None of these unrealized losses qualified for an other-than-temporary impairment write down because they did not meet internal criteria. In all categories, management believes the current economic market will enable the recovery of unrealized losses and the Company has the ability and intent to hold these investments until such time.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 3 ASSETS LIMITED AS TO USE

Assets limited as to use are as follows at September 30, 2018 and 2017:

	2018	2017
Designated to Comply with Requirements Established by the Department of Insurance of North Carolina:		
Cash and Cash Equivalents	\$ 274,983	\$ 431,164
Equity Investments	6,330,558	6,294,465
Debt Securities	660,332	1,087,847
Apartment Reservation Deposits:		
Cash and Cash Equivalents	25,974	32,038
Equity Investments	597,969	467,716
Debt Securities	62,373	80,833
Apartment Retention Deposits, Refundable and Nonrefundable:		
Cash and Cash Equivalents	4,863	6,718
Equity Investments	111,959	98,069
Debt Securities	11,678	16,949
Total	\$ 8,080,689	\$ 8,515,799

Operating Reserve Requirement

The Company has three subsidiaries that operate continuing care facilities in North Carolina: White Oak Manor – Charlotte, Inc.; White Oak Manor – Tryon, Inc.; and White Oak Manor – Burlington, Inc. Under the laws and regulations of the Department of Insurance of North Carolina, which regulates continuing care facilities operating in that state, the Company is required to maintain operating reserves from 25% to 50%, depending on the occupancy percentage, of the total occupancy costs (i.e., total expenses less depreciation, amortization, and interest expense) projected for the 12-month period following the period covered by the most recent annual statement filed with the Department of Insurance. The total required reserve at September 30, 2018 is \$8,124,045. These assets are restricted and cannot be used without approval by the Department of Insurance. At September 30, 2018, these assets totaled \$7,265,873; thus, the Company is not in compliance with State 58-64-33 at September 30, 2018. Management will continue to work with the Department of Insurance to rectify noncompliance with operating reserve requirements and develop a plan to maintain the balance in accordance with reserve requirements as designated by occupancy levels.

All funds set aside to satisfy the regulatory requirements of the Department of Insurance of North Carolina are held in money market funds, debt securities, and equity investments.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 3 ASSETS LIMITED AS TO USE (CONTINUED)

Deposits

The Company holds resident reservation deposits for individuals who have expressed an interest in being part of a waiting list for upcoming apartment vacancies.

Retention deposits are one-time advance fees paid by apartment residents who wish to reduce their monthly rents for as long as they occupy an apartment unit. These funds are amortized over a fixed period stated on the rental agreement.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2018</u>	<u>2017</u>
Land and Improvements	\$ 15,502,302	\$ 15,328,756
Buildings	96,030,701	94,499,444
Fixed Equipment	17,848,837	16,922,059
Moveable Equipment	16,734,355	16,013,119
Construction in Progress	80,107	19,283
	<u>146,196,302</u>	<u>142,782,661</u>
Less - Accumulated Depreciation	<u>(78,229,664)</u>	<u>(71,956,794)</u>
Total	<u>\$ 67,966,638</u>	<u>\$ 70,825,867</u>

At September 30, 2018, construction in progress related to general renovations. The Company capitalized interest of approximately \$173,000 for the year ended September 30, 2017. There was no interest capitalized for the year ended September 30, 2018. Depreciation expense for the years ended September 30, 2018 and 2017 amounted to approximately \$6,273,000 and \$5,547,000, respectively.

NOTE 5 GOODWILL

The gross carrying amounts of goodwill and accumulated amortization are as follows as of September 30:

	<u>2018</u>	<u>2017</u>
Goodwill	\$ 679,593	\$ 679,593
Accumulated Amortization	<u>(203,878)</u>	<u>(135,918)</u>
Total	<u>\$ 475,715</u>	<u>\$ 543,675</u>

Amortization expense for 2018 and 2017 was \$67,960.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 6 ACCRUED WAGES AND OTHER LIABILITIES

Accrued wages and other liabilities consist of the following at September 30:

	2018	2017
Accrued Salaries, Wages, and Benefits	\$ 5,860,097	\$ 5,691,814
Self-Insurance Liabilities	2,462,561	2,310,746
Property Taxes	1,620,143	1,223,130
Other Accrued Liabilities	394,508	78,511
Total	<u>\$ 10,337,309</u>	<u>\$ 9,304,201</u>

NOTE 7 LONG-TERM DEBT

The following comprise long-term debt at September 30:

	2018	2017
Mortgage note payable, maturing March 20, 2024, including interest at 30-day LIBOR plus 1.6% (3.86% at September 30, 2016).	\$ 21,110,095	\$ 22,275,000
Note payable, maturing April 20, 2025, including interest at 30-day LIBOR plus 1.6% (3.86% at September 30, 2018).	11,050,000	11,700,000
Note payable, maturing July 15, 2025, including interest at 30-day LIBOR plus 1.6% (3.86% at September 30, 2018).	21,246,568	21,500,000
Equipment note payable, maturing July 15, 2025, including interest at 30-day LIBOR plus 1.6% (3.86% at September 30, 2018).	1,831,738	2,000,000
Line of Credit, maturing March 20, 2020, including interest at 30-day LIBOR plus 1.5% (3.76% at September 30, 2018).	<u>628,050</u>	<u>-</u>
Total	55,876,341	57,475,000
Less: Unamortized Debt Issuance Costs	100,388	167,808
Less: Current Portion	<u>2,715,496</u>	<u>2,482,362</u>
Total Long-Term Debt	<u>\$ 53,060,457</u>	<u>\$ 54,824,830</u>

Substantially all real estate and equipment owned by the Company have been pledged as collateral for the above indebtedness.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 7 LONG-TERM DEBT (CONTINUED)

Estimated maturities on long-term debt follow:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 2,715,496
2020	3,359,774
2021	2,748,716
2022	2,766,505
2023	2,785,130
Thereafter	41,500,720
Total	<u>\$ 55,876,341</u>

The terms of certain loan agreements contain covenants that require the maintenance of specific financial ratios and other covenants. Management believes the Company was in compliance with these covenants as of September 30, 2018.

NOTE 8 ASSET RETIREMENT OBLIGATION

The Company records an asset retirement obligation for which the fair value of the environmental remediation liability can be reasonably estimated. The Company has identified and recorded an asbestos asset retirement obligation related to certain aspects of its communities.

The following amounts are reflected in the consolidated balance sheets as of September 30, 2018 and 2017 related to this obligation:

	<u>2018</u>	<u>2017</u>
Asset Retirement Obligation - Beginning of Year	\$ 909,100	\$ 898,446
Accretion Expense During Year	-	10,654
Asset Retirement Obligation - End of Year	<u>\$ 909,100</u>	<u>\$ 909,100</u>

NOTE 9 COMMON STOCK

Effective October 1, 2003, the Articles of Incorporation were amended to increase the authorized capital stock from 40,000 shares of \$1 par value voting common stock to 1,000,000 shares of "Series A" no par value voting common stock and from 60,000 shares of \$1 par value nonvoting common stock to 20,000,000 shares of "Series B" no par value nonvoting common stock.

Series A voting shares with \$1 par value were retired and shareholders were issued an equal number of shares of Series A, voting, no par value stock.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 10 NET PATIENT SERVICE REVENUE

Net patient service revenue consists of the following for the years ending September 30:

	2018	2017
Routine Services	\$ 152,832,324	\$ 145,091,526
Special Services	35,165,768	31,477,734
	187,998,092	176,569,260
Less: Contractual Adjustments	(28,909,581)	(25,781,614)
Total	\$ 159,088,511	\$ 150,787,646

The Company has agreements with the State of South Carolina and North Carolina under the Medicaid program, and participates in the Medicare program. The Company has had a long-standing agreement with the State of South Carolina such that the Company provides care to Medicaid patients based upon fixed, prospectively determined rates. Medicare reimburses the Company for routine and ancillary services to patients eligible for Medicare benefits on a prospectively determined basis through its SNF (Skilled Nursing Facility) payment methodologies.

The Company has provided for final settlements with the Medicare program and with Medicaid in the period the related services are rendered, and adjusts such estimates as final settlements are determined. Revenue from the Medicaid and Medicare programs together accounted for approximately 74% of the Company's net patient service revenue in the years ended September 30, 2018 and 2017.

NOTE 11 CONCENTRATION OF CREDIT RISK

FDIC Insurance

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of temporary cash investments. The Company places its temporary cash investments with high-quality financial institutions and limits the amount of credit exposure to any one company. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Receivables

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at September 30, 2018 and 2017, was as follows:

	2018	2017
Medicare	15 %	18 %
Medicaid	41	28
Other Third-Party Payers	44	54
Total	100 %	100 %

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 12 OPERATING LEASES

The Company leases its office building and certain transportation equipment under lease agreements, which are classified as operating leases. Rent expense under such leases totaled approximately \$1,674,000 and \$1,746,000 in 2018 and 2017, respectively. Future annual minimum lease commitments under such leases are as follows:

<u>Year Ending September 30.</u>	<u>Amount</u>
2019	\$ 1,186,649
2020	994,282
2021	785,765
2022	719,645
2023	658,010
Thereafter	109,290
Total	<u>\$ 4,453,641</u>

NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS

The Company periodically entered into interest rate swap agreements (interest swaps) to moderate its exposure to interest rate changes. As of September 30, 2018 and 2017, the Company had interest swaps with notional amounts of approximately \$22,662,000 and \$23,520,000, respectively. These swaps change their variable rate interest on the associated debt to fixed rates of 4.28% and 5.06%

The fair values of the Company's interest swaps are presented on the consolidated balance sheets as follows:

	<u>Liability Derivative</u>			
	<u>September 30, 2018</u>		<u>September 30, 2017</u>	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivative Not Designated as Hedging Instrument:				
	Fair Value of Interest Rate Swap		Fair Value of Interest Rate Swap	
Interest Rate Swap	Agreements	\$ 184,749	Agreements	\$ 1,510,913

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The unrealized gain for the year and period associated with the fair market value of the interest rate swap agreements included on the consolidated statements of comprehensive income are as follows:

Derivative Not Designated as Hedging Instrument:	Location of Unrealized Gain Recognized in Income on the Derivative	Amount of Unrealized Gain Recognized in Income on the Derivative	
		September 30, 2018	September 30, 2017
Interest Rate Swap	Change in Fair Value of Interest Rate Swap Agreements	\$ 1,326,164	\$ 1,671,820

The Company is exposed to a credit loss for the periodic settlement of amounts due under its interest rate swap agreements; however, such amounts were not material at September 30, 2018.

NOTE 14 RETIREMENT PLAN

The Company sponsors a retirement plan (the Plan) that covers substantially all employees. The Company's policy is to match 50% of an employee's elective deferral that does not exceed 5% of the employee's compensation. In 2018, the policy was updated to match 25% of an employee's elective deferral. The Company's profit sharing contributions to the Plan are discretionary and are deposited with a qualified trustee with the employees' elective deferrals and the Company's matching contributions. The Company's profit sharing contributions are allocated based on the annual compensation of the participants. The Company made profit sharing and matching contributions of approximately \$292,000 and \$546,000 during the years ended September 30, 2018 and 2017, respectively.

NOTE 15 RELATED PARTY TRANSACTIONS

The Company is involved in various transactions with White Oak Pharmacy, an affiliated company by common management. The accompanying consolidated financial statements include balances and transactions between the Company and White Oak Pharmacy as follows:

	2018	2017
Accounts Payable to White Oak Pharmacy	\$ 993,972	\$ 759,847
Nursing Expenses Provided to White Oak Pharmacy	56,756	58,054
Ancillary Expenses Provided to White Oak Pharmacy	6,437,888	5,788,082
Medical Supplies Provided to White Oak Pharmacy	183,314	-
Consulting Expenses Provided to White Oak Pharmacy	544,558	566,149
Other Expenses Provided to White Oak Pharmacy	46,049	60,696

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 15 RELATED PARTY TRANSACTIONS (CONTINUED)

The Company borrowed \$440,000 from their affiliate White Oak Pharmacy in 2018. This amount is not secured by a formal agreement and does not bear interest and is included in accounts payable to White Oak Pharmacy in the above table.

The Company leases its corporate office building from a related party trust (the Trust). The original lease expired in June 2013 and is renewed annually. Payments under the lease are approximately \$33,540 per month and are to be adjusted annually based on changes in the Consumer Price Index. Lease expense provided to the Trust was approximately \$403,000 in 2018 and 2017, respectively.

The Company is the guarantor on the mortgage payable on the building. The loan matures December 11, 2027, and requires monthly principal and interest payments of \$4,233. The loan bears interest at One Month LIBOR plus 1.75%. As of September 30, 2018, the outstanding balance of the loan was approximately \$731,428.

NOTE 16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Company measures fair value, refer to Note 1.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Company measured at fair value on a recurring basis as of September 30:

	2018			Total
	Level 1	Level 2	Level 3	
Assets:				
Assets Limited as to Use:				
Equity Investments	\$ 7,040,486	\$ -	\$ -	\$ 7,040,486
Debt Securities	734,383	-	-	734,383
Total Assets Measured at Fair Value	<u>\$ 7,774,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,774,869</u>
Liabilities:				
Interest Rate Swap Agreement	\$ -	\$ 184,749	\$ -	\$ 184,749
Total Liabilities Measured at Fair Value	<u>\$ -</u>	<u>\$ 184,749</u>	<u>\$ -</u>	<u>\$ 184,749</u>
2017				
	Level 1	Level 2	Level 3	Total
Assets:				
Assets Limited as to Use:				
Equity Investments	\$ 6,860,250	\$ -	\$ -	\$ 6,860,250
Debt Securities	1,185,629	-	-	1,185,629
Total Assets Measured at Fair Value	<u>\$ 8,045,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,045,879</u>
Liabilities:				
Interest Rate Swap Agreement	\$ -	\$ 1,510,913	\$ -	\$ 1,510,913
Total Liabilities Measured at Fair Value	<u>\$ -</u>	<u>\$ 1,510,913</u>	<u>\$ -</u>	<u>\$ 1,510,913</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 16 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables set forth additional disclosures for the fair value measurement of certain investments that calculate net asset value per share (or its equivalent) for the years ended September 30, 2018 and 2017:

		2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Alternative Investments	\$ 342,680	\$ -	Initial 2 Year Period; Quarterly Thereafter	45 Days	

		2017			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Alternative Investments	\$ 314,880	\$ -	Initial 2 Year Period; Quarterly Thereafter	45 Days	

The alternative investment funds' investment objective is to achieve capital preservation through consistent, disciplined asset allocation and exposure management. To help achieve these objectives, there is a significant emphasis on portfolio diversification.

NOTE 17 COMMITMENTS AND CONTINGENCIES

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Self-Insurance

Health Insurance

The Company self-insures its employees' health plan. It has contracted with an administrative service company to supervise and administer the health plan and act as its representative. Provisions for expected future payments are accrued based on the Company's experience and include amounts for claims filed and claims incurred but not reported. The Company insures for excessive and unexpected health claims under a specific stop loss policy with a deductible of \$200,000.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 17 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Self-Insurance (Continued)

Workers' Compensation

The Company is self-insured for workers' compensation. It has contracted with an administrative service company to supervise and administer the workers' compensation plan and act as its representative. Provisions for expected future payments under known claims and for claims incurred but not reported are actuarially determined by the administrative service company. The Company insures for excessive and unexpected claims and is liable for claims not to exceed \$300,000 per occurrence and an aggregate amount of \$1,740,000 per plan year.

Professional Liability

The Company is self-insured for professional liability insurance. The Company estimates its reserve under its self-insured plan based upon claims filed and also establishes a reserve for claims incurred but not yet reported. The reserve for claims incurred but not yet reported is based on the Company's historical experience.

Management Agreement

In fiscal year 2017, the Company entered into a management agreement with Kershaw Health to manage the skilled nursing facility known as Karesh Long Term Care Center. The management agreement began on February 1, 2018 for a period of three years and will automatically review for five additional years. Under the management agreement, the Company will receive a management fee equal to 6% of net patient revenues each year. The Company is responsible for paying employees including salaries, wages, and benefits, that will be reimbursed by Karesh Long Term Care Center monthly.



CliftonLarsonAllen

CliftonLarsonAllen LLP
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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
White Oak Manor, Inc.
Spartanburg, South Carolina

We have audited the consolidated financial statements of White Oak Manor, Inc. and Subsidiaries as of and for the year ended September 30, 2018, and have issued our report thereon dated January 21, 2019, which expressed an unmodified opinion on those financial statements, and appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the supplemental schedules is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
January 21, 2019

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	<u>Consolidated</u>	<u>Eliminations</u>	<u>White Oak Manor, Inc.</u>	<u>All Subsidiaries</u>
CURRENT ASSETS				
Patient Accounts Receivable, Net	\$ 16,556,581	\$ (679,171)	\$ -	\$ 17,235,752
Investments	342,680	-	342,680	-
Other Current Assets	1,258,633	-	7,091	1,251,542
Total Current Assets	<u>18,157,894</u>	<u>(679,171)</u>	<u>349,771</u>	<u>18,487,294</u>
ASSETS LIMITED AS TO USE	8,080,689	-	6,569,358	1,511,331
PROPERTY AND EQUIPMENT	146,196,302	-	126,876,925	19,319,377
Less: Accumulated Depreciation	<u>(78,229,664)</u>	<u>-</u>	<u>(65,410,388)</u>	<u>(12,819,276)</u>
Property and Equipment, Net	67,966,638	-	61,466,537	6,500,101
OTHER ASSETS				
Deferred Other Costs, Net	287,173	-	-	287,173
Goodwill, Net	475,715	-	475,715	-
Intercompany Accounts	-	(45,970,754)	6,840,089	39,130,665
Investment in Subsidiaries	-	<u>(3,177,082)</u>	<u>3,177,082</u>	-
Total Other Assets	<u>762,888</u>	<u>(49,147,836)</u>	<u>10,492,886</u>	<u>39,417,838</u>
Total Assets	<u>\$ 94,968,109</u>	<u>\$ (49,827,007)</u>	<u>\$ 78,878,552</u>	<u>\$ 65,916,564</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated	Eliminations	White Oak Manor, Inc.	All Subsidiaries
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Cash Overdraft	\$ 2,647,561	\$ -	\$ 58,893	\$ 2,588,668
Current Portion of Long-Term Debt	2,715,496	-	2,715,496	-
Accounts Payable	5,046,956	(679,171)	2,520	5,723,607
Accrued Wages and Other Liabilities	10,337,309	-	84,240	10,253,069
Tenant Deposits	146,500	-	-	146,500
Total Current Liabilities	<u>20,893,822</u>	<u>(679,171)</u>	<u>2,861,149</u>	<u>18,711,844</u>
LONG-TERM DEBT, Net of Current Portion	53,060,457	-	52,432,407	628,050
FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS	184,749	-	108,969	75,780
OTHER LIABILITIES				
Deferred Income	758,712	-	-	758,712
Asset Retirement Obligation	909,100	-	-	909,100
Intercompany Accounts	-	(45,970,754)	-	45,970,754
Total Long-Term Liabilities	<u>54,913,018</u>	<u>(45,970,754)</u>	<u>52,541,376</u>	<u>48,342,396</u>
Total Liabilities	75,806,840	(46,649,925)	55,402,525	67,054,240
SHAREHOLDERS' EQUITY				
Common Stock, Series A, Voting	110	(3,177,082)	110	3,177,082
Common Stock, Series B, Non-Voting	46,752	-	46,752	-
Retained Earnings (Accumulated Deficit)	16,796,001	-	21,110,759	(4,314,758)
Accumulated Other Comprehensive Income	2,318,406	-	2,318,406	-
Total Shareholders' Equity	<u>19,161,269</u>	<u>(3,177,082)</u>	<u>23,476,027</u>	<u>(1,137,676)</u>
Total Liabilities and Shareholders' Equity	<u>\$ 94,968,109</u>	<u>\$ (49,827,007)</u>	<u>\$ 78,878,552</u>	<u>\$ 65,916,564</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated	Eliminations	White Oak Manor, Inc.	All Subsidiaries
REVENUE				
Net Patient Service Revenue	\$ 159,088,511	\$ -	\$ -	\$ 159,088,511
Management Fee Revenue	343,914	(9,068,436)	-	9,412,350
Lease Fees	-	(5,948,640)	5,948,640	-
Apartment Fees	4,920,254	-	-	4,920,254
Deposit Revenue	382,103	-	-	382,103
Change in Value of Interest Rate Swap Agreements	1,326,164	-	1,326,164	-
Interest and Other Revenue	721,327	-	385,408	-
Total Revenue	<u>166,782,273</u>	<u>(15,017,076)</u>	<u>7,660,212</u>	<u>174,139,137</u>
EXPENSES				
Nursing Service	64,556,431	-	-	64,556,431
Ancillaries	21,837,863	-	-	21,837,863
Dietary	14,084,334	-	-	14,084,334
Social Services	2,322,649	-	-	2,322,649
Activities	2,009,228	-	-	2,009,228
Medical Records	673,078	-	-	673,078
Laundry and Linen	2,006,550	-	-	2,006,550
Housekeeping	5,217,155	-	-	5,217,155
Facility Operations and Maintenance	8,275,407	-	-	8,275,407
Depreciation	6,272,870	-	4,838,909	1,433,961
Interest Expense	2,376,125	-	2,235,487	140,638
Amortization Expense	148,131	-	67,960	80,171
Property Taxes and Insurance	5,022,211	-	32,609	4,989,602
Employee Benefits	14,605,689	-	-	14,605,689
Bad Debt Expense	318,821	-	-	318,821
General and Administrative	18,592,588	(15,017,076)	-	33,609,664
Total Expenses	<u>168,319,130</u>	<u>(15,017,076)</u>	<u>7,174,965</u>	<u>176,161,241</u>
NET INCOME (LOSS)	(1,536,857)	-	485,247	(2,022,104)
OTHER COMPREHENSIVE INCOME				
Change in Unrealized Gains on Securities Available-for-Sale	468,793	-	468,793	-
COMPREHENSIVE INCOME (LOSS)	\$ (1,068,064)	\$ -	\$ 954,040	\$ (2,022,104)

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANAGEMENT, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS	
Patient Accounts Receivable, Net	\$ 1,087,805
Other Current Assets	656,217
Total Current Assets	<u>1,744,022</u>
PROPERTY AND EQUIPMENT, NET	<u>52,914</u>
Total Assets	<u><u>\$ 1,796,936</u></u>

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES	
Cash Overdraft	\$ 5,098,444
Accounts Payable	1,431,752
Accrued Wages and Other Liabilities	3,229,670
Total Current Liabilities	<u>9,759,866</u>
LONG-TERM DEBT	628,050
FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS	75,780
OTHER LIABILITIES	<u>4,607,728</u>
Intercompany Accounts	
Total Liabilities	15,071,424
SHAREHOLDER'S DEFICIT	
Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 123,381 Shares Issued and Outstanding	123,381
Accumulated Deficit	<u>(13,397,869)</u>
Total Shareholder's Deficit	<u>(13,274,488)</u>
Total Liabilities and Shareholder's Deficit	<u><u>\$ 1,796,936</u></u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANAGEMENT, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Management Fees	\$ 9,412,350
Other Revenue	4,432
Total Revenue	<u>9,416,782</u>

EXPENSES

Medical Records	7,653
Housekeeping	23,803
Facility Operations and Maintenance	59,970
Depreciation	21,253
Interest Expense	58,293
Taxes and Insurance	622,264
Employee Benefits	1,250,374
General and Administrative	8,521,751
Total Expenses	<u>10,565,361</u>
Net Loss	<u>\$ (1,148,579)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – SPARTANBURG, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$	107,886
Patient Accounts Receivable, Net		617,234
Other Current Assets		26,062
Total Current Assets		751,182

PROPERTY AND EQUIPMENT, NET

22,100

OTHER ASSETS

Intercompany Accounts		735,286
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Total Assets

\$ 1,508,568

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	115,953
Accrued Wages and Other Liabilities		292,556
Total Current Liabilities		408,509

OTHER LIABILITIES

Asset Retirement Obligation		98,633
Total Other Liabilities		98,633

Total Liabilities

507,142

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 290,000 Shares Authorized; 154,935 Shares Issued and Outstanding		154,935
Retained Earnings		846,491
Total Shareholder's Equity		1,001,426

Total Liabilities and Shareholder's Equity

\$ 1,508,568

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – SPARTANBURG, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 5,451,807
Other Revenue	(1,792)
Total Revenue	<u>5,450,015</u>

EXPENSES

Nursing Services	2,163,610
Ancillaries	688,283
Dietary	517,454
Social Services	67,724
Activities	85,887
Medical Records	38,751
Laundry and Linen	74,316
Housekeeping	216,547
Facility Operations and Maintenance	388,401
Depreciation	10,652
Interest Expense	534
Taxes and Insurance	128,063
Employee Benefits	526,512
Bad Debt Expense	6,000
General and Administrative	858,553
Total Expenses	<u>5,771,287</u>
Net Loss	<u>\$ (321,272)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – COLUMBIA, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS	
Cash	\$ 102,550
Patient Accounts Receivable, Net	1,607,264
Other Current Assets	54,749
Total Current Assets	1,764,563
PROPERTY AND EQUIPMENT, NET	117,421
OTHER ASSETS	
Intercompany Accounts	3,492,444
Total Assets	\$ 5,374,428

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES	
Accounts Payable	\$ 217,965
Accrued Wages and Other Liabilities	337,402
Total Current Liabilities	555,367
OTHER LIABILITIES	
Deferred Income	7,585
Asset Retirement Obligation	81,458
Total Other Liabilities	89,043
Total Liabilities	644,410
SHAREHOLDER'S EQUITY	
Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 109,226 Shares Issued and Outstanding	109,226
Retained Earnings	4,620,792
Total Shareholder's Equity	4,730,018
Total Liabilities and Shareholder's Equity	\$ 5,374,428

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – COLUMBIA, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 9,643,889
Other Revenue	(5,420)
Total Revenue	<u>9,638,469</u>

EXPENSES

Nursing Services	3,734,366
Ancillaries	1,240,328
Dietary	750,794
Social Services	190,023
Activities	122,536
Medical Records	57,622
Laundry and Linen	157,763
Housekeeping	261,829
Facility Operations and Maintenance	462,481
Depreciation	17,231
Interest Expense	995
Taxes and Insurance	100,184
Employee Benefits	810,773
Bad Debt Expense	18,000
General and Administrative	1,284,843
Total Expenses	<u>9,209,768</u>
Net Income	<u>\$ 428,701</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – NEWBERRY, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$	101,939
Patient Accounts Receivable, Net		1,280,065
Other Current Assets		30,736
Total Current Assets		1,412,740

PROPERTY AND EQUIPMENT, NET

55,673

OTHER ASSETS

Intercompany Accounts		4,232,209
		4,232,209

Total Assets	\$	5,700,622
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LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	216,064
Accrued Wages and Other Liabilities		447,769
Total Current Liabilities		663,833

OTHER LIABILITIES

Deferred Income		215
Asset Retirement Obligation		41,498
Total Other Liabilities		41,713

Total Liabilities		705,546
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SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 126,414 Shares Issued and Outstanding		126,414
Retained Earnings		4,868,662
Total Shareholder's Equity		4,995,076

Total Liabilities and Shareholder's Equity	\$	5,700,622
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WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – NEWBERRY, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 10,438,372
Other Revenue	(1,411)
Total Revenue	<u>10,436,961</u>

EXPENSES

Nursing Services	4,412,863
Ancillaries	1,265,894
Dietary	866,255
Social Services	204,159
Activities	121,805
Medical Records	33,252
Laundry and Linen	180,005
Housekeeping	328,511
Facility Operations and Maintenance	456,906
Depreciation	20,070
Interest Expense	1,068
Taxes and Insurance	104,276
Employee Benefits	889,787
Bad Debt Expense	44,122
General and Administrative	<u>1,343,252</u>
Total Expenses	<u>10,272,225</u>
Net Income	<u>\$ 164,736</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – ROCK HILL, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS		\$ 103,424
Cash		1,273,572
Patient Accounts Receivable, Net		42,544
Other Current Assets		<u>1,419,540</u>
Total Current Assets		
PROPERTY AND EQUIPMENT, NET		199,098
OTHER ASSETS		<u>7,057,460</u>
Intercompany Accounts		
Total Assets		<u><u>\$ 8,676,098</u></u>

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES		\$ 290,984
Accounts Payable		487,615
Accrued Wages and Other Liabilities		<u>778,599</u>
Total Current Liabilities		
OTHER LIABILITIES		13,537
Deferred Income		63,689
Asset Retirement Obligation		<u>77,226</u>
Total Other Liabilities		
Total Liabilities		855,825
SHAREHOLDER'S EQUITY		
Common Stock, Par Value \$1 per Share; 200,000 Shares Authorized; 187,493 Shares Issued and Outstanding		187,493
Retained Earnings		<u>7,632,780</u>
Total Shareholder's Equity		<u>7,820,273</u>
Total Liabilities and Shareholder's Equity		<u><u>\$ 8,676,098</u></u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – ROCK HILL, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 13,176,901
Other Revenue	(4,184)
Total Revenue	<u>13,172,717</u>

EXPENSES

Nursing Services	5,096,071
Ancillaries	1,903,905
Dietary	894,655
Social Services	171,131
Activities	144,836
Medical Records	62,740
Laundry and Linen	165,860
Housekeeping	396,098
Facility Operations and Maintenance	519,417
Depreciation	49,611
Interest Expense	1,236
Taxes and Insurance	165,940
Employee Benefits	1,091,919
Bad Debt Expense	47,000
General and Administrative	1,857,341
Total Expenses	<u>12,567,760</u>
Net Income	<u>\$ 604,957</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – SHELBY, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS	
Cash	\$ 103,724
Patient Accounts Receivable, Net	637,924
Other Current Assets	55,200
Total Current Assets	796,848
PROPERTY AND EQUIPMENT, NET	863,461
Total Assets	\$ 1,660,309

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES	
Accounts Payable	\$ 229,976
Accrued Wages and Other Liabilities	408,321
Total Current Liabilities	638,297
OTHER LIABILITIES	
Deferred Income	1,025
Asset Retirement Obligation	124,760
Intercompany Accounts	4,528,591
Total Other Liabilities	4,654,376
Total Liabilities	5,292,673
SHAREHOLDER'S DEFICIT	
Common Stock, Par Value \$1 per Share; 250,000 Shares Authorized; 206,031 Shares Issued and Outstanding	206,031
Accumulated Deficit	(3,838,395)
Total Shareholder's Deficit	(3,632,364)
Total Liabilities and Shareholder's Deficit	\$ 1,660,309

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – SHELBY, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 11,492,806
Other Revenue	1,047
Total Revenue	<u>11,493,853</u>

EXPENSES

Nursing Services	4,441,561
Ancillaries	1,660,062
Dietary	998,599
Social Services	145,620
Activities	139,812
Medical Records	36,852
Laundry and Linen	151,067
Housekeeping	361,156
Facility Operations and Maintenance	491,452
Depreciation	181,642
Interest Expense	1,837
Taxes and Insurance	687,641
Employee Benefits	1,012,238
Bad Debt Expense	29,000
General and Administrative	1,656,691
Total Expenses	<u>11,995,230.</u>
Net Loss	<u>\$ (501,377)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – KINGS MOUNTAIN, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$	101,182
Patient Accounts Receivable, Net		740,615
Other Current Assets		30,647
Total Current Assets		872,444

PROPERTY AND EQUIPMENT, NET

288,365

OTHER ASSETS

Intercompany Accounts		1,535,989
		1,535,989

Total Assets	\$	2,696,798
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LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	243,127
Accrued Wages and Other Liabilities		417,304
Total Current Liabilities		660,431

OTHER LIABILITIES

Deferred Income		13,346
Asset Retirement Obligation		92,727
Total Other Liabilities		106,073

Total Liabilities		766,504
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SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 250,000 Shares Authorized; 206,060 Shares Issued and Outstanding		206,060
Retained Earnings		1,724,234
Total Shareholder's Equity		1,930,294

Total Liabilities and Shareholder's Equity	\$	2,696,798
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WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – KINGS MOUNTAIN, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 9,820,494
Other Revenue	5,300
Total Revenue	<u>9,825,794</u>

EXPENSES

Nursing Services	3,940,511
Ancillaries	1,036,599
Dietary	922,117
Social Services	133,179
Activities	117,837
Medical Records	35,170
Laundry and Linen	81,311
Housekeeping	336,862
Facility Operations and Maintenance	377,922
Depreciation	92,055
Interest Expense	1,179
Taxes and Insurance	637,202
Employee Benefits	672,743
Bad Debt Expense	10,000
General and Administrative	1,368,318
Total Expenses	<u>9,763,005</u>
Net Income	<u>\$ 62,789</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – TRYON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$	485,009
Patient Accounts Receivable, Net		307,318
Other Current Assets		26,994
Total Current Assets		819,321

ASSETS LIMITED AS TO USE

851,554

PROPERTY AND EQUIPMENT, NET

718,435

Total Assets

\$ 2,389,310

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$	184,018
Accrued Wages and Other Liabilities		400,571
Tenant Deposits		81,000
Total Current Liabilities		665,589

OTHER LIABILITIES

Deferred Income		324,386
Asset Retirement Obligation		38,460
Intercompany Accounts		6,049,931
Total Other Liabilities		6,412,777

Total Liabilities

7,078,366

SHAREHOLDER'S DEFICIT

Common Stock, Par Value \$1 per Share; 350,000 Shares Authorized; 296,213 Shares Issued and Outstanding		296,213
Accumulated Deficit		(4,985,269)
Total Shareholder's Deficit		(4,689,056)

Total Liabilities and Shareholder's Deficit

\$ 2,389,310

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – TRYON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 6,463,391
Apartment Fees	1,580,512
Deposit Revenue	175,562
Other Revenue	88,518
Total Revenue	<u>8,307,983</u>

EXPENSES

Nursing Services	2,925,728
Ancillaries	840,847
Dietary	1,032,531
Social Services	71,366
Activities	103,364
Medical Records	26,340
Laundry and Linen	130,064
Housekeeping	316,113
Facility Operations and Maintenance	674,134
Depreciation	143,978
Interest Expense	729
Taxes and Insurance	179,021
Employee Benefits	639,852
Bad Debt Expense	9,999
General and Administrative	1,480,595
Total Expenses	<u>8,574,661</u>
Net Loss	<u>\$ (266,678)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – RUTHERFORDTON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$	113,102
Patient Accounts Receivable, Net		316,378
Other Current Assets		26,132
Total Current Assets		<u>455,612</u>

PROPERTY AND EQUIPMENT, NET

174,615

Total Assets

\$ 630,227

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$	104,028
Accrued Wages and Other Liabilities		246,886
Total Current Liabilities		<u>350,914</u>

OTHER LIABILITIES

Deferred Income		1,613
Asset Retirement Obligation		32,444
Intercompany Accounts		5,367,437
Total Other Liabilities		<u>5,401,494</u>

Total Liabilities

5,752,408

SHAREHOLDER'S DEFICIT

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 122,522 Shares Issued and Outstanding		122,522
Accumulated Deficit		<u>(5,244,703)</u>
Total Shareholder's Deficit		<u>(5,122,181)</u>

Total Liabilities and Shareholder's Deficit

\$ 630,227

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – RUTHERFORDTON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 5,330,308
Other Revenue	9,218
Total Revenue	<u>5,339,526</u>

EXPENSES

Nursing Services	2,600,432
Ancillaries	705,257
Dietary	523,571
Social Services	57,586
Activities	78,886
Medical Records	29,507
Laundry and Linen	73,172
Housekeeping	243,855
Facility Operations and Maintenance	269,102
Depreciation	56,793
Interest Expense	768
Taxes and Insurance	314,522
Employee Benefits	622,978
Bad Debt Expense	-
General and Administrative	827,434
Total Expenses	<u>6,403,863</u>
Net Loss	<u><u>\$ (1,064,337)</u></u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – BURLINGTON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS	\$ 313,474
Cash	1,528,538
Patient Accounts Receivable, Net	31,406
Other Current Assets	<u>1,873,418</u>
Total Current Assets	473,582
ASSETS LIMITED AS TO USE	<u>463,555</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 2,810,555</u>
Total Assets	<u>\$ 2,810,555</u>

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES	\$ 259,795
Accounts Payable	428,046
Accrued Wages and Other Liabilities	6,000
Tenant Deposits	<u>693,831</u>
Total Current Liabilities	126,790
OTHER LIABILITIES	79,034
Deferred Income	8,655,802
Asset Retirement Obligation	<u>8,861,626</u>
Intercompany Accounts	9,555,457
Total Other Liabilities	9,555,457
Total Liabilities	9,555,457
SHAREHOLDER'S DEFICIT	309,490
Common Stock, Par Value \$1 per Share; 350,000 Shares Authorized; 309,490 Shares Issued and Outstanding	(7,054,392)
Accumulated Deficit	<u>(6,744,902)</u>
Total Shareholder's Deficit	<u>(6,744,902)</u>
Total Liabilities and Shareholder's Deficit	<u>\$ 2,810,555</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – BURLINGTON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 10,288,629
Apartment Fees	817,029
Deposit Revenue	68,499
Other Revenue	67,694
Total Revenue	<u>11,241,851</u>

EXPENSES

Nursing Services	4,712,320
Ancillaries	1,379,668
Dietary	1,018,119
Social Services	117,018
Activities	100,262
Medical Records	53,024
Laundry and Linen	140,391
Housekeeping	362,363
Facility Operations and Maintenance	576,332
Depreciation	148,413
Interest Expense	2,030
Taxes and Insurance	121,509
Employee Benefits	1,016,714
Bad Debt Expense	(55,000)
General and Administrative	1,755,981
Total Expenses	<u>11,449,144</u>
Net Loss	<u>\$ (207,293)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – CHARLESTON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 100,875
Patient Accounts Receivable, Net	1,841,358
Other Current Assets	41,993
Total Current Assets	1,984,226

PROPERTY AND EQUIPMENT, NET

101,703

OTHER ASSETS

Intercompany Accounts	6,033,631
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Total Assets

\$ 8,119,560

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 425,767
Accrued Wages and Other Liabilities	582,895
Total Current Liabilities	1,008,662

OTHER LIABILITIES

Deferred Income	2,426
Asset Retirement Obligation	99,358
Total Other Liabilities	101,784

Total Liabilities

1,110,446

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 250,000 Shares Authorized; 204,607 Shares Issued and Outstanding	204,607
Retained Earnings	6,804,507
Total Shareholder's Equity	7,009,114

Total Liabilities and Shareholder's Equity

\$ 8,119,560

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – CHARLESTON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 15,611,536
Other Revenue	(2,540)
Total Revenue	<u>15,608,996</u>

EXPENSES

Nursing Services	6,308,841
Ancillaries	2,333,663
Dietary	1,178,696
Social Services	260,355
Activities	211,875
Medical Records	56,038
Laundry and Linen	135,760
Housekeeping	404,072
Facility Operations and Maintenance	695,069
Depreciation	40,831
Interest Expense	1,800
Taxes and Insurance	188,829
Employee Benefits	1,085,467
Bad Debt Expense	21,000
General and Administrative	2,138,677
Total Expenses	<u>15,060,973</u>
Net Income	<u>\$ 548,023</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – CHARLOTTE, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$	342,097
Patient Accounts Receivable, Net		667,171
Other Current Assets		37,048
Total Current Assets		1,046,316

ASSETS LIMITED AS TO USE

186,195

PROPERTY AND EQUIPMENT, NET

430,942

Total Assets

\$ 1,663,453

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$	241,915
Accrued Wages and Other Liabilities		484,246
Tenant Deposits		7,500
Total Current Liabilities		733,661

OTHER LIABILITIES

Deferred Income		18,202
Intercompany Accounts		5,936,672
Total Other Liabilities		5,954,874

Total Liabilities

6,688,535

SHAREHOLDER'S DEFICIT

Common Stock, Par Value \$1 per Share; 300,000 Shares Authorized; 281,450 Shares Issued and Outstanding		281,450
Accumulated Deficit		(5,306,532)
Total Shareholder's Deficit		(5,025,082)

Total Liabilities and Shareholder's Deficit

\$ 1,663,453

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – CHARLOTTE, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 10,746,716
Apartment Fees	508,449
Deposit Revenue	14,292
Other Revenue	82,706
Total Revenue	<u>11,352,163</u>

EXPENSES

Nursing Services	4,912,914
Ancillaries	1,392,730
Dietary	1,124,349
Social Services	135,074
Activities	167,431
Medical Records	35,619
Laundry and Linen	151,701
Housekeeping	401,485
Facility Operations and Maintenance	682,946
Depreciation	122,584
Interest Expense	1,706
Taxes and Insurance	126,102
Employee Benefits	1,096,153
Bad Debt Expense	15,000
General and Administrative	1,811,987
Total Expenses	<u>12,177,781</u>
Net Loss	<u>\$ (825,618)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK ESTATES, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 102,734
Patient Accounts Receivable, Net	941,322
Other Current Assets	42,361
Total Current Assets	1,086,417

PROPERTY AND EQUIPMENT, NET

107,968

OTHER ASSETS

Intercompany Accounts	2,079,619
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Total Assets

\$ 3,274,004

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 281,510
Accrued Wages and Other Liabilities	307,457
Total Current Liabilities	588,967

OTHER LIABILITIES

Deferred Income	126
Total Other Liabilities	126

Total Liabilities

589,093

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 100,000 Shares Authorized; 73,267 Shares Issued and Outstanding	73,267
Retained Earnings	2,611,644
Total Shareholder's Equity	2,684,911

Total Liabilities and Shareholder's Equity

\$ 3,274,004

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK ESTATES, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 8,537,702
Other Revenue	934
Total Revenue	<u>8,538,636</u>

EXPENSES

Nursing Services	3,142,128
Ancillaries	1,519,859
Dietary	692,275
Social Services	165,639
Activities	106,111
Medical Records	21,638
Laundry and Linen	106,790
Housekeeping	208,339
Facility Operations and Maintenance	343,144
Depreciation	30,661
Interest Expense	856
Taxes and Insurance	101,343
Employee Benefits	727,116
Bad Debt Expense	25,000
General and Administrative	1,479,498
Total Expenses	<u>8,670,397</u>
Net Loss	<u>\$ (131,761)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK ESTATES APARTMENTS, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 100,350
Patient Accounts Receivable, Net	(26,719)
Total Current Assets	73,631

PROPERTY AND EQUIPMENT, NET

133,154

OTHER ASSETS

Intercompany Accounts	2,802,640
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Total Assets

\$ 3,009,425

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 18,175
Accrued Wages and Other Liabilities	151,608
Tenant Deposits	52,000
Total Current Liabilities	221,783

OTHER LIABILITIES

Deferred Income	227,917
Total Other Liabilities	227,917

Total Liabilities

449,700

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 350,000 Shares Authorized; 325,391 Shares Issued and Outstanding	325,391
Retained Earnings	2,234,334
Total Shareholder's Equity	2,559,725

Total Liabilities and Shareholder's Equity

\$ 3,009,425

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK ESTATES APARTMENTS, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Apartment Fees	\$ 2,010,086
Deposit Revenue	123,750
Other Revenue	64,178
Total Revenue	<u>2,198,014</u>

EXPENSES

Dietary	307,688
Activities	13,286
Laundry and Linen	(3,208)
Housekeeping	69,337
Facility Operations and Maintenance	413,604
Depreciation	23,242
Interest Expense	15
Taxes and Insurance	171,211
Employee Benefits	11,905
General and Administrative	608,651
Total Expenses	<u>1,615,731</u>

Net Income	<u><u>\$ 582,283</u></u>
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WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK ESTATES ASSISTED LIVING, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$	100,350
Patient Accounts Receivable, Net		1,281
Other Current Assets		1,427
Total Current Assets		103,058

PROPERTY AND EQUIPMENT, NET

28,317

OTHER ASSETS

Intercompany Accounts		867,387
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Total Assets

\$ 998,762

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	7,574
Accrued Wages and Other Liabilities		77,071
Total Current Liabilities		84,645

OTHER LIABILITIES

Deferred Income		378
Total Other Liabilities		378

Total Liabilities

85,023

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 147,787 Shares Issued and Outstanding		147,787
Retained Earnings		765,952
Total Shareholder's Equity		913,739

Total Liabilities and Shareholder's Equity

\$ 998,762

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK ESTATES ASSISTED LIVING, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 1,350,696
Other Revenue	19,211
Total Revenue	<u>1,369,907</u>

EXPENSES

Nursing Services	461,959
Ancillaries	2,468
Dietary	100,184
Activities	20,974
Laundry and Linen	637
Housekeeping	9,393
Facility Operations and Maintenance	128,591
Depreciation	6,242
Interest Expense	10
Taxes and Insurance	63,340
Employee Benefits	44,896
General and Administrative	239,573
Total Expenses	<u>1,078,267</u>
Net Income	<u>\$ 291,640</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – LANCASTER, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 103,890
Patient Accounts Receivable, Net	1,129,898
Other Current Assets	38,939
Total Current Assets	1,272,727

PROPERTY AND EQUIPMENT, NET

141,927

OTHER ASSETS

Intercompany Accounts	5,992,673
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Total Assets

\$ 7,407,327

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 230,550
Accrued Wages and Other Liabilities	375,681
Total Current Liabilities	606,231

OTHER LIABILITIES

Deferred Income	5,492
Total Other Liabilities	5,492

Total Liabilities

611,723

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 143,913 Shares Issued and Outstanding	143,913
Retained Earnings	6,651,691
Total Shareholder's Equity	6,795,604

Total Liabilities and Shareholder's Equity

\$ 7,407,327

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – LANCASTER, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 10,423,579
Other Revenue	1,261
Total Revenue	<u>10,424,840</u>

EXPENSES

Nursing Services	4,352,139
Ancillaries	1,136,842
Dietary	901,053
Social Services	143,379
Activities	119,483
Medical Records	36,037
Laundry and Linen	154,125
Housekeeping	304,595
Facility Operations and Maintenance	422,913
Depreciation	18,888
Interest Expense	1,977
Taxes and Insurance	97,990
Employee Benefits	913,291
Bad Debt Expense	78,500
General and Administrative	1,344,663
Total Expenses	<u>10,025,875</u>
Net Income	<u>\$ 398,965</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – YORK, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$	100,944
Patient Accounts Receivable, Net		811,097
Other Current Assets		18,908
Total Current Assets		930,949

PROPERTY AND EQUIPMENT, NET

122,255

OTHER ASSETS

Intercompany Accounts		4,301,327
		4,301,327

Total Assets	\$	5,354,531
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LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	152,764
Accrued Wages and Other Liabilities		330,911
Total Current Liabilities		483,675

OTHER LIABILITIES

Deferred Income		2,095
Asset Retirement Obligation		157,039
Total Other Liabilities		159,134

Total Liabilities		642,809
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SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 200,000 Shares Authorized; 158,902 Shares Issued and Outstanding		158,902
Retained Earnings		4,552,820
Total Shareholder's Equity		4,711,722

Total Liabilities and Shareholder's Equity	\$	5,354,531
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WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – YORK, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 7,979,160
Other Revenue	310
Total Revenue	<u>7,979,470</u>

EXPENSES

Nursing Services	3,225,823
Ancillaries	976,602
Dietary	680,217
Social Services	149,581
Activities	146,129
Medical Records	31,793
Laundry and Linen	98,989
Housekeeping	319,159
Facility Operations and Maintenance	400,435
Depreciation	28,049
Interest Expense	925
Taxes and Insurance	111,339
Employee Benefits	735,751
Bad Debt Expense	26,500
General and Administrative	1,217,962
Total Expenses	<u>8,149,254</u>
Net Loss	<u>\$ (169,784)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – WAXHAW, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS	
Cash	\$ 101,112
Patient Accounts Receivable, Net	549,727
Other Current Assets	32,379
Total Current Assets	683,218
PROPERTY AND EQUIPMENT, NET	746,120
Total Assets	\$ 1,429,338

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES	
Accounts Payable	\$ 200,438
Accrued Wages and Other Liabilities	337,868
Total Current Liabilities	538,306
OTHER LIABILITIES	
Deferred Income	5,049
Intercompany Accounts	5,729,369
Total Other Liabilities	5,734,418
Total Liabilities	6,272,724
SHAREHOLDER'S DEFICIT	
Accumulated Deficit	(4,843,386)
Total Shareholder's Deficit	(4,843,386)
Total Liabilities and Shareholder's Deficit	\$ 1,429,338

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – WAXHAW, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 8,613,921
Other Revenue	477
Total Revenue	<u>8,614,398</u>

EXPENSES

Nursing Services	3,129,634
Ancillaries	1,323,887
Dietary	669,146
Social Services	167,213
Activities	95,885
Medical Records	57,388
Laundry and Linen	83,783
Housekeeping	207,558
Facility Operations and Maintenance	352,077
Depreciation	162,531
Interest Expense	66
Taxes and Insurance	496,035
Employee Benefits	658,431
Bad Debt Expense	38,700
General and Administrative	1,586,788
Total Expenses	<u>9,029,122</u>
Net Loss	<u>\$ (414,724)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK ESTATES WELLNESS CENTER
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS	
Patient Accounts Receivable, Net	\$ 5,136
PROPERTY AND EQUIPMENT, NET	<u>99,111</u>
Total Assets	<u><u>\$ 104,247</u></u>

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES	
Cash Overdraft	\$ 171,430
Accounts Payable	4,331
Accrued Wages and Other Liabilities	<u>71,039</u>
Total Current Liabilities	246,800
OTHER LIABILITIES	
Intercompany Accounts	<u>1,952,761</u>
Total Other Liabilities	<u>1,952,761</u>
Total Liabilities	2,199,561
SHAREHOLDER'S DEFICIT	
Accumulated Deficit	<u>(2,095,314)</u>
Total Shareholder's Deficit	<u>(2,095,314)</u>
Total Liabilities and Shareholder's Deficit	<u><u>\$ 104,247</u></u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK ESTATES WELLNESS CENTER
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Membership Fees	\$ 67,989
Other Revenue	1,572
Total Revenue	<u>69,561</u>

EXPENSES

Dietary	3,508
Activities	2,156
Laundry and Linen	-
Housekeeping	27,589
Facility Operations and Maintenance	91,140
Depreciation	15,977
Taxes and Insurance	86,807
Employee Benefits	5,746
General and Administrative	178,898
Total Expenses	<u>411,821</u>
Net Loss	<u>\$ (342,260)</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK AT NORTH GROVE, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$	96,564
Patient Accounts Receivable, Net		1,399,119
Other Current Assets		57,800
Total Current Assets		1,553,483

PROPERTY AND EQUIPMENT, NET

1,632,967

OTHER ASSETS

Deferred Other Costs, Net		287,173
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Total Assets	\$	3,473,623
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LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$	347,282
Accrued Wages and Other Liabilities		838,153
Total Current Liabilities		1,185,435

OTHER LIABILITIES

Deferred Income		8,530
Intercompany Accounts		3,142,463
Total Other Liabilities		3,150,993

Total Liabilities		4,336,428
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SHAREHOLDER'S DEFICIT

Accumulated Deficit		(862,805)
Total Shareholder's Deficit		(862,805)

Total Liabilities and Shareholder's Deficit	\$	3,473,623
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WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK AT NORTH GROVE, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 13,650,615
Other Revenue	8,586
Total Revenue	<u>13,659,201</u>

EXPENSES

Nursing Services	4,995,531
Ancillaries	2,430,969
Dietary	903,123
Social Services	143,602
Activities	110,673
Medical Records	53,654
Laundry and Linen	124,024
Housekeeping	418,491
Facility Operations and Maintenance	469,371
Depreciation	243,258
Interest Expense	64,614
Amortization Expense	80,171
Taxes and Insurance	485,984
Employee Benefits	793,043
Bad Debt Expense	5,000
General and Administrative	2,048,208
Total Expenses	<u>13,369,716</u>
Net Income	<u>\$ 289,485</u>



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.

Statement of Operations
 Sharon Village Apartments Inc (SA)
 12/1/18 to 12/31/18

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
1,005	993	12			5010 Resident Revenue	2,930	2,979	49 *		
48,595	49,050	455 *	48.35	49.40	5900 Apartment Revenues	143,972	147,150	3,178 *	49.14	49.40
48,595	49,050	455 *	48.35	49.40	Total Resident Revenue	143,972	147,150	3,178 *	49.14	49.40
	100	100 *		0.10	6000 Other Revenues		300	300 *		0.10
48,595	49,150	555 *	48.35	49.50	Total Revenue	143,972	147,450	3,478 *	49.14	49.50
					7000 Operating Costs					
7,861	8,190	329	7.82	8.25	7400 Dietary	21,913	24,570	2,657	7.48	8.25
610	750	140	0.61	0.76	7600 Activities	1,579	2,250	671	0.54	0.76
5,219	3,690	1,529 *	5.19	3.72	7900 Housekeeping	13,347	11,070	2,277 *	4.56	3.72
6,780	10,615	3,835	6.75	10.69	8000 Plant Operations and Maint.	25,068	31,845	6,777	8.56	10.69
1,050	1,050		1.04	1.06	8200 Depreciation	3,150	3,150		1.08	1.06
3,000	3,000		2.99	3.02	8300 Interest, Amortization & Lease	9,000	9,000		3.07	3.02
3,850	3,850		3.83	3.88	8400 Taxes and Insurance	11,550	11,550		3.94	3.88
1,327	1,880	553	1.32	1.89	8500 Employee Benefits	3,591	5,640	2,049	1.23	1.89
13,793	16,880	3,087	13.72	17.00	8600 General and Administration	36,144	50,640	14,496	12.34	17.00
238	50	188 *	0.24	0.05	8800 Other Costs	414	150	264 *	0.14	0.05
43,728	49,955	6,227	43.51	50.31	Total Operating Costs	125,756	149,865	24,109	42.92	50.31
4,867	(805)	5,672	4.84	(0.81)	Total Income/Loss from Operations	18,217	(2,415)	20,632	6.22	(0.81)
4,867	(805)	5,672	4.84	(0.81)	Total Net Income Before Taxes	18,217	(2,415)	20,632	6.22	(0.81)
4,867	(805)	5,672	4.84	(0.81)	Total Net Income/Loss	18,217	(2,415)	20,632	6.22	(0.81)

* Unfavorable Differences

Statement of Operations
 Sharon Village Apartments Inc (SA)
 12/1/18 to 12/31/18

<i>Month Actual</i>	<i>Month Budget</i>	<i>Month Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>	<i>Account</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>YTD Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>
1,005	993	12			5010 Resident Revenue	2,930	2,979	49 *		
1,005	993	12			5900 Apartment Revenues	2,930	2,979	49 *		
43,162	42,700	462	42.95	43.00	5901 Apartment Rental Income	127,543	128,100	557 *	43.53	43.00
433	1,300	867 *			5902 Apartment Deposit Income	1,300	3,900	2,600 *		
5,000	5,000		4.98	5.04	5903 Interest Income-Investments	15,000	15,000		5.12	5.04
	50	50 *		0.05	5904 Apartment Income-Misc	130	150	20 *	0.04	0.05
48,595	49,050	455 *	48.35	49.40	Total Apartment Revenues	143,972	147,150	3,178 *	49.14	49.40
48,595	49,050	455 *	48.35	49.40	Total Resident Revenue	143,972	147,150	3,178 *	49.14	49.40
1,005	993	12			6000 Other Revenues	2,930	2,979	49 *		
	100	100 *		0.10	6003 Barber and Beauty		300	300 *		0.10
0	100	100 *	0.00	0.10	Total Other Revenues	0	300	300 *	0.00	0.10
48,595	49,150	555 *	48.35	49.50	Total Revenue	143,972	147,450	3,478 *	49.14	49.50
					7000 Operating Costs					
					7400 Dietary					
7,901	8,100	199	7.86	8.16	7408 Dietary Raw Food	22,003	24,300	2,297	7.51	8.16
	100	100		0.10	7409 Dietary Supplies	60	300	240	0.02	0.10
(40)	(10)	30	(0.04)	(0.01)	7412 Dietary Emp/Guest Meal Income	(150)	(30)	120	(0.05)	(0.01)
7,861	8,190	329	7.82	8.25	Total Dietary	21,913	24,570	2,657	7.48	8.25
					7600 Activities					
415	600	185	0.41	0.60	7608 Activities Supplies	1,054	1,800	746	0.36	0.60
195	150	45 *	0.19	0.15	7609 Activities Purchased Services	525	450	75 *	0.18	0.15
610	750	140	0.61	0.76	Total Activities	1,579	2,250	671	0.54	0.76
					7900 Housekeeping					
4,315	2,800	1,515 *	4.29	2.82	7902 Housekeeping Other Salaries	9,756	8,400	1,356 *	3.33	2.82
(65)	200	265	(0.07)	0.20	7904 Housekeeping PTO	767	600	167 *	0.26	0.20
					7905 Housekeeping Overtime	6		6 *	0.00	
312	240	72 *	0.31	0.24	7906 Housekeeping PR Taxes	765	720	45 *	0.26	0.24
59	100	41	0.06	0.10	7908 Housekeeping Supplies	594	300	294 *	0.20	0.10
230	350	120	0.23	0.35	7909 Housekeeping Purch Services	1,090	1,050	40 *	0.37	0.35
369		369 *	0.37		7912 Housekeeping Minor Equipment	369		369 *	0.13	
5,219	3,690	1,529 *	5.19	3.72	Total Housekeeping	13,347	11,070	2,277 *	4.56	3.72
					8000 Plant Operations and Maint.					

* Unfavorable Differences

Statement of Operations
 Sharon Village Apartments Inc (SA)
 12/1/18 to 12/31/18

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
2,350	3,500	1,150	2.34	3.52	8002 POM Other Salaries	7,956	10,500	2,544	2.72	3.52
	10	10		0.01	8005 POM Overtime	79	30	49 *	0.03	0.01
185	280	95	0.18	0.28	8006 POM PR Taxes	629	840	211	0.21	0.28
114	250	136	0.11	0.25	8007 POM Consultants	345	750	405	0.12	0.25
1,468	1,600	132	1.46	1.61	8008 POM Supplies	3,721	4,800	1,079	1.27	1.61
	1,200	1,200		1.21	8009 POM Purchased Services	2,975	3,600	625	1.02	1.21
2,602	2,725	123	2.59	2.74	8010 POM Utilities	7,181	8,175	994	2.45	2.74
61	1,050	989	0.06	1.06	8011 POM Cable/TV Expense	2,135	3,150	1,015	0.73	1.06
					8015 POM Vehicle Expense	47		47 *	0.02	
6,780	10,615	3,835	6.75	10.69	Total Plant Operations and Maint.	25,068	31,845	6,777	8.56	10.69
					8200 Depreciation					
1,050	1,050		1.04	1.06	8205 Depr Expense - Moveable Equipment	3,150	3,150		1.08	1.06
1,050	1,050	0	1.04	1.06	Total Depreciation	3,150	3,150	0	1.08	1.06
					8300 Interest, Amortization & Lease					
3,000	3,000		2.99	3.02	8303 Building Lease Expense	9,000	9,000		3.07	3.02
3,000	3,000	0	2.99	3.02	Total Interest, Amortization & Lease	9,000	9,000	0	3.07	3.02
					8400 Taxes and Insurance					
3,200	3,200		3.18	3.22	8401 Property Tax Expense	9,600	9,600		3.28	3.22
650	650		0.65	0.65	8403 Insurance Expense- Property	1,950	1,950		0.67	0.65
3,850	3,850	0	3.83	3.88	Total Taxes and Insurance	11,550	11,550	0	3.94	3.88
					8500 Employee Benefits					
1,044	1,500	456	1.04	1.51	8501 Employee Group Insurance	2,792	4,500	1,708	0.95	1.51
350	350		0.35	0.35	8502 Workers Compensation Expense	1,050	1,050		0.36	0.35
	30	30		0.03	8504 Retirement Plan Expense		90	90		0.03
(67)		67	(0.07)		8505 Employee Benefits Misc Expense	(251)		251	(0.09)	
1,327	1,880	553	1.32	1.89	Total Employee Benefits	3,591	5,640	2,049	1.23	1.89
					8600 General and Administration					
8,757	9,700	943	8.71	9.77	8603 Administrative Other Salaries	22,206	29,100	6,894	7.58	9.77
					8606 Administrative Overtime	52		52 *	0.02	
601	780	179	0.60	0.79	8607 Administrative PR Taxes	1,555	2,340	785	0.53	0.79
2,700	2,700		2.69	2.72	8608 Management Fee Expense	8,100	8,100		2.76	2.72
264	250	14 *	0.26	0.25	8609 Telephone Expense	792	750	42 *	0.27	0.25
1,049	1,900	851	1.04	1.91	8610 Auto Expense	2,420	5,700	3,280	0.83	1.91
13	130	118	0.01	0.13	8612 Dues and Subscriptions	15	390	375	0.01	0.13
	100	100		0.10	8613 Office Supplies	206	300	94	0.07	0.10

* Unfavorable Differences

Statement of Operations
 Sharon Village Apartments Inc (SA)
 12/1/18 to 12/31/18

<i>Month Actual</i>	<i>Month Budget</i>	<i>Month Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>	<i>Account</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>YTD Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>
	300	300		0.30	8614 Copier Expense	171	900	729	0.06	0.30
	10	10		0.01	8615 Postage Expense		30	30		0.01
	50	50		0.05	8616 Professional Fees - Legal		150	150		0.05
	100	100		0.10	8619 Admin - Travel and Meetings		300	300		0.10
	850	850		0.86	8621 General Advertising Expense	135	2,550	2,415	0.05	0.86
	10	10		0.01	8623 Printing Expense		30	30		0.01
378		378 *	0.38		8624 Data Processing Expense	460		460 *	0.16	
32		32 *	0.03		8626 Meals & Entertainment	32		32 *	0.01	
13,793	16,880	3,087	13.72	17.00	Total General and Administration	36,144	50,640	14,496	12.34	17.00
					8800 Other Costs					
238		238 *	0.24		8801 Non-Allowable Expense	414		414 *	0.14	
	50	50		0.05	8805 Contribution Expense		150	150		0.05
238	50	188 *	0.24	0.05	Total Other Costs	414	150	264 *	0.14	0.05
43,728	49,955	6,227	43.51	50.31	Total Operating Costs	125,756	149,865	24,109	42.92	50.31
4,867	(805)	5,672	4.84	(0.81)	Total Income/Loss from Operations	18,217	(2,415)	20,632	6.22	(0.81)
4,867	(805)	5,672	4.84	(0.81)	Total Net Income Before Taxes	18,217	(2,415)	20,632	6.22	(0.81)
4,867	(805)	5,672	4.84	(0.81)	Total Net Income/Loss	18,217	(2,415)	20,632	6.22	(0.81)

* Unfavorable Differences

Balance Sheet
as of 12/31/18
 Sharon Village Apartments Inc (SA)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>
1000	Assets	
1001	Current Assets	
1002	Cash	325,946.12
1100	Accounts Receivable	6,089.00
1400	Other Current Assets	201,195.00
	Total Current Assets	533,230.12
1500	Non-Current Assets	
1501	Other Assets	(853,383.85)
1800	Property, Plant and Equipment	66,426.76
	Total Non-Current Assets	(786,957.09)
	Total Assets	<u><u>(\$253,726.97)</u></u>
3000	Liabilities & Equity	
3001	Total Liabilities	
3002	Current Liabilities	
3004	Notes and Accounts Payable	449.44
3200	Accrued Liabilities	6,751.80
3300	Other Current Liabilities	36,413.02
		<u>43,614.26</u>
3003	Long Term Liabilities	
3500	Deferred Revenue	23,400.43
		<u>23,400.43</u>
	Total Total Liabilities	67,014.69
4000	Equity	
	Total Equity	(320,741.66)
	Total Liabilities & Equity	<u><u>(\$253,726.97)</u></u>

Balance Sheet
as of 12/31/18
Sharon Village Apartments Inc (SA)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>	
1000	Assets		
1001	Current Assets		
1002	Cash		
1003	Operating Bank Account	325,596.12	
1005	Petty Cash	350.00	
		325,946.12	
1100	Accounts Receivable		
1101	Accts Receivable-Private	6,064.00	
1115	Accts Receivable Other	25.00	
		6,089.00	
1400	Other Current Assets		
1403	Accrued Interest	15,000.00	
1504	Assets Limited to Use	186,195.00	
		201,195.00	
	Total Current Assets		533,230.12
1500	Non-Current Assets		
1501	Other Assets		
1612	Intercompany Account-SV Apartments	3,463,745.39	
1623	Intercompany Account-SA with CR	(4,780,032.90)	
1686	Intercompany Account-Payroll-Ultimate	(966,891.26)	
1687	Interdivision-Purchase Acct	1,429,794.92	
		(853,383.85)	
1800	Property, Plant and Equipment		
1810	Moveable Equipment	187,857.81	
1811	Accm Depn-Moveable Equipment	(121,431.05)	
		66,426.76	
	Total Non-Current Assets		(786,957.09)
	Total Assets		(\$253,726.97)
3000	Liabilities & Equity		
3001	Total Liabilities		
3002	Current Liabilities		

Balance Sheet
as of 12/31/18
Sharon Village Apartments Inc (SA)

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GLBalShtLandscape

<i>Account</i>	<i>Description</i>	<i>Amount</i>	
3004	Notes and Accounts Payable		
3100	Accounts Payable	449.44	
		449.44	
3200	Accrued Liabilities		
3201	Accrued Salaries and Wages	4,317.39	
3202	Accrued Vacation/PTO Payable	2,318.41	
3209	401K Payable	116.00	
		6,751.80	
3300	Other Current Liabilities		
3301	Property Taxes Payable	36,413.02	
		36,413.02	
		43,614.26	
3003	Long Term Liabilities		
3500	Deferred Revenue		
3501	Deposits for Apartments Waiting List	5,000.00	
3502	Deposits on Apartments	16,900.43	
3503	Misc Deposits Account	1,500.00	
		23,400.43	
		23,400.43	
	Total Total Liabilities		67,014.69
4000	Equity		
4001	Common Stock	94,618.00	
4003	Retained Earnings	(308,562.00)	
4004	Current Earnings	18,216.84	
4006	Interdivision Equity	(125,014.50)	
	Total Equity		(320,741.66)
	Total Liabilities & Equity		(320,741.66)
			(\$253,726.97)

Consolidated Statement of Operations

White Oak Management, Inc. (ALL)

12/1/18 to 12/31/18

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
64,734	65,490	756 *								
2,019,772	1,964,290	55,482	114.84	111.63	5010 Resident Revenue	192,632	196,470	3,838 *		
2,472,617	2,498,300	25,683 *	479.65	475.41	5100 Private Pay	5,983,758	5,892,870	90,888	115.00	111.63
28,032		28,032	549.64		5200 Medicare Part A	7,195,395	7,494,900	299,505 *	483.98	475.41
6,413,272	7,042,100	628,828 *	192.47	194.19	5250 Dual Medicare	134,727		134,727	532.52	
112,620		112,620	212.89		5300 Medicaid	19,598,629	21,126,300	1,527,671 *	192.04	194.19
283,983		283,983	203.86		5350 Dual Medicaid	345,938		345,938	211.97	
323,056	381,371	58,315 *	368.36	355.09	5400 Medicaid Pending	298,293		298,293	223.94	
260,979	301,190	40,211 *	253.38	346.99	5500 Insurance	983,213	1,144,113	160,900 *	364.15	355.09
613,701	576,930	36,771	9.48	8.81	5600 Managed Care	639,243	903,570	264,327 *	234.24	346.99
417,724	368,920	48,804	193.93	193.05	5700 Medicare Part B	2,017,248	1,730,790	286,458	10.47	8.81
702,334	674,760	27,574	266.44	267.55	5800 Hospice	1,423,280	1,107,610	315,670	193.70	193.20
472,855	482,000	9,145 *	26.92	27.39	5850 Veterans Admin	2,071,662	2,024,280	47,382	269.57	267.55
5,091	5,700	609 *	0.08	0.09	5900 Apartment Revenues	1,418,959	1,446,000	27,041 *	27.32	27.39
					5925 Wellness Center Income	17,428	17,100	328	0.09	0.09
14,126,034	14,295,561	169,527 *	218.22	218.29	Total Resident Revenue	42,127,773	42,887,533	759,760 *	218.70	218.29
1,328,948	1,324,760	4,188	20.53	20.23	6000 Other Revenues	3,999,622	3,974,280	25,342	20.76	20.23
15,454,982	15,620,321	165,339 *	238.75	238.51	Total Revenue	46,127,394	46,861,813	734,419 *	239.46	238.52
					7000 Operating Costs					
325,123	301,180	23,943 *	5.02	4.60	7101 Nursing Administration	929,672	903,540	26,132 *	4.83	4.60
5,079,602	5,201,705	122,103	78.47	79.43	7200 Nursing Service	15,207,700	15,605,115	397,415	78.95	79.43
70,293	70,750	457	1.09	1.08	7240 Personal Care Service	207,778	212,250	4,472	1.08	1.08
1,791,778	1,839,745	47,967	27.68	28.09	7300 Ancillaries	5,614,786	5,519,235	95,551 *	29.15	28.09
1,204,568	1,199,210	5,358 *	18.61	18.31	7400 Dietary	3,626,127	3,597,630	28,497 *	18.82	18.31
222,950	209,105	13,845 *	3.44	3.19	7500 Social Services	635,809	627,315	8,494 *	3.30	3.19
165,939	173,790	7,851	2.56	2.65	7600 Activities	483,727	521,370	37,643	2.51	2.65
66,552	60,720	5,832 *	1.03	0.93	7700 Medical Records	190,946	182,160	8,786 *	0.99	0.93
136,772	173,275	36,503	2.11	2.65	7800 Laundry	471,129	519,825	48,696	2.45	2.65
440,999	448,695	7,696	6.81	6.85	7900 Housekeeping	1,280,350	1,346,085	65,735	6.65	6.85
636,264	700,840	64,576	9.83	10.70	8000 Plant Operations and Maint.	2,023,500	2,102,520	79,020	10.50	10.70
710	1,825	1,115	0.01	0.03	8030 Wellness Pool	4,065	5,475	1,410	0.02	0.03
64,490	71,235	6,745	1.00	1.09	8100 Transportation	204,952	213,705	8,753	1.06	1.09
526,750	526,750		8.14	8.04	8200 Depreciation	1,580,250	1,580,250		8.20	8.04
818,748	804,631	14,117 *	12.65	12.29	8300 Interest, Amortization & Lease	2,430,858	2,413,893	16,965 *	12.62	12.29
389,883	392,821	2,938	6.02	6.00	8400 Taxes and Insurance	1,144,463	1,178,463	34,000	5.94	6.00
1,206,179	1,277,850	71,671	18.63	19.51	8500 Employee Benefits	3,483,150	3,833,550	350,400	18.08	19.51
2,104,168	2,125,875	21,707	32.50	32.46	8600 General and Administration	6,186,730	6,377,625	190,895	32.12	32.46
108,434	111,775	3,341	1.68	1.71	8800 Other Costs	339,937	335,325	4,612 *	1.76	1.71

* Unfavorable Differences

Consolidated Statement of Operations

White Oak Management, Inc. (ALL)

12/1/18 to 12/31/18

<i>Month Actual</i>	<i>Month Budget</i>	<i>Month Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>	<i>Account</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>YTD Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>
15,360,201	15,691,777	331,576	237.28	239.61	Total Operating Costs	46,045,930	47,075,331	1,029,401	239.04	239.61
94,781	(71,456)	166,237	1.46	(1.09)	Total Income/Loss from Operations	81,465	(213,518)	294,983	0.42	(1.09)
94,781	(71,456)	166,237	1.46	(1.09)	Total Net Income Before Taxes	81,465	(213,518)	294,983	0.42	(1.09)
94,781	(71,456)	166,237	1.46	(1.09)	Total Net Income/Loss	81,465	(213,518)	294,983	0.42	(1.09)

* Unfavorable Differences

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White Oak Management, Inc. (ALL)

12/1/18 to 12/31/18

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
64,734	65,490	756 *			5010 Resident Revenue	192,632	196,470	3,838 *		
17,588	17,596	8 *			5100 Private Pay	52,033	52,788	755 *		
1,986,285	1,932,300	53,985	112.93	109.81	5101 Routine Services - PVT	5,890,419	5,796,900	93,519	113.21	109.81
11,881	11,540	341	0.68	0.66	5102 Medical Supplies- PVT	38,176	34,620	3,556	0.73	0.66
					5103 Drugs - PVT	19		19	0.00	
7,435	10,080	2,645 *	0.42	0.57	5104 Oxygen - PVT	21,080	30,240	9,161 *	0.41	0.57
313	170	143	0.02	0.01	5105 Laboratory - PVT	795	510	285	0.02	0.01
1,413	850	563	0.08	0.05	5106 Physical Therapy - PVT	1,862	2,550	688 *	0.04	0.05
	280	280 *		0.02	5107 Speech Therapy - PVT	590	840	250 *	0.01	0.02
1,932	770	1,162	0.11	0.04	5108 Occupational Therapy - PVT	2,281	2,310	29 *	0.04	0.04
533		533	0.03		5109 PEN Therapy - PVT	650		650	0.01	
5,760	5,070	690	0.33	0.29	5110 Fluidized Bed - PVT	14,980	15,210	230 *	0.29	0.29
889	240	649	0.05	0.01	5111 Ambulance - PVT	889	720	169	0.02	0.01
	200	200 *		0.01	5112 Wound Care - PVT	591	600	9 *	0.01	0.01
3,344	2,680	664	0.19	0.15	5113 Transportation - PVT	11,341	8,040	3,301	0.22	0.15
	90	90 *		0.01	5114 X-Rays - PVT	82	270	188 *	0.00	0.01
	20	20 *		0.00	5115 Misc - PVT	436	60	376	0.01	0.00
(12)		12 *	0.00		5120 Contractual Adjustment - PVT	(433)		433 *	(0.01)	
2,019,772	1,964,290	55,482	114.84	111.63	Total Private Pay	5,983,758	5,892,870	90,888	115.00	111.63
5,155	5,255	100 *			5200 Medicare Part A	14,867	15,765	898 *		
2,511,705	2,535,600	23,895 *	487.24	482.51	5201 Routine Services-MCR A	7,351,512	7,606,800	255,288 *	494.49	482.51
24,798	26,960	2,162 *	4.81	5.13	5202 Medical Supplies-MCR A	77,483	80,880	3,397 *	5.21	5.13
253,365	262,550	9,185 *	49.15	49.96	5203 Drugs-MCR A	749,343	787,650	38,307 *	50.40	49.96
18,803	15,640	3,163	3.65	2.98	5204 Oxygen-MCR A	49,094	46,920	2,174	3.30	2.98
25,416	22,000	3,416	4.93	4.19	5205 Laboratory-MCR A	67,506	66,000	1,506	4.54	4.19
393,357	417,970	24,613 *	76.31	79.54	5206 Physical Therapy-MCR A	1,215,812	1,253,910	38,098 *	81.78	79.54
160,822	138,660	22,162	31.20	26.39	5207 Speech Therapy-MCR A	496,590	415,980	80,610	33.40	26.39
400,311	423,260	22,949 *	77.65	80.54	5208 Occupational Therapy-MCR A	1,250,930	1,269,780	18,850 *	84.14	80.54
671	850	179 *	0.13	0.16	5209 PEN Therapy-MCR A	5,362	2,550	2,812	0.36	0.16
6,060	4,080	1,980	1.18	0.78	5210 Fluid Bed-MCR A	11,260	12,240	980 *	0.76	0.78
9,993	12,160	2,167 *	1.94	2.31	5211 Ambulance-MCR A	55,364	36,480	18,884	3.72	2.31
1,938	1,910	28	0.38	0.36	5212 Wound Care-MCR A	3,025	5,730	2,705 *	0.20	0.36
9,361	7,010	2,351	1.82	1.33	5213 Transportation-MCR A	31,207	21,030	10,177	2.10	1.33
6,562	9,630	3,068 *	1.27	1.83	5214 X-Rays-MCR A	23,256	28,890	5,634 *	1.56	1.83
1,413	5,350	3,937 *	0.27	1.02	5215 Misc-MCR A	7,680	16,050	8,370 *	0.52	1.02
(39,083)	(37,300)	1,783 *	(7.58)	(7.10)	5220 Contract Adj-Room MCR A	(156,117)	(111,900)	44,217 *	(10.50)	(7.10)
(1,312,874)	(1,348,030)	35,156	(254.68)	(256.52)	5221 Contract Adj-Ancillaries MCR A	(4,043,913)	(4,044,090)	177	(272.01)	(256.52)
2,472,617	2,498,300	25,683 *	479.65	475.41	Total Medicare Part A	7,195,395	7,494,900	299,505 *	483.98	475.41

* Unfavorable Differences

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
51		51			5250 Dual Medicare Days	253		253		
28,250		28,250	553.92		5251 Routine Services-Dual Medicare	135,018		135,018	533.67	
288		288	5.64		5252 Medical Supplies-Dual Medicare	1,623		1,623	6.71	
2,754		2,754	54.01		5253 Drugs-Dual Medicare	14,452		14,452	57.12	
1,104		1,104	21.65		5254 Oxygen-Dual Medicare	2,415		2,415	15.19	
					5255 Laboratory-Dual Medicare	889		889	4.34	
3,851		3,851	75.50		5256 Physical Therapy-Dual Medicare	21,942		21,942	86.73	
3,304		3,304	64.78		5257 Speech Therapy-Dual Medicare	15,905		15,905	66.55	
4,180		4,180	81.96		5258 Occupational Therapy-Dual Medicare	22,268		22,268	88.02	
					5260 Fluid Bed-Dual Medicare	120		120	0.75	
					5263 Transportation-Dual Medicare	149		149	0.75	
63		63	1.23		5264 X-Rays-Dual Medicare	383		383	1.82	
(15,761)		15,761*	(309.04)		5271 Contract Adj-Dual Medicare	(80,437)		80,437 *	(317.93)	
28,032	0	28,032	549.64	0.00	Total Dual Medicare	134,727	0	134,727	532.52	0.00
					5300 Medicaid Days	102,053	108,792	6,739 *		
33,321	36,264	2,943 *			5301 Routine Services-MCD	19,693,224	21,126,300	1,433,076 *	192.97	194.19
6,431,096	7,042,100	611,004 *	193.00	194.19	5302 Medical Supplies-MCD	141,873	155,130	13,257 *	1.39	1.43
46,796	51,710	4,914 *	1.40	1.43	5303 Oxygen- MCD	236,895	244,950	8,055 *	2.32	2.25
72,962	81,650	8,688 *	2.19	2.25	5304 Laboratory-MCD	16,543	23,160	6,617 *	0.16	0.21
5,198	7,720	2,522 *	0.16	0.21	5305 Physical Therapy-MCD Non-Covered	811		811	0.01	
512		512	0.02		5306 Physical Therapy-MCD Other		20,490	20,490 *		0.19
	6,830	6,830 *		0.19	5307 Speech Therapy-MCD Non-Covered	1,030	300	730	0.01	0.00
	100	100 *		0.00	5308 Speech Therapy-MCD Other		10,200	10,200 *		0.09
	3,400	3,400 *		0.09	5309 Occup. Therapy - MCD Non-Covered	6,667		6,667	0.07	
2,427		2,427	0.07		5310 Occup. Therapy - MCD Other		11,070	11,070 *		0.10
	3,690	3,690 *		0.10	5313 Fluidized Bed -MCD	142,740	177,390	34,650 *	1.40	1.63
44,360	59,130	14,770 *	1.33	1.63	5314 Ambulance - MCD	49,308	35,520	13,788	0.48	0.33
8,193	11,840	3,647 *	0.25	0.33	5315 Wound Care- MCD	26,175	9,840	16,335	0.26	0.09
9,334	3,280	6,054	0.28	0.09	5316 Transportation -MCD	68,300	61,200	7,100	0.67	0.56
19,343	20,400	1,057 *	0.58	0.56	5317 X-Rays -MCD	1,688	3,030	1,343 *	0.02	0.03
1,125	1,010	115	0.03	0.03	5319 Misc -MCD	836		836	0.01	
267		267	0.01		5321 Flu/Pnemounia Vacc - MCD	1,295	300	995	0.01	0.00
90	100	10 *	0.00	0.00	5323 Contract Adj-Room MCD	10,767		10,767	0.11	
10,427		10,427	0.31		5324 Contract Adj-Ancillaries MCD	(799,522)	(752,580)	46,942 *	(7.83)	(6.92)
(238,858)	(250,860)	12,002	(7.17)	(6.92)	Total Medicaid	19,598,629	21,126,300	1,527,671 *	192.04	194.19
6,413,272	7,042,100	628,828 *	192.47	194.19						
					5350 Dual Medicaid Days	1,632		1,632		
529		529			5351 Routine Services-Dual Medicaid	345,793		345,793	211.88	
112,620		112,620	212.89		5352 Medical Supplies-Dual Medicaid	883		883	0.54	
189		189	0.36							

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
					5353 Drugs-Dual Medicaid	66		66	0.04	
50		50	0.09		5355 Laboratory-Dual Medicaid	68		68	0.04	
351		351	0.66		5361 Ambulance-Dual Medicaid	351		351	0.22	
(590)		590*	(1.11)		5371 Contract Adj-Dual Medicaid	(1,223)		1,223*	(0.75)	
112,620	0	112,620	212.89	0.00	Total Dual Medicaid	345,938	0	345,938	211.97	0.00
1,393		1,393			5400 Medicaid Pending Days	1,332		1,332		
283,983		283,983	203.86		5401 Routine Services - MCD Pend	298,293		298,293	223.94	
1,540		1,540	1.11		5402 Medical Supplies - MCD Pend	50		50	0.04	
1,969		1,969	1.41		5404 Oxygen - MCD Pend	(14,384)		14,384*	(10.80)	
25		25	0.02		5405 Laboratory - MCD Pend	413		413	0.31	
370		370	0.27		5406 Physical Therapy - MCD Pend	2,181		2,181	1.64	
					5407 Speech Therapy - MCD Pend	1,718		1,718	1.29	
2,460		2,460	1.77		5408 Occupational Therapy - MCD Pend	1,951		1,951	1.46	
1,453		1,453	1.04		5410 Fluidized Bed - MCD Pend	140		140	0.11	
(3,745)		3,745*	(2.69)		5411 Ambulance -MCD Pend	1,128		1,128	0.85	
3,536		3,536	2.54		5412 Wound Care -MCD Pend	(4,884)		4,884*	(3.67)	
588		588	0.42		5413 Transportation - MCD Pend	6,299		6,299	4.73	
(1)		1*	0.00		5414 X-Rays - MCD Pend	820		820	0.62	
(8,195)		8,195*	(5.88)		5415 Misc - MCD Pend	59		59	0.04	
283,983	0	283,983	203.86	0.00	5421 Contract Adj-Ancillaries MCD Pend	4,510		4,510	3.39	
					Total Medicaid Pending	298,293	0	298,293	223.94	0.00
877	1,074	197*			5500 Insurance Days	2,700	3,222	522*		
324,362	381,650	57,288*	369.85	355.35	5501 Routine Services - INS	993,097	1,144,950	151,853*	367.81	355.35
1,409	6,360	4,951*	1.61	5.92	5502 Medical Supplies - INS	9,674	19,080	9,406*	3.58	5.92
40,033	60,300	20,267*	45.65	56.15	5503 Drugs - INS	139,525	180,900	41,375*	51.68	56.15
1,449	3,090	1,641*	1.65	2.88	5504 Oxygen - INS	6,590	9,270	2,681*	2.44	2.88
3,634	4,170	536*	4.14	3.88	5505 Laboratory - INS	9,119	12,510	3,391*	3.38	3.88
56,817	73,150	16,333*	64.79	68.11	5506 Physical Therapy - INS	191,929	219,450	27,521*	71.08	68.11
28,464	27,930	534	32.46	26.01	5507 Speech Therapy - INS	87,418	83,790	3,628	32.38	26.01
57,500	71,040	13,540*	65.56	66.15	5508 Occupational Therapy - INS	192,266	213,120	20,854*	71.21	66.15
	210	210*		0.20	5509 PEN Therapy - INS		630	630*		0.20
(80)	410	490*	(0.09)	0.38	5510 Fluidized Bed - INS	980	1,230	250*	0.36	0.38
	920	920*		0.86	5511 Flu/Pneumonia - INS		2,760	2,760*		0.86
	760	760*		0.71	5512 Ambulance - INS	3,048	2,280	768	1.13	0.71
	1,620	1,620*		1.51	5513 Wound Care - INS		4,860	4,860*		1.51
976	1,530	555*	1.11	1.42	5514 Transportation - INS	5,533	4,590	943	2.05	1.42
931	790	141	1.06	0.74	5515 X-Rays - INS	4,058	2,370	1,688	1.50	0.74
42		42	0.05		5521 Contract Adj-Room - INS	(2,691)		2,691*	(1.00)	

* Unfavorable Differences

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
(192,481)	(252,559)	60,078	(219.48)	(235.16)	5522 Contract Adj-Ancillaries - INS	(657,333)	(757,677)	100,344	(243.46)	(235.16)
323,056	381,371	58,315 *	368.36	355.09	Total Insurance	983,213	1,144,113	160,900 *	364.15	355.09
1,030	868	162			5600 Managed Care	Days	2,729	2,604	125	
323,513	318,100	5,413	314.09	366.47	5601 Routine Services - MGC	835,316	954,300	118,984 *	306.09	366.47
3,981	3,990	9 *	3.87	4.60	5602 Medical Supplies - MGC	9,977	11,970	1,993 *	3.66	4.60
31,615	35,460	3,845 *	30.69	40.85	5603 Drugs - MGC	96,577	106,380	9,803 *	35.39	40.85
3,002	2,680	322	2.91	3.09	5604 Oxygen - MGC	8,108	8,040	68	2.97	3.09
6,398	4,910	1,488	6.21	5.66	5605 Laboratory - MGC	18,600	14,730	3,870	6.82	5.66
40,222	60,590	20,368 *	39.05	69.80	5606 Physical Therapy - MGC	112,137	181,770	69,633 *	41.09	69.80
18,076	23,050	4,974 *	17.55	26.56	5607 Speech Therapy - MGC	59,272	69,150	9,878 *	21.72	26.56
42,115	65,710	23,595 *	40.89	75.70	5608 Occupational Therapy - MGC	112,114	197,130	85,016 *	41.08	75.70
9,918	2,780	7,138	9.63	3.20	5609 PEN Therapy - MGC	21,729	8,340	13,389	7.96	3.20
1,900	950	950	1.84	1.09	5610 Fluidized Bed - MGC	5,080	2,850	2,230	1.86	1.09
665	3,400	2,735 *	0.65	3.92	5611 Flu/Pneumonia - MGC	40,133	10,200	29,933	14.71	3.92
327	1,850	1,523 *	0.32	2.13	5612 Ambulance - MGC	2,776	5,550	2,774 *	1.02	2.13
	80	80 *		0.09	5613 Wound Care - MGC		240	240 *		0.09
1,943	1,740	203	1.89	2.00	5614 Transportation - MGC	7,450	5,220	2,230	2.73	2.00
1,577	1,680	103 *	1.53	1.94	5615 X-Rays- MGC	5,264	5,040	224	1.93	1.94
482	50	432	0.47	0.06	5616 Therapy Screenings - MGC	822	150	672	0.30	0.06
(7,508)	(16,200)	8,693	(7.29)	(18.66)	5621 Contract Adj-Room MGC	(67,363)	(48,600)	18,763 *	(24.68)	(18.66)
(217,247)	(209,630)	7,617 *	(210.92)	(241.51)	5622 Contract Adj-Ancillaries MGC	(628,748)	(628,890)	142	(230.40)	(241.51)
260,979	301,190	40,211 *	253.38	346.99	Total Managed Care	639,243	903,570	264,327 *	234.24	346.99
64,734	65,490	756 *			5700 Medicare Part B	Days	192,632	196,470	3,838 *	
323,998	273,000	50,998	5.01	4.17	5703 Physical Therapy - MCR B	1,032,335	819,000	213,335	5.36	4.17
108,685	89,820	18,865	1.68	1.37	5704 Speech Therapy - MCR B	333,184	269,460	63,724	1.73	1.37
283,618	264,640	18,978	4.38	4.04	5705 Occupational Therapy - MCR B	913,444	793,920	119,524	4.74	4.04
16,020	13,600	2,420	0.25	0.21	5707 Flu/Pneumonia - MCR B	103,860	40,800	63,060	0.54	0.21
(118,620)	(64,130)	54,490 *	(1.83)	(0.98)	5720 Contractual Adjustment - MRB	(365,575)	(192,390)	173,185 *	(1.90)	(0.98)
613,701	576,930	36,771	9.48	8.81	Total Medicare Part B	2,017,248	1,730,790	286,458	10.47	8.81
2,154	1,911	243			5800 Hospice	Days	7,348	5,733	1,615	
417,709	369,700	48,009	193.92	193.46	5801 Routine Services - HSP	1,423,229	1,109,100	314,129	193.69	193.46
4,517	3,920	597	2.10	2.05	5802 Medical Supplies- HSP	14,744	11,760	2,984	2.01	2.05
6,397	5,000	1,397	2.97	2.62	5804 Oxygen - HSP	18,904	15,850	3,054	2.57	2.76
218	130	88	0.10	0.07	5805 Laboratory - HSP	620	390	230	0.08	0.07
	10	10 *		0.01	5806 Physical Therapy - HSP		30	30 *		0.01
	30	30 *		0.02	5807 Speech Therapy- HSP	(422)	90	512 *	(0.06)	0.02
	60	60 *		0.03	5808 Occupational Therapy- HSP	168	180	12 *	0.02	0.03

* Unfavorable Differences

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
	70	70 *								
3,040	2,110	930	1.41	1.10	5809 PEN Therapy - HSP	311	210	101	0.04	0.04
	30	30 *		0.02	5810 Fluidized Bed - HSP	6,740	6,330	410	0.92	1.10
	40	40 *		0.02	5811 Flu/Pneumonia - HSP	162	90	72	0.02	0.02
	30	30 *		0.02	5812 Ambulance - HSP		120	120 *		0.02
300	70	230	0.14	0.04	5813 Wound Care - HSP		90	90 *		0.02
	10	10 *		0.01	5814 Transportation - HSP	894	210	684	0.12	0.04
(14,457)	(12,290)	2,167 *	(6.71)	(6.43)	5815 X-Rays - HSP		30	30 *		0.01
					5822 Contract Adj-Ancillaries HSP	(42,069)	(36,870)	5,199 *	(5.73)	(6.43)
417,724	368,920	48,804	193.93	193.05	Total Hospice	1,423,280	1,107,610	315,670	193.70	193.20
					5850 Veterans Admin					
2,636	2,522	114			Days	7,685	7,566	119		
681,708	674,120	7,588	258.61	267.30	5851 Routine Services - VA	2,005,553	2,022,360	16,807 *	260.97	267.30
7,005	11,560	4,555 *	2.66	4.58	5852 Medical Supplies - VA	30,849	34,680	3,831 *	4.01	4.58
93,796	105,720	11,924 *	35.58	41.92	5853 Drugs - VA	300,488	317,160	16,672 *	39.10	41.92
4,554	5,000	446 *	1.73	1.98	5854 Oxygen - VA	16,388	15,000	1,388	2.13	1.98
3,484	3,680	196 *	1.32	1.46	5855 Laboratory - VA	10,987	11,040	53 *	1.43	1.46
17,420	29,630	12,210 *	6.61	11.75	5856 Physical Therapy - VA	67,226	88,890	21,664 *	8.75	11.75
5,549	13,230	7,681 *	2.10	5.25	5857 Speech Therapy - VA	15,931	39,690	23,759 *	2.07	5.25
16,708	26,590	9,882 *	6.34	10.54	5858 Occupational Therapy - VA	75,187	79,770	4,583 *	9.78	10.54
	640	640 *		0.25	5859 PEN Therapy - VA	1,147	1,920	773 *	0.15	0.25
3,380	3,090	290	1.28	1.23	5860 Fluidized Air Therapy - VA	11,100	9,270	1,830	1.44	1.23
399	1,060	662 *	0.15	0.42	5861 Ambulance - VA	934	3,180	2,246 *	0.12	0.42
					5862 Wound Care - VA	1,029		1,029	0.13	
841	2,220	1,379 *	0.32	0.88	5863 Transportation - VA	4,703	6,660	1,957 *	0.61	0.88
1,732	1,820	88 *	0.66	0.72	5864 X-rays - VA	4,599	5,460	861 *	0.60	0.72
220	720	500 *	0.08	0.29	5865 Flu/Pneumonia - VA	5,256	2,160	3,096	0.68	0.29
335	1,150	815 *	0.13	0.46	5866 Misc - VA	1,868	3,450	1,582 *	0.24	0.46
(134,797)	(205,470)	70,673	(51.14)	(81.47)	5868 Contract Adj Ancil - VA	(481,582)	(616,410)	134,828	(62.67)	(81.47)
702,334	674,760	27,574	266.44	267.55	Total Veterans Admin	2,071,662	2,024,280	47,382	269.57	267.55
					5900 Apartment Revenues					
17,565	17,596	31 *			Days	51,935	52,788	853 *		
411,730	414,100	2,370 *	23.44	23.53	5901 Apartment Rental Income	1,231,947	1,242,300	10,353 *	23.72	23.53
24,959	31,500	6,541 *			5902 Apartment Deposit Income	74,878	94,500	19,622 *		
35,500	35,500		0.55	0.54	5903 Interest Income-Investments	106,500	106,500		0.55	0.54
665	900	235 *	0.01	0.01	5904 Apartment Income-Misc	5,634	2,700	2,934	0.03	0.01
472,855	482,000	9,145 *	26.92	27.39	Total Apartment Revenues	1,418,959	1,446,000	27,041 *	27.32	27.39
5,091	5,700	609 *	0.08	0.09	5926 Wellness Center Memberships	17,428	17,100	328	0.09	0.09
5,091	5,700	609 *	0.08	0.09	Total Wellness Center Income	17,428	17,100	328	0.09	0.09

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14,126,034	14,295,561	169,527 *	218.22	218.29	Total Resident Revenue	42,127,773	42,887,533	759,760 *	218.70	218.29
64,734	65,490	756 *			6000 Other Revenues	192,632	196,470	3,838 *		
828,175	820,600	7,575	12.79	12.53	6001 Management Fee Income	2,483,570	2,461,800	21,770	12.89	12.53
499,997	496,570	3,427	7.72	7.58	6002 Property Lease Income	1,494,511	1,489,710	4,801	7.76	7.58
(3,840)	(2,805)	1,035 *	(0.06)	(0.04)	6003 Barber and Beauty	(9,459)	(8,415)	1,044 *	(0.05)	(0.04)
3,390	6,825	3,435 *	0.05	0.10	6004 Vending Income	14,595	20,475	5,880 *	0.08	0.10
355	400	45 *	0.01	0.01	6005 Cable TV	1,065	1,200	135 *	0.01	0.01
208		208	0.00		6006 Interest Income-Misc	9,587		9,587	0.05	
1,367	1,720	353 *	0.02	0.03	6007 Resident Laundry Income	4,106	5,160	1,054 *	0.02	0.03
80		80	0.00		6009 Small Claims Fees - Revenue	335		335	0.00	
(784)	1,450	2,234 *	(0.01)	0.02	6010 Misc Operating Income	1,311	4,350	3,039 *	0.01	0.02
1,328,948	1,324,760	4,188	20.53	20.23	Total Other Revenues	3,999,622	3,974,280	25,342	20.76	20.23
15,454,982	15,620,321	165,339 *	238.75	238.51	Total Revenue	46,127,394	46,861,813	734,419 *	239.46	238.52
					7000 Operating Costs					
					7101 Nursing Administration					
127,759	126,425	1,334 *	1.97	1.93	7102 Nurs Admin DON Salaries	380,210	379,275	935 *	1.97	1.93
57,802	63,525	5,723	0.89	0.97	7103 Nurs Admin ADON Salaries	166,990	190,575	23,585	0.87	0.97
					7104 Nurs Admin PTO	1,278		1,278 *	0.01	
13,434	15,200	1,766	0.21	0.23	7106 Nurs Admin PR Taxes	39,804	45,600	5,796	0.21	0.23
75,573	45,450	30,123 *	1.17	0.69	7108 Nurs Admin Consultants	185,848	136,350	49,498 *	0.96	0.69
48,150	48,250	100	0.74	0.74	7109 Nurs Admin Medical Director Expense	148,650	144,750	3,900 *	0.77	0.74
2,100	2,100		0.03	0.03	7110 Nurs Admin Utilization Review-Const.	6,300	6,300		0.03	0.03
306	230	76 *	0.00	0.00	7111 Nurs Admin Supplies	593	690	97	0.00	0.00
325,123	301,180	23,943 *	5.02	4.60	Total Nursing Administration	929,672	903,540	26,132 *	4.83	4.60
					7200 Nursing Service					
804,425	863,000	58,575	12.43	13.18	7201 Nursing RN Salaries	2,371,484	2,589,000	217,516	12.31	13.18
1,412,522	1,403,500	9,022 *	21.82	21.43	7202 Nursing LPN Salaries	4,265,613	4,210,500	55,113 *	22.14	21.43
1,821,171	1,913,000	91,829	28.13	29.21	7203 Nursing CNA Salaries	5,388,848	5,739,000	350,152	27.97	29.21
169,271	173,700	4,429	2.61	2.65	7206 Nursing PTO	522,650	521,100	1,550 *	2.71	2.65
293,050	222,000	71,050 *	4.53	3.39	7207 Nursing Overtime	896,552	666,000	230,552 *	4.65	3.39
339,369	366,000	26,631	5.24	5.59	7208 Nursing PR Taxes	1,014,022	1,098,000	83,978	5.26	5.59
30,695	34,190	3,495	0.47	0.52	7209 Nursing Clinical Software	94,625	102,570	7,945	0.49	0.52
195,918	221,500	25,582	3.03	3.38	7210 Nursing Supplies	622,747	664,500	41,753	3.23	3.38
2,432	2,090	342 *	0.04	0.03	7211 Nursing Travel and Meetings	7,902	6,270	1,632 *	0.04	0.03
11,176	575	10,601 *	0.17	0.01	7212 Nursing Minor Equipment	13,802	1,725	12,077 *	0.07	0.01
	50	50		0.00	7213 Nursing Contract Services		150	150		0.00

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
(427)	2,100	2,527	(0.01)	0.03	7215 Nursing CNA Training-Other	9,454	6,300	3,154 *	0.05	0.03
5,079,602	5,201,705	122,103	78.47	79.43	Total Nursing Service	15,207,700	15,605,115	397,415	78.95	79.43
					7240 Personal Care Service					
57,984	60,000	2,016	0.90	0.92	7241 Personal Care Salaries	172,895	180,000	7,105	0.90	0.92
1,374	3,000	1,626	0.02	0.05	7243 Personal Care PTO	7,498	9,000	1,502	0.04	0.05
5,034	2,000	3,034 *	0.08	0.03	7244 Personal Care Overtime	11,366	6,000	5,366 *	0.06	0.03
4,830	5,400	570	0.07	0.08	7245 Personal Care PR Taxes	14,542	16,200	1,658	0.08	0.08
1,072	350	722 *	0.02	0.01	7246 Personal Care Supplies	1,476	1,050	426 *	0.01	0.01
70,293	70,750	457	1.09	1.08	Total Personal Care Service	207,778	212,250	4,472	1.08	1.08
					7300 Ancillaries					
482,205	490,010	7,805	7.45	7.48	7301 Physical Therapy - Contract	1,501,451	1,470,030	31,421 *	7.79	7.48
12,006	14,260	2,254	0.19	0.22	7302 Physical Therapy - Supplies	39,639	42,780	3,141	0.21	0.22
131,608	108,770	22,838 *	2.03	1.66	7303 Speech Therapy - Contract	398,418	326,310	72,108 *	2.07	1.66
448,679	460,560	11,881	6.93	7.03	7304 Occupational Therapy - Contract	1,408,326	1,381,680	26,646 *	7.31	7.03
3,109	3,900	791	0.05	0.06	7305 PEN Therapy Nutrient	14,130	11,700	2,430 *	0.07	0.06
3,223	1,960	1,263 *	0.05	0.03	7306 PEN Therapy Supplies	13,598	5,880	7,718 *	0.07	0.03
7,087	6,490	597 *	0.11	0.10	7307 Wound Care Expense - Non Part B	13,220	19,470	6,250	0.07	0.10
35,548	28,290	7,258 *	0.55	0.43	7308 Laboratory Expense	87,627	84,870	2,757 *	0.45	0.43
27,857	23,720	4,137 *	0.43	0.36	7309 Oxygen Expense	65,410	71,160	5,750	0.34	0.36
	1,300	1,300		0.02	7310 Fluidized Bed Expense		3,900	3,900		0.02
23,990	25,210	1,220	0.37	0.38	7311 Ambulance Expense	76,736	75,630	1,106 *	0.40	0.38
9,864	13,990	4,126	0.15	0.21	7312 X-Ray Expense	30,340	41,970	11,630	0.16	0.21
17,471	10,960	6,511 *	0.27	0.17	7313 Flu/Pneumonia Expense	103,874	32,880	70,994 *	0.54	0.17
441,223	498,570	57,347	6.82	7.61	7314 Prescription Drug Expense	1,391,047	1,495,710	104,663	7.22	7.61
35,561	40,240	4,679	0.55	0.61	7315 OTC/Stock Drug Expense	117,761	120,720	2,959	0.61	0.61
46,933	48,325	1,392	0.73	0.74	7316 Pharmacy Consultant Expense	140,835	144,975	4,141	0.73	0.74
48,646	56,620	7,974	0.75	0.86	7317 Medical Supplies	169,436	169,860	424	0.88	0.86
	20	20		0.00	7318 Misc Ancillary Expense - PVT		60	60		0.00
4,062	5,350	1,288	0.06	0.08	7319 Misc Ancillary Expense - MCR A	11,613	16,050	4,437	0.06	0.08
					7320 Misc Ancillary Expense - MCD	102		102 *	0.00	
	50	50		0.00	7321 Misc Ancillary Expense - MGC	152	150	2 *	0.00	0.00
					7324 Misc Incurred Medical Expense	183		183 *	0.00	
12,708	1,150	11,558 *	0.20	0.02	7327 Misc Ancillary Expense-VA	30,890	3,450	27,440 *	0.16	0.02
1,791,778	1,839,745	47,967	27.68	28.09	Total Ancillaries	5,614,786	5,519,235	95,551 *	29.15	28.09
					7400 Dietary					
109,602	108,850	752 *	1.69	1.66	7401 Dietary Director Salaries	322,175	326,550	4,375	1.67	1.66
418,024	428,050	10,026	6.46	6.54	7402 Dietary Other Salaries	1,243,006	1,284,150	41,144	6.45	6.54

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<i>Month Actual</i>	<i>Month Budget</i>	<i>Month Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>	<i>Account</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>YTD Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>
24,835	21,560	3,275 *	0.38	0.33	7404 Dietary PTO	74,660	64,680	9,980 *	0.39	0.33
14,053	5,425	8,628 *	0.22	0.08	7405 Dietary Overtime	42,170	16,275	25,895 *	0.22	0.08
42,898	45,120	2,222	0.66	0.69	7406 Dietary PR Taxes	127,428	135,360	7,932	0.66	0.69
13,363	9,600	3,763 *	0.21	0.15	7407 Dietary Consultants	32,849	28,800	4,049 *	0.17	0.15
609,839	617,100	7,261	9.42	9.42	7408 Dietary Raw Food	1,869,803	1,851,300	18,503 *	9.71	9.42
59,230	60,850	1,620	0.91	0.93	7409 Dietary Supplies	183,568	182,550	1,018 *	0.95	0.93
	325	325		0.00	7411 Dietary Travel and Meetings	1,634	975	659 *	0.01	0.00
(89,032)	(97,770)	8,738 *	(1.38)	(1.49)	7412 Dietary Emp/Guest Meal Income	(272,922)	(293,310)	20,388 *	(1.42)	(1.49)
28		28 *	0.00		7413 Dietary Misc Expense	28		28 *	0.00	
1,728	100	1,628 *	0.03	0.00	7414 Dietary Minor Equipment	1,728	300	1,428 *	0.01	0.00
1,204,568	1,199,210	5,358 *	18.61	18.31	Total Dietary	3,626,127	3,597,630	28,497 *	18.82	18.31
					7500 Social Services					
70,174	68,300	1,874 *	1.08	1.04	7501 Social Services Director Salaries	198,804	204,900	6,096	1.03	1.04
99,628	102,250	2,622	1.54	1.56	7502 Social Services Other Salaries	292,181	306,750	14,569	1.52	1.56
(227)	3,965	4,192	0.00	0.06	7504 Social Services PTO	17,911	11,895	6,016 *	0.09	0.06
4,276	575	3,701 *	0.07	0.01	7505 Social Services Overtime	11,816	1,725	10,091 *	0.06	0.01
13,952	14,010	58	0.22	0.21	7506 Social Services PR Taxes	42,243	42,030	213 *	0.22	0.21
22,582	16,775	5,807 *	0.35	0.26	7507 Social Services Consultants	58,136	50,325	7,811 *	0.30	0.26
11,933	2,910	9,023 *	0.18	0.04	7508 Social Services Supplies	12,847	8,730	4,117 *	0.07	0.04
631	220	411 *	0.01	0.00	7510 Social Services Travel and Meetings	1,871	660	1,211 *	0.01	0.00
	100	100		0.00	7511 Social Services Misc Expense		300	300		0.00
222,950	209,105	13,845 *	3.44	3.19	Total Social Services	635,809	627,315	8,494 *	3.30	3.19
					7600 Activities					
53,975	52,725	1,250 *	0.83	0.81	7601 Activities Director Salaries	159,478	158,175	1,303 *	0.83	0.81
65,586	68,220	2,634	1.01	1.04	7602 Activities Other Salaries	191,969	204,660	12,691	1.00	1.04
3,561	4,370	809	0.06	0.07	7604 Activities PTO	11,970	13,110	1,140	0.06	0.07
1,842	20	1,822 *	0.03	0.00	7605 Activities Overtime	3,585	60	3,525 *	0.02	0.00
8,796	10,050	1,254	0.14	0.15	7606 Activities PR Taxes	25,874	30,150	4,276	0.13	0.15
	6,675	6,675		0.10	7607 Activities Consultants		20,025	20,025		0.10
18,664	20,175	1,511	0.29	0.31	7608 Activities Supplies	53,074	60,525	7,451	0.28	0.31
4,060	1,915	2,145 *	0.06	0.03	7609 Activities Purchased Services	12,348	5,745	6,603 *	0.06	0.03
135	440	305	0.00	0.01	7610 Activities Travel and Meetings	660	1,320	660	0.00	0.01
8,960	9,200	240	0.14	0.14	7611 Activities Specialty Vehicle SC Locator	24,408	27,600	3,192	0.13	0.14
360		360 *	0.01		7613 Activities Minor Equipment	360		360 *	0.00	
165,939	173,790	7,851	2.56	2.65	Total Activities	483,727	521,370	37,643	2.51	2.65
					7700 Medical Records					
48,317	49,895	1,578	0.75	0.76	7701 Medical Records Salaries	141,113	149,685	8,572	0.73	0.76

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2,278	2,555	277	0.04	0.04	7703 Medical Records PTO	9,347	7,665	1,682 *	0.05	0.04
2,637	200	2,437 *	0.04	0.00	7704 Medical Records Overtime	8,088	600	7,488 *	0.04	0.00
3,688	4,240	552	0.06	0.06	7705 Medical Records PR Taxes	10,987	12,720	1,733	0.06	0.06
9,749	3,660	6,089 *	0.15	0.06	7707 Medical Records Supplies	21,896	10,980	10,916 *	0.11	0.06
(56)	170	226	0.00	0.00	7708 Medical Records Purchased Services	152	510	358	0.00	0.00
(62)		62	0.00		7710 Medical Records Misc Expense	(637)		637	0.00	
66,552	60,720	5,832 *	1.03	0.93	Total Medical Records	190,946	182,160	8,786 *	0.99	0.93
7800 Laundry										
101,894	110,400	8,506	1.57	1.69	7802 Laundry Other Salaries	306,515	331,200	24,685	1.59	1.69
6,836	7,405	569	0.11	0.11	7804 Laundry PTO	24,747	22,215	2,532 *	0.13	0.11
2,190		2,190 *	0.03		7805 Laundry Overtime	5,612		5,612 *	0.03	
7,986	9,490	1,504	0.12	0.14	7806 Laundry PR Taxes	24,458	28,470	4,012	0.13	0.14
16,068	17,675	1,607	0.25	0.27	7807 Laundry Supplies	44,617	53,025	8,408	0.23	0.27
5,807	22,605	16,798	0.09	0.35	7808 Laundry Linen and Bedding	54,912	67,815	12,903	0.29	0.35
2,060	5,075	3,015	0.03	0.08	7809 Laundry Underpads	10,405	15,225	4,820	0.05	0.08
(5,866)	625	6,491	(0.09)	0.01	7812 Laundry Uniforms SC Locations	1,077	1,875	798	0.01	0.01
(202)		202	0.00		7813 Laundry Misc Expense	(1,214)		1,214	(0.01)	
136,772	173,275	36,503	2.11	2.65	Total Laundry	471,129	519,825	48,696	2.45	2.65
7900 Housekeeping										
57,304	56,675	629 *	0.89	0.87	7901 Housekeeping Director Salaries	171,483	170,025	1,458 *	0.89	0.87
257,051	276,100	19,049	3.97	4.22	7902 Housekeeping Other Salaries	751,706	828,300	76,594	3.90	4.22
15,705	16,920	1,216	0.24	0.26	7904 Housekeeping PTO	50,748	50,760	12	0.26	0.26
4,649		4,649 *	0.07		7905 Housekeeping Overtime	11,107		11,107 *	0.06	
24,502	28,150	3,648	0.38	0.43	7906 Housekeeping PR Taxes	72,411	84,450	12,039	0.38	0.43
70,117	62,325	7,792 *	1.08	0.95	7908 Housekeeping Supplies	187,358	186,975	383 *	0.97	0.95
9,082	8,400	682 *	0.14	0.13	7909 Housekeeping Purch Services	29,614	25,200	4,414 *	0.15	0.13
	25	25		0.00	7910 Housekeeping Travel and Meetings	322	75	247 *	0.00	0.00
54		54 *	0.00		7911 Housekeeping Misc Expense	54		54 *	0.00	
2,534	100	2,434 *	0.04	0.00	7912 Housekeeping Minor Equipment	5,547	300	5,247 *	0.03	0.00
440,999	448,695	7,696	6.81	6.85	Total Housekeeping	1,280,350	1,346,085	65,735	6.65	6.85
8000 Plant Operations and Maint.										
66,995	65,100	1,895 *	1.03	0.99	8001 POM Director Salaries	194,815	195,300	485	1.01	0.99
61,156	69,275	8,119	0.94	1.06	8002 POM Other Salaries	192,006	207,825	15,819	1.00	1.06
4,138	4,535	398	0.06	0.07	8004 POM PTO	13,778	13,605	173 *	0.07	0.07
6,777	2,860	3,917 *	0.10	0.04	8005 POM Overtime	15,961	8,580	7,381 *	0.08	0.04
11,407	11,430	23	0.18	0.17	8006 POM PR Taxes	33,591	34,290	699	0.17	0.17
19,120	18,725	395 *	0.30	0.29	8007 POM Consultants	51,240	56,175	4,935	0.27	0.29

* Unfavorable Differences

Consolidated Statement of Operations

White Oak Management, Inc. (ALL)

12/1/18 to 12/31/18

<i>Month Actual</i>	<i>Month Budget</i>	<i>Month Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>	<i>Account</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>YTD Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>
49,213	70,525	21,312	0.76	1.08	8008 POM Supplies	195,498	211,575	16,077	1.01	1.08
101,831	106,675	4,844	1.57	1.63	8009 POM Purchased Services	351,997	320,025	31,972 *	1.83	1.63
290,684	312,750	22,066	4.49	4.78	8010 POM Utilities	866,007	938,250	72,243	4.50	4.78
20,913	35,195	14,282	0.32	0.54	8011 POM Cable/TV Expense	93,992	105,585	11,593	0.49	0.54
	235	235		0.00	8012 POM Travel and Meetings	36	705	669	0.00	0.00
589	300	289 *	0.01	0.00	8014 POM Minor Equipment	4,482	900	3,582 *	0.02	0.00
3,442	3,235	207 *	0.05	0.05	8015 POM Vehicle Expense	10,097	9,705	392 *	0.05	0.05
<u>636,264</u>	<u>700,840</u>	<u>64,576</u>	<u>9.83</u>	<u>10.70</u>	Total Plant Operations and Maint.	<u>2,023,500</u>	<u>2,102,520</u>	<u>79,020</u>	<u>10.50</u>	<u>10.70</u>
					8030 Wellness Pool					
5	300	295	0.00	0.00	8035 Pool Supplies	90	900	810	0.00	0.00
689	1,400	711	0.01	0.02	8036 Pool Contract Services	3,958	4,200	242	0.02	0.02
17	125	108	0.00	0.00	8039 Pool Misc Expenses	17	375	358	0.00	0.00
<u>710</u>	<u>1,825</u>	<u>1,115</u>	<u>0.01</u>	<u>0.03</u>	Total Wellness Pool	<u>4,065</u>	<u>5,475</u>	<u>1,410</u>	<u>0.02</u>	<u>0.03</u>
					8100 Transportation					
31,029	40,000	8,971	0.48	0.61	8101 Transportation Salaries	98,200	120,000	21,800	0.51	0.61
2,432	2,380	52 *	0.04	0.04	8103 Transportation PTO	11,428	7,140	4,288 *	0.06	0.04
3,453	950	2,503 *	0.05	0.01	8104 Transportation Overtime	11,528	2,850	8,678 *	0.06	0.01
2,739	3,520	781	0.04	0.05	8105 Transportation PR Taxes	9,172	10,560	1,388	0.05	0.05
8,066	9,210	1,144	0.12	0.14	8106 Transportation Vehicle Expense	24,220	27,630	3,410	0.13	0.14
16,770	15,175	1,595 *	0.26	0.23	8107 Transportation Contract Vehicle	51,166	45,525	5,641 *	0.27	0.23
					8108 Transportation Misc Expense	(761)		761	0.00	
<u>64,490</u>	<u>71,235</u>	<u>6,745</u>	<u>1.00</u>	<u>1.09</u>	Total Transportation	<u>204,952</u>	<u>213,705</u>	<u>8,753</u>	<u>1.06</u>	<u>1.09</u>
					8200 Depreciation					
35,000	35,000		0.54	0.53	8201 Depreciation Expense - Land Improverr	105,000	105,000		0.55	0.53
1,800	1,800		0.03	0.03	8202 Depreciation Expense - Leasehold Imp	5,400	5,400		0.03	0.03
260,000	260,000		4.02	3.97	8203 Depreciation Expense - Buildings	780,000	780,000		4.05	3.97
110,000	110,000		1.70	1.68	8204 Depreciation Expense - Fixed Equipme	330,000	330,000		1.71	1.68
119,950	119,950		1.85	1.83	8205 Depr Expense - Moveable Equipment	359,850	359,850		1.87	1.83
<u>526,750</u>	<u>526,750</u>	<u>0</u>	<u>8.14</u>	<u>8.04</u>	Total Depreciation	<u>1,580,250</u>	<u>1,580,250</u>	<u>0</u>	<u>8.20</u>	<u>8.04</u>
					8300 Interest, Amortization & Lease					
201,467	190,000	11,467 *	3.11	2.90	8301 Interest Expense - Mortgage	581,292	570,000	11,292 *	3.02	2.90
14,720	12,070	2,650 *	0.23	0.18	8302 Interest Expense - Other	41,884	36,210	5,674 *	0.22	0.18
583,905	583,905		9.02	8.92	8303 Building Lease Expense	1,751,715	1,751,715		9.09	8.92
6,313	6,313	0	0.10	0.10	8304 Amort Expense - Loan Costs	18,938	18,939	1	0.10	0.10
6,680	6,680		0.10	0.10	8305 Amort Expense - Pre-Operating	20,040	20,040		0.10	0.10
5,663	5,663	0 *	0.09	0.09	8308 Amort Expense - Goodwill	16,990	16,989	1 *	0.09	0.09

* Unfavorable Differences

Consolidated Statement of Operations

White Oak Management, Inc. (ALL)

12/1/18 to 12/31/18

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
818,748	804,631	14,117 *	12.65	12.29	Total Interest, Amortization & Lease	2,430,858	2,413,893	16,965 *	12.62	12.29
					8400 Taxes and Insurance					
191,600	177,766	13,834 *	2.96	2.71	8401 Property Tax Expense	547,132	533,298	13,834 *	2.84	2.71
138,908	155,680	16,772	2.15	2.38	8402 Misc Tax Expense	419,206	467,040	47,834	2.18	2.38
34,375	34,375		0.53	0.52	8403 Insurance Expense- Property	103,125	103,125		0.54	0.52
25,000	25,000		0.39	0.38	8404 Insurance Expense- Liability	75,000	75,000		0.39	0.38
389,883	392,821	2,938	6.02	6.00	Total Taxes and Insurance	1,144,463	1,178,463	34,000	5.94	6.00
					8500 Employee Benefits					
1,038,686	1,092,100	53,414	16.05	16.68	8501 Employee Group Insurance	2,982,380	3,276,300	293,920	15.48	16.68
125,696	125,550	146 *	1.94	1.92	8502 Workers Compensation Expense	379,638	376,650	2,988 *	1.97	1.92
(2,841)	150	2,991	(0.04)	0.00	8503 Uniform Expense - NC Locations	(4,995)	450	5,445	(0.03)	0.00
	20,575	20,575		0.31	8504 Retirement Plan Expense	15,815	61,725	45,910	0.08	0.31
44,638	39,475	5,163 *	0.69	0.60	8505 Employee Benefits Misc Expense	110,313	118,425	8,112	0.57	0.60
1,206,179	1,277,850	71,671	18.63	19.51	Total Employee Benefits	3,483,150	3,833,550	350,400	18.08	19.51
					8600 General and Administration					
158,277	152,925	5,352 *	2.45	2.34	8601 Administrative Administrator Salaries	472,459	458,775	13,684 *	2.45	2.34
715,373	703,925	11,448 *	11.05	10.75	8603 Administrative Other Salaries	2,064,581	2,111,775	47,194	10.72	10.75
14,964	14,500	464 *	0.23	0.22	8605 Administrative PTO	38,530	43,500	4,970	0.20	0.22
9,610	6,700	2,910 *	0.15	0.10	8606 Administrative Overtime	33,464	20,100	13,364 *	0.17	0.10
60,874	66,680	5,806	0.94	1.02	8607 Administrative PR Taxes	170,270	200,040	29,770	0.88	1.02
787,000	785,600	1,400 *	12.16	12.00	8608 Management Fee Expense	2,361,000	2,356,800	4,200 *	12.26	12.00
19,199	22,435	3,236	0.30	0.34	8609 Telephone Expense	50,424	67,305	16,881	0.26	0.34
50,257	53,175	2,918	0.78	0.81	8610 Auto Expense	139,523	159,525	20,002	0.72	0.81
20,000	20,000		0.31	0.31	8611 Directors Fee Expense	60,000	60,000		0.31	0.31
39,078	25,130	13,948 *	0.60	0.38	8612 Dues and Subscriptions	82,985	75,390	7,595 *	0.43	0.38
13,524	15,050	1,526	0.21	0.23	8613 Office Supplies	39,495	45,150	5,655	0.21	0.23
17,370	24,775	7,405	0.27	0.38	8614 Copier Expense	53,369	74,325	20,956	0.28	0.38
6,285	6,225	60 *	0.10	0.10	8615 Postage Expense	20,762	18,675	2,087 *	0.11	0.10
5,939	23,745	17,806	0.09	0.36	8616 Professional Fees - Legal	49,422	71,235	21,813	0.26	0.36
10,842	12,775	1,933	0.17	0.20	8617 Professional Fees - Other	34,997	38,325	3,328	0.18	0.20
	100	100		0.00	8618 Equipment Rental Expense	218	300	82	0.00	0.00
15,658	24,500	8,842	0.24	0.37	8619 Admin - Travel and Meetings	72,349	73,500	1,151	0.38	0.37
1,497	7,400	5,903	0.02	0.11	8620 Help Wanted Advertising Expense	9,801	22,200	12,399	0.05	0.11
7,651	10,075	2,424	0.12	0.15	8621 General Advertising Expense	17,848	30,225	12,377	0.09	0.15
21,589	19,850	1,739 *	0.33	0.30	8622 Bank Charge Expense	65,670	59,550	6,120 *	0.34	0.30
5,959	9,190	3,231	0.09	0.14	8623 Printing Expense	28,484	27,570	914 *	0.15	0.14
110,208	109,290	918 *	1.70	1.67	8624 Data Processing Expense	280,156	327,870	47,714	1.45	1.67

* Unfavorable Differences

Consolidated Statement of Operations

White Oak Management, Inc. (ALL)

12/1/18 to 12/31/18

<i>Month Actual</i>	<i>Month Budget</i>	<i>Month Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>	<i>Account</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>YTD Diff</i>	<i>PPD Actual</i>	<i>PPD Budget</i>
8,937	6,000	2,937 *	0.14	0.09	8625 Administrative Misc Expense	25,875	18,000	7,875 *	0.13	0.09
4,076	5,830	1,754	0.06	0.09	8626 Meals & Entertainment	15,045	17,490	2,445	0.08	0.09
<u>2,104,168</u>	<u>2,125,875</u>	<u>21,707</u>	<u>32.50</u>	<u>32.46</u>	Total General and Administration	<u>6,186,730</u>	<u>6,377,625</u>	<u>190,895</u>	<u>32.12</u>	<u>32.46</u>
					8800 Other Costs					
68,192	71,075	2,883	1.05	1.09	8801 Non-Allowable Expense	225,082	213,225	11,857 *	1.17	1.09
2,000	2,000		0.03	0.03	8802 Office Rental Expense	6,000	6,000		0.03	0.03
6,377	4,170	2,207 *	0.10	0.06	8803 Promotional Expense	15,320	12,510	2,810 *	0.08	0.06
27,300	27,300		0.42	0.42	8804 Bad Debt Expense	81,900	81,900		0.43	0.42
3,130	5,480	2,350	0.05	0.08	8805 Contribution Expense	6,730	16,440	9,710	0.03	0.08
1,435	1,750	315	0.02	0.03	8807 Wellness Instructor Fees	4,905	5,250	345	0.03	0.03
<u>108,434</u>	<u>111,775</u>	<u>3,341</u>	<u>1.68</u>	<u>1.71</u>	Total Other Costs	<u>339,937</u>	<u>335,325</u>	<u>4,612 *</u>	<u>1.76</u>	<u>1.71</u>
<u>15,360,201</u>	<u>15,691,777</u>	<u>331,576</u>	<u>237.28</u>	<u>239.61</u>	Total Operating Costs	<u>46,045,930</u>	<u>47,075,331</u>	<u>1,029,401</u>	<u>239.04</u>	<u>239.61</u>
<u>94,781</u>	<u>(71,456)</u>	<u>166,237</u>	<u>1.46</u>	<u>(1.09)</u>	Total Income/Loss from Operations	<u>81,465</u>	<u>(213,518)</u>	<u>294,983</u>	<u>0.42</u>	<u>(1.09)</u>
<u>94,781</u>	<u>(71,456)</u>	<u>166,237</u>	<u>1.46</u>	<u>(1.09)</u>	Total Net Income Before Taxes	<u>81,465</u>	<u>(213,518)</u>	<u>294,983</u>	<u>0.42</u>	<u>(1.09)</u>
<u>94,781</u>	<u>(71,456)</u>	<u>166,237</u>	<u>1.46</u>	<u>(1.09)</u>	Total Net Income/Loss	<u>81,465</u>	<u>(213,518)</u>	<u>294,983</u>	<u>0.42</u>	<u>(1.09)</u>

* Unfavorable Differences

Consolidate Balance Sheet
as of 12/31/18
 White Oak Management, Inc. (ALL)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>
1000	Assets	
1001	Current Assets	
1002	Cash	
1100	Accounts Receivable	(6,879,148.35)
1200	Inventory	17,255,992.21
1300	Prepaid Expenses	621,721.86
1400	Other Current Assets	714,483.75
	Total Current Assets	8,402,166.39
		20,115,215.86
1500	Non-Current Assets	
1501	Other Assets	4,060,061.98
1800	Property, Plant and Equipment	66,909,688.02
	Total Non-Current Assets	70,969,750.00
	Total Assets	\$91,084,965.86
3000	Liabilities & Equity	
3001	Total Liabilities	
3002	Current Liabilities	
3004	Notes and Accounts Payable	3,101,072.43
3200	Accrued Liabilities	6,945,543.08
3300	Other Current Liabilities	4,162,449.41
		14,209,064.92
3003	Long Term Liabilities	
3400	Long Term Liabilities	54,772,858.35
3500	Deferred Revenue	761,938.65
		55,534,797.00
	Total Total Liabilities	69,743,861.92
4000	Equity	
	Total Equity	21,341,103.94
	Total Liabilities & Equity	\$91,084,965.86

Consolidated Balance Sheet
as of 12/31/18
White Oak Management, Inc. (ALL)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>
1000	Assets	
1001	Current Assets	
1002	Cash	
1003	Operating Bank Account	(6,900,423.73)
1005	Petty Cash	13,975.00
1006	Deposit in Transit	(1,199.62)
1008	Resident Trust Funds Petty Cash	8,500.00
		(6,879,148.35)
1100	Accounts Receivable	
1101	Accts Receivable-Private	1,924,671.05
1102	Accts Receivable-Medicaid SNF	4,508,578.88
1103	Accts Receivable-Medicaid ICF	242,908.85
1104	Accts Receivable-Hospice	749,609.95
1105	Accts Receivable-Medicare Pt A	2,084,399.69
1106	Accts Receivable-Mcare Crossover Part A	186,319.22
1107	Accts Receivable-3rd Party Ins Part A	792,478.61
1108	Accts Receivable-Medicare Pt B	524,737.91
1109	Accts Receivable-Mcare Crossover Pt B	139,537.87
1110	Accts Receivable-Medicaid Pending	2,369,147.90
1111	Accts Receivable-Insurance	520,237.66
1112	Accts Receivable-Managed Care	1,241,502.70
1113	Accts Receivable-VA	1,556,740.65
1114	Accts Receivable-Other	214,519.96
1115	Accts Receivable Other	9,236.79
1118	Due from Karesh	54,230.36
1120	Allowance For Doubtful Accounts	(343,805.68)
1122	Accts Rec - 3rd Party Clearing Account	5,248.27
1123	Resident Refund Clearing Acct	1,470.85
1124	Resident Judgments	492,142.76
1125	Activities Fund	(17,922.04)
		17,255,992.21
1200	Inventory	
1201	Inventory-Food	180,668.65
1202	Inventory-Medical Supplies	86,396.43
1203	Inventory-Nursing Supplies	112,064.09
1204	Inventory-PEN	7,990.03
1205	Inventory-Laundry	36,857.92

Consolidate Balance Sheet
as of 12/31/18
 White Oak Management, Inc. (ALL)

<i>Account</i>	<i>Description</i>	<i>Amount</i>	
1206	Inventory-Housekeeping	39,060.91	
1207	Inventory-Other	158,683.83	
		<u>621,721.86</u>	
1300	Prepaid Expenses		
1301	Prepaid Insurance	740,542.19	
1304	Prepaid Ins-W Comp	(26,058.44)	
		<u>714,483.75</u>	
1400	Other Current Assets		
1401	Estimated Income Tax Paid	(100.00)	
1402	Health Insurance Claims Account	(134,693.78)	
1403	Accrued Interest	113,591.17	
1504	Assets Limited to Use	8,423,369.00	
		<u>8,402,166.39</u>	
	Total Current Assets		20,115,215.86
1500	Non-Current Assets		
1501	Other Assets		
1507	Deferred Start Up Costs	400,857.02	
1508	Accum Amort Def Start Up Costs	(59,552.73)	
1509	Deferred Loan Costs	398,766.00	
1510	Accm Amort Def Loan Costs	(317,316.24)	
1600	Intercompany Account-WO Manor		
1601	Intercompany Account-Spartanburg		
1602	Intercompany Account-Columbia	0.30	
1603	Intercompany Account-Newberry		
1604	Intercompany Account-Rock Hill		
1605	Intercompany Account-Shelby	0.01	
1606	Intercompany Account-Kings Mountain		
1607	Intercompany Account-Tryon		
1608	Intercompany Account-Rutherfordton		
1609	Intercompany Account-Burlington		
1610	Intercompany Account-Charleston		
1611	Intercompany Account-Charlotte		
1612	Intercompany Account-SV Apartments		
1613	Intercompany Account-Oak Creek		
1614	Intercompany Account-Benson Hall		
1615	Intercompany Account-White Oak Estates		
1616	Intercompany Account-WOE Assisted Living		

Consolidated Balance Sheet
as of 12/31/18
 White Oak Management, Inc. (ALL)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>
1617	Intercompany Account-WOE Apartments	
1618	Intercompany Account-Lancaster	
1619	Intercompany Account-York	
1620	Intercompany Account-WA with TR	
1621	Intercompany Account-BH with TR	
1622	Intercompany Account-OC with BU	
1623	Intercompany Account-SA with CR	
1624	Intercompany Account-EA with WE	
1625	Intercompany Account-EL with WE	
1626	Intercompany Account- Waxhaw	
1627	Intercompany Account-WO Village	
1628	Intercompany Account-WA with OC	
1630	Intercompany Account-WA with EA	
1631	Intercompany Account-WOE Wellness Center	
1632	Intercompany Account-EW with WE	
1633	Intercompany Account-EW with EA	
1634	Intercompany Account-EW with EL	
1635	Intercompany Account-North Grove	
1686	Intercompany Account-Payroll-Ultimate	1,500.00
1687	Interdivision-Purchase Acct	(0.01)
1691	Investment in Subsidiary	3,177,082.00
1692	Goodwill	458,725.63
		4,060,061.98
1800	Property, Plant and Equipment	
1801	Land	5,292,557.36
1802	Land Improvements	10,227,996.70
1803	Accm Depn-Land Improvements	(6,812,835.75)
1804	Building	96,087,219.17
1805	Accm Depn-Buildings	(58,221,465.11)
1806	Leasehold Improvements	189,509.30
1807	Accm Depn-Leasehold Improvements	(85,878.44)
1808	Fixed Equipment	18,030,982.26
1809	Accm Depn-Fixed Equipment	(8,870,735.94)
1810	Moveable Equipment	16,798,539.90
1811	Accm Depn-Moveable Equipment	(13,044,944.75)
1812	Accm Depn-Purchase Accounting	7,234,861.00
1813	Construction in Progress - CR Parking	18,528.18
1817	Construction in Progress - AM	64,119.14
1825	Asset Retirement Cost	10,150.00
1826	Accm Depn Asset Retirement Cost	(8,915.00)

Consolidated Balance Sheet
as of 12/31/18
White Oak Management, Inc. (ALL)

<i>Account</i>	<i>Description</i>	<i>Amount</i>
		66,909,688.02
	Total Non-Current Assets	70,969,750.00
	Total Assets	\$91,084,965.86
3000	Liabilities & Equity	
3001	Total Liabilities	
3002	Current Liabilities	
3004	Notes and Accounts Payable	
3100	Accounts Payable	3,088,383.64
3102	Medicare Cost Report Payable	(11,410.97)
3109	Employee Deductions-Cancer	24,099.76
		3,101,072.43
3200	Accrued Liabilities	
3201	Accrued Salaries and Wages	2,368,884.54
3202	Accrued Vacation/PTO Payable	1,998,053.75
3204	Federal Income Tax Withheld	(251.20)
3205	State Income Tax Withheld	(147.93)
3206	FICA and Medicare Tax Withheld	(451.28)
3209	401K Payable	75,000.00
3210	Accrued Interest Payable	84,240.00
3211	Accrued Audit Fees	50,370.00
3212	Accrued Insurance Liabilities	1,803,000.00
3213	Accrued Liabilities-Bonus	15,000.00
3214	Accrued Liabilities-Other	425,061.00
3215	Accrued Liabilities-Provider Assess.	126,784.20
		6,945,543.08
3300	Other Current Liabilities	
3301	Property Taxes Payable	1,672,483.04
3303	Asset Retirement Obligation	909,100.00
3304	Advance Billing Liability	598.22
3306	Derivatives	1,510,913.49
3350	Unearned Revenue	69,354.66
		4,162,449.41
		14,209,064.92
3003	Long Term Liabilities	

Consolidated Balance Sheet
as of 12/31/18
White Oak Management, Inc. (ALL)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>	
3400	Long Term Liabilities		
3401	Mortgage Payable 1	20,790,070.84	
3402	Mortgage Payable 2	11,050,000.00	
3403	Mortgage Payable 3	21,156,260.79	
3404	Mortgage Payable 4	1,776,526.72	
		<u>54,772,858.35</u>	
3500	Deferred Revenue		
3501	Deposits for Apartments Waiting List	132,000.00	
3502	Deposits on Apartments	611,438.65	
3503	Misc Deposits Account	18,500.00	
		<u>761,938.65</u>	
		<u>55,534,797.00</u>	
	Total Total Liabilities		69,743,861.92
4000	Equity		
4001	Common Stock	3,223,944.00	
4003	Retained Earnings	(8,962,610.56)	
4004	Current Earnings	81,464.53	
4006	Interdivision Equity	23,320,815.78	
4007	Unrealized (Gain)Loss on Investments	3,677,490.19	
	Total Equity		21,341,103.94
	Total Liabilities & Equity		<u><u>\$91,084,965.86</u></u>

ATTACHMENT II

WHITE OAK MANOR – TRYON, INC.,
WHITE OAK MANOR – BURLINGTON, INC., AND
WHITE OAK MANOR – CHARLOTTE, INC.
(SUBSIDIARIES OF WHITE OAK MANOR, INC.)

PROJECTED COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' REPORT

FOR THE YEARS ENDING SEPTEMBER 30, 2019
THROUGH SEPTEMBER 30, 2023

WHITE OAK MANOR – TRYON, INC.,
WHITE OAK MANOR – BURLINGTON, INC., AND
WHITE OAK MANOR – CHARLOTTE, INC.
(SUBSIDIARIES OF WHITE OAK MANOR, INC.)
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FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
White Oak Manor, Inc.
Spartanburg, South Carolina

Management is responsible for the accompanying projected combined financial statements of White Oak Manor – Tryon, Inc., White Oak Manor – Burlington, Inc., and White Oak Manor – Charlotte, Inc., wholly-owned subsidiaries of White Oak Manor, Inc. (the "Combined Subsidiaries"), which comprise the projected combined balance sheets as of September 30, 2019, 2020, 2021, 2022, and 2023, and the related projected combined statements of operations, shareholder's equity, and cash flows for the years then ending, and the related summaries of significant projection assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projected 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 projected financial statements or the assumptions. Furthermore, even if the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 6 (the "Hypothetical Assumption") occur as projected, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying projection information and this report are intended solely for the information and use of management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and is included in the Organization's disclosure statement filing), and is not intended to be and should not be used, by anyone other than these specified parties.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 25, 2019

WHITE OAK MANOR – TRYON, INC.,
WHITE OAK MANOR – BURLINGTON, INC., AND
WHITE OAK MANOR – CHARLOTTE, INC.
(SUBSIDIARIES OF WHITE OAK MANOR, INC.)
PROJECTED COMBINED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
SEPTEMBER 30, 2019 THROUGH 2023

ASSETS	2019	2020	2021	2022	2023
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Accounts Receivable, Net	2,603,149	2,707,274	2,815,565	2,928,188	3,045,316
Other Current Assets	99,266	103,236	107,366	111,661	116,128
Total Current Assets	<u>2,852,415</u>	<u>2,960,510</u>	<u>3,072,931</u>	<u>3,189,849</u>	<u>3,311,444</u>
ASSETS LIMITED AS TO USE - OPERATING RESERVE	1,556,671	1,603,371	1,651,472	1,701,016	1,752,047
MOVEABLE EQUIPMENT	5,928,581	6,228,581	6,528,581	6,828,581	7,128,581
Less: Accumulated Depreciation	4,347,489	4,695,839	5,060,699	5,442,069	5,839,949
Moveable Equipment, Net	<u>1,581,092</u>	<u>1,532,742</u>	<u>1,467,882</u>	<u>1,386,512</u>	<u>1,288,632</u>
Total Assets	<u>\$ 5,990,178</u>	<u>\$ 6,096,623</u>	<u>\$ 6,192,285</u>	<u>\$ 6,277,377</u>	<u>\$ 6,352,123</u>
	2019	2020	2021	2022	2023
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts Payable	\$ 706,288	\$ 727,476	\$ 749,300	\$ 771,778	\$ 794,931
Accrued Wages and Other Liabilities	1,352,248	1,392,816	1,434,600	1,477,637	1,521,966
Intercompany Accounts	21,211,965	22,273,748	22,861,581	23,027,508	22,783,615
Asset Retirement Obligation	117,494	117,494	117,494	117,494	117,494
Total Current Liabilities	<u>23,387,995</u>	<u>24,511,534</u>	<u>25,162,975</u>	<u>25,394,417</u>	<u>25,218,006</u>
DEFERRED CREDITS					
Unearned Deposit Revenue - Nonrefundable	630,561	726,384	756,847	721,950	649,393
Unearned Deposit Revenue - Refundable	-	-	-	-	-
Deposits on Apartments	94,500	94,500	94,500	94,500	94,500
Total Deferred Credits	<u>725,061</u>	<u>820,884</u>	<u>851,347</u>	<u>816,450</u>	<u>743,893</u>
LONG-TERM DEBT	-	-	-	-	-
Total Liabilities	24,113,056	25,332,418	26,014,322	26,210,867	25,961,899
SHAREHOLDER'S EQUITY (DEFICIT)					
Common Stock	887,153	887,153	887,153	887,153	887,153
Retained Deficit	(19,010,031)	(20,122,948)	(20,709,190)	(20,820,643)	(20,496,929)
Other Comprehensive Loss	-	-	-	-	-
Total Shareholder's Equity (Deficit)	<u>(18,122,878)</u>	<u>(19,235,795)</u>	<u>(19,822,037)</u>	<u>(19,933,490)</u>	<u>(19,609,776)</u>
Total Liabilities and Shareholder's Equity (Deficit)	<u>\$ 5,990,178</u>	<u>\$ 6,096,623</u>	<u>\$ 6,192,285</u>	<u>\$ 6,277,377</u>	<u>\$ 6,352,123</u>

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

WHITE OAK MANOR – TRYON, INC.,
 WHITE OAK MANOR – BURLINGTON, INC., AND
 WHITE OAK MANOR – CHARLOTTE, INC.
 (SUBSIDIARIES OF WHITE OAK MANOR, INC.)
 PROJECTED COMBINED STATEMENTS OF OPERATIONS
 ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
 FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	2019	2020	2021	2022	2023
REVENUES					
Net Patient Service Revenue	\$ 28,461,192	\$ 29,457,334	\$ 30,488,340	\$ 31,555,433	\$ 32,659,873
Apartment Rents	3,007,700	3,112,970	3,221,924	3,334,691	3,451,406
Deposit Amortization	165,617	230,977	296,337	361,697	399,357
Investment Income	45,340	51,200	52,601	54,044	55,531
Other Revenue	60,980	63,115	65,323	67,610	69,976
Total Revenues	<u>31,740,829</u>	<u>32,915,596</u>	<u>34,124,525</u>	<u>35,373,475</u>	<u>36,636,143</u>
EXPENSES					
Nursing Services	12,801,981	13,058,020	13,319,181	13,585,564	13,857,275
Ancillaries	3,685,510	3,759,220	3,834,404	3,911,092	3,989,314
Dietary Expenses	3,238,499	3,303,270	3,369,335	3,436,722	3,505,457
Social Services	329,926	336,525	343,256	350,122	357,124
Activities	378,478	386,048	393,769	401,645	409,679
Medical Records	117,282	119,628	122,020	124,460	126,949
Laundry and Linen	430,599	439,211	447,995	456,955	466,094
Housekeeping	1,101,560	1,123,591	1,146,063	1,168,984	1,192,364
Facility Operations and Maintenance	1,972,081	2,011,522	2,051,752	2,092,787	2,134,643
Depreciation	331,840	348,350	364,860	381,370	397,880
Taxes and Insurance	435,164	443,857	452,744	461,799	471,036
Employee Benefits	2,807,773	2,863,929	2,921,208	2,979,632	3,039,224
General and Administrative	5,773,974	5,835,332	5,906,216	5,978,974	6,053,636
Total Expenses	<u>33,404,667</u>	<u>34,028,513</u>	<u>34,672,803</u>	<u>35,330,106</u>	<u>36,000,675</u>
Net Income (Loss)	<u>\$ (1,663,838)</u>	<u>\$ (1,112,917)</u>	<u>\$ (548,278)</u>	<u>\$ 43,369</u>	<u>\$ 635,468</u>

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

WHITE OAK MANOR – TRYON, INC.,
WHITE OAK MANOR – BURLINGTON, INC., AND
WHITE OAK MANOR – CHARLOTTE, INC.
(SUBSIDIARIES OF WHITE OAK MANOR, INC.)
PROJECTED COMBINED STATEMENTS OF SHAREHOLDER'S EQUITY (DEFICIT)
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholder's Equity (Deficit)
BALANCE, SEPTEMBER 30, 2018	\$ 887,153	\$ (17,346,193)	\$ -	\$ (16,459,040)
Net Loss	-	(1,663,838)	-	(1,663,838)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2019	887,153	(19,010,031)	-	(18,122,878)
Net Loss	-	(1,112,917)	-	(1,112,917)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	887,153	(20,122,948)	-	(19,235,795)
Net Loss	-	(548,278)	-	(548,278)
Distributions to Shareholder	-	(37,964)	-	(37,964)
BALANCE, SEPTEMBER 30, 2021	887,153	(20,709,190)	-	(19,822,037)
Net Income	-	43,369	-	43,369
Distributions to Shareholder	-	(154,822)	-	(154,822)
BALANCE, SEPTEMBER 30, 2022	887,153	(20,820,643)	-	(19,933,490)
Net Income	-	635,468	-	635,468
Distributions to Shareholder	-	(311,754)	-	(311,754)
BALANCE, SEPTEMBER 30, 2023	<u>\$ 887,153</u>	<u>\$ (20,496,929)</u>	<u>\$ -</u>	<u>\$ (19,609,776)</u>

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

WHITE OAK MANOR – TRYON, INC.,
WHITE OAK MANOR – BURLINGTON, INC., AND
WHITE OAK MANOR – CHARLOTTE, INC.
(SUBSIDIARIES OF WHITE OAK MANOR, INC.)
PROJECTED COMBINED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	2019	2020	2021	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Income (Loss)	\$ (1,663,838)	\$ (1,112,917)	\$ (548,278)	\$ 43,369	\$ 635,468
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	331,840	348,350	364,860	381,370	397,880
Deposit Amortization	(165,617)	(230,977)	(296,337)	(361,697)	(399,357)
Deposit Receipts	326,800	326,800	326,800	326,800	326,800
Increase in Current Assets:					
Accounts Receivable	(100,122)	(104,125)	(108,291)	(112,623)	(117,128)
Other Current Assets	(3,818)	(3,970)	(4,130)	(4,295)	(4,467)
Increase in Current Liabilities:					
Accounts Payable	20,570	21,188	21,824	22,478	23,153
Intercompany Accounts	1,710,140	1,061,783	587,833	165,927	(243,893)
Accrued Wages and Other Liabilities	39,385	40,568	41,784	43,037	44,329
Net Cash Provided by Operating Activities	<u>495,340</u>	<u>346,700</u>	<u>386,065</u>	<u>504,366</u>	<u>662,785</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property and equipment	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Net Change in Assets Limited as to Use - Operating Reserve	(45,340)	(46,700)	(48,101)	(49,544)	(51,031)
Net Cash Used in Investing Activities	<u>(345,340)</u>	<u>(346,700)</u>	<u>(348,101)</u>	<u>(349,544)</u>	<u>(351,031)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to Shareholder	-	-	(37,954)	(154,822)	(311,754)
Net Cash Used in Financing Activities	<u>-</u>	<u>-</u>	<u>(37,954)</u>	<u>(154,822)</u>	<u>(311,754)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	150,000	-	-	-	-
Cash and Cash Equivalents - Beginning of Year	-	150,000	150,000	150,000	150,000
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

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

Summary of Significant Projection Assumptions and Accounting Policies

Basis of Presentation

The financial projection (the "Projection") presents to the best of the knowledge and belief of Management's ("Management") of White Oak Manor – Tryon, Inc. White Oak Manor Burlington, Inc. and White Oak Manor – Charlotte, Inc. (subsidiaries of White Oak Manor, Inc.) (the "Combined Subsidiaries"), Combined Subsidiaries the expected financial position, results of operations and cash flows as of September 30, 2019, 2020, 2021, 2022, and 2023 and for each of the years then ending (the "Projection Period").

A projection, although similar to a forecast, is a presentation of prospective financial information that is subject to one or more hypothetical assumptions. Management has included assumptions that are considered to be a "Hypothetical Assumption" as defined by the American Institute of Certified Public Accountants' Guide for Prospective Financial Information. A Hypothetical Assumption is defined as follows: "An assumption used in a financial projection or in a partial presentation of projected information to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation."

Management's hypothetical assumption is as follows:

- The operating reserve, as presented on the projected combined balance sheet, is adequate and will be accepted by the North Carolina Department of Insurance.

Management's purpose for preparing this financial projection is for the use of Management, the Board of Directors, and for inclusion in Management's Disclosure Statements in accordance with Chapter 58, Article 64 of the North Carolina General Statutes and is not intended to be and should not be used, by another other than these specified parties. The projection reflects management's judgment as of February 25, 2019, the date of this projection, of the expected conditions and its expected course of actions. The assumptions disclosed herein are those that Management of White Oak Manor, Inc. believes are significant to the projected combined statements. Furthermore, even if the Hypothetical Assumption was to occur, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Unless otherwise noted, references to time periods used in this report refer to the fiscal year of White Oak Manor – Tryon, Inc., White Oak Manor – Burlington, Inc., and White Oak Manor – Charlotte, Inc. which ends on September 30.

Summary of Significant Projection Assumptions and Accounting Policies

Background and Summary of Significant Accounting Policies

Background

White Oak Manor, Inc. and its wholly-owned subsidiaries operate nursing home facilities, assisted living facilities, and apartment complexes for the elderly throughout North and South Carolina. These wholly-owned subsidiaries include:

White Oak Management, Inc.
White Oak Manor – Spartanburg, Inc.
White Oak Manor – Columbia, Inc.
White Oak Manor – Newberry, Inc.
White Oak Manor – Rock Hill, Inc.
White Oak Manor – Shelby, Inc.
White Oak Manor – Kings Mountain, Inc.
White Oak Manor – Rutherfordton, Inc.
White Oak Manor – Charleston, Inc.
White Oak Manor – Charlotte, Inc.
White Oak Manor – Burlington, Inc.
White Oak Manor – Tryon, Inc.
White Oak Manor – Lancaster, Inc.
White Oak Manor – York, Inc.
White Oak Estates, Inc.
White Oak Estates Apartments, Inc.
White Oak Estates Assisted Living, Inc.
White Oak Manor – Waxhaw, Inc.

Three of these subsidiaries, White Oak Manor – Tryon, Inc., White Oak Manor – Burlington, Inc., and White Oak Manor – Charlotte, Inc. collect entrance fees for certain apartment units.

Summary of Significant Accounting Policies

Cash Equivalents

Cash equivalents consist of temporary bank deposits, money market instruments, and certificates of deposit with an original maturity of three months or less at the date of purchase.

Allowance for Uncollectible Accounts

The Combined Subsidiaries provide an allowance for uncollectible accounts using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. Accounts past due more than 45 days are individually analyzed for collectibility.

Assets Limited as to Use – Operating Reserve

Assets limited as to use include assets required to be set aside by the Department of Insurance of the State of North Carolina as operating reserves. All assets limited as to use are held in cash, money market funds, debt securities and equity investments.

Summary of Significant Projection Assumptions and Accounting Policies

Background and Summary of Significant Accounting Policies (continued)

Property and Moveable Equipment

Moveable equipment is stated at cost. Routine maintenance, repairs, and renewals are charged to expenses. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

The fair value of moveable equipment is assumed to be unchanged during the Projection Period. The Company assumes additions to moveable equipment of \$300,000 per year during the Projection Period, based on historical experience.

All land and buildings are owned by White Oak Manor, Inc., a related party, and leased by the Combined Subsidiaries. Each of the Combined Subsidiaries has entered into individual lease agreements with White Oak Manor, Inc. The lease agreements contain an automatic renewal on an annual basis and require monthly rent payments at the beginning of each month. Lease expense is projected to be approximately \$650,000 for the Combined Subsidiaries at September 30, 2019 and has been inflated two percent each year thereafter through the Projection Period. Lease expense is included within General and Administrative expenses.

Revenue Recognition

Net patient service revenues are recorded at the expected reimbursement rate. Contractual adjustments include adjustment for patients admitted as private pay patients but later reimbursed under third-party rates, adjustments for ancillary charges and differences between gross charges and reimbursement at contract rates. Final determination of amounts due from or to the Medicare and Medicaid programs is subject to review by appropriate governmental authorities or their agents. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Combined Subsidiaries believe that they are in compliance with all applicable laws and regulations and are not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory actions including fines, penalties, and exclusion from Medicare and Medicaid programs.

Unearned deposit revenue represents deposit fees which are earned over the estimated length of stay of the residents. Under the terms of the rental agreement, in the event of the resident's death, no refund is due to the resident. Otherwise, the unearned portion is refundable to the resident in the event of termination of the lease by either the Combined Subsidiaries or the resident in decreasing equal amounts over a five-year period. In addition to the deposits, residents also pay monthly fees which are subject to increase by Management.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, assets limited as to use, trade accounts receivable, and other current and long-term liabilities approximates their respective fair values.

Summary of Significant Projection Assumptions and Accounting Policies

Background and Summary of Significant Accounting Policies (continued)

Self-Insurance

The Combined Subsidiaries are primarily self-insured up to a certain level for professional and general liability costs and are self-insured for employee vested health care benefits and workers' compensation. Self-insurance liabilities are determined based on claims filed and estimates for claims incurred but not reported.

Income Taxes

The shareholders of the Combined Subsidiaries have elected under Subchapter S of the Internal Revenue Code to include the Combined Subsidiaries income in their own income for federal income tax purposes. Accordingly, no income tax provision or liabilities are reflected in the projected combined financial statements. Distributions are made to shareholders in the form of dividends to fund the shareholders' tax liabilities resulting from inclusion of the Combined Subsidiaries income in their own income for income tax purposes.

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Revenues

Unless otherwise noted, assumptions are the same for all three Combined Subsidiaries.

Facility Utilization

Management assumes White Oak Manor – Tryon, Inc., White Oak Manor – Burlington, Inc. and White Oak Manor – Charlotte, Inc. will maintain an occupancy rate greater than 90 percent. See Operating Reserve for annual projected occupancies assumed by Management during the Projection Period.

Revenue

Net patient service revenue includes revenue from residents residing in the nursing facility. The payor mix is based on the payor mix existing as of September 30, 2018 at each of the Combined Subsidiaries. Net patient service revenue are assumed to increase 3.5 percent annually during the Projection Period. The Projection does not assume any third-party payor settlements throughout the Projected Period.

Apartment rents are based on the occupancy percentage as of September 30, 2018. Future rent increases are expected to be 3.5 percent annually during the Projection Period.

Deposit amortization revenue is based on the expected turnover in units at the Combined Subsidiaries' apartment complexes for the elderly. The expected turnover in the Projection Period of 12 units per year and refunds for three units per year in total for all complexes is consistent with the Combined Subsidiaries historical experience. Deposits for apartments range from \$15,000 to \$30,000 depending on the size and location of the apartment. Deposits are assumed to be collected equally throughout the year.

Investment income is projected based on available investment balances earning investment income at a realized rate of three percent per year during the Projection Period.

Other revenue consists of various miscellaneous items. Other revenue is expected to grow by 3.5 percent per year during the Projection Period with actual 2018 revenues serving as the base amount.

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Expenses

Cost and Expenses

Management fees are charged to the Combined Subsidiaries to cover related party management costs and interest expense as related to long-term debt held by White Oak Manor, Inc. The interest portion of management fees is allocated based on the percentage of the Combined Subsidiaries' beds and units to the total beds and units for all subsidiaries of White Oak Manor, Inc. Total management fees are projected to be approximately \$1,733,000 for the Combined Subsidiaries at September 30, 2019 and have been inflated two percent each year thereafter through the Projection Period. Management fees are included within General and Administrative expenses.

Other cost and expenses for 2019 are based on actual operating expenses for the fiscal year ended September 30, 2018. Cost and expenses for subsequent years have been inflated two percent each year thereafter during the Projection Period.

Distribution to Shareholder

Distributions to shareholder for the payment of income taxes using tax rates in effect at February 25, 2019 are projected based on projected taxable income. Taxable income to be recognized by the Combined Subsidiaries' shareholders on their individual tax returns is based on reported income from operations and expected differences in revenue and expenses for financial reporting purposes and tax purposes.

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Other Items

Operating Reserve

Under the rules and regulations of the Department of Insurance of North Carolina, which regulates continuing care facilities operating in the state, the Combined Subsidiaries are required to maintain operating reserves of 25 percent or 50 percent depending on the occupancy percentage, of the total occupancy costs projected for the 12-month period following the period covered by the most recent annual statement filed with the Department of Insurance. The operating reserve has been calculated assuming a rate of inflation of three percent and an occupancy level of greater than 90 percent for White Oak Manor Tryon, Inc., White Oak Manor – Burlington, Inc. and White Oak Manor – Charlotte, Inc.

The operating reserves for the Consolidated Subsidiaries are projected as follows:

WHITE OAK MANOR - TRYON	2019	2020	2021	2022	2023	2024
Total Projected Operating Expenses	\$ 8,994,636	\$ 9,157,829	\$ 9,327,020	\$ 9,499,640	\$ 9,675,755	\$ 9,966,028
Less:						
Depreciation	155,455	161,635	167,815	173,995	180,175	185,580
Net Budgeted Operating Expenses	8,839,381	8,996,194	9,159,205	9,325,645	9,495,580	9,780,448
Operating Reserve Percentage		25%	25%	25%	25%	25%
Projected Reserve Requirement	\$ 2,249,049	\$ 2,289,801	\$ 2,331,411	\$ 2,373,895	\$ 2,445,112	
Assets Held to Meet Reserve Requirement	\$ 877,101	\$ 903,414	\$ 930,516	\$ 958,431	\$ 987,184	
Projected Occupancy as of Year End	97.6%	97.6%	97.6%	97.6%	97.6%	
WHITE OAK MANOR - BURLINGTON	2019	2020	2021	2022	2023	2024
Total Projected Operating Expenses	\$ 11,832,980	\$ 12,055,266	\$ 12,284,616	\$ 12,518,599	\$ 12,757,304	\$ 13,140,023
Less:						
Depreciation	92,528	98,068	103,308	108,548	113,788	119,028
Net Budgeted Operating Expenses	11,740,452	11,957,198	12,181,308	12,410,051	12,643,516	13,020,995
Operating Reserve Percentage		25%	25%	25%	25%	25%
Projected Reserve Requirement	\$ 2,989,300	\$ 3,045,327	\$ 3,102,513	\$ 3,160,879	\$ 3,255,249	
Assets Held to Meet Reserve Requirement	\$ 487,789	\$ 502,423	\$ 517,496	\$ 533,021	\$ 549,012	
Projected Occupancy as of Year End	91.8%	91.8%	91.8%	91.8%	91.8%	
WHITE OAK MANOR - CHARLOTTE	2019	2020	2021	2022	2023	2024
Total Projected Operating Expenses	\$ 12,576,851	\$ 12,815,418	\$ 13,061,167	\$ 13,311,867	\$ 13,567,616	\$ 13,974,644
Less:						
Depreciation	83,557	88,647	93,737	98,827	139,226	109,007
Net Budgeted Operating Expenses	12,493,294	12,726,771	12,967,430	13,213,040	13,428,390	13,865,637
Operating Reserve Percentage		25%	25%	25%	25%	25%
Projected Reserve Requirement	\$ 3,181,693	\$ 3,241,858	\$ 3,303,260	\$ 3,357,098	\$ 3,466,409	
Assets Held to Meet Reserve Requirement	\$ 191,781	\$ 197,534	\$ 203,460	\$ 209,564	\$ 215,851	
Projected Occupancy as of Year End	95.6%	95.6%	95.6%	95.6%	95.6%	
TOTAL PROJECTED OPERATING RESERVE REQUIREMENT	\$ 8,420,042	\$ 8,576,986	\$ 8,737,184	\$ 8,891,872	\$ 9,166,770	
TOTAL PROJECTED OPERATING RESERVE	1,556,671	1,603,371	1,651,472	1,701,016	1,752,047	
TOTAL PROJECTED OPERATING RESERVE DEFICIT	\$ 6,863,371	\$ 6,973,615	\$ 7,085,712	\$ 7,190,856	\$ 7,414,723	

See Independent Accountants' Compilation Report.

Summary of Significant Projection Assumptions and Accounting Policies

Management's Basis for Projection of Other Items (continued)

Operating Reserve (continued)

The total operating reserve is funded with cash, money market funds, debt securities and equity investments held by the Combined Subsidiaries and White Oak Manor, Inc. and its wholly-owned subsidiaries.

The total required reserve at September 30, 2018 was \$8,124,045. These assets are restricted and cannot be used without approval by the Department of Insurance. At September 30, 2018 these assets totaled \$7,265,873; thus, the Combined Subsidiaries were not in compliance with State 58-64-33 at September 30, 2018. Management will continue to work with the Department of Insurance to rectify noncompliance with operating reserve requirements and develop a plan to maintain the balance in accordance with reserve requirements as designated by occupancy levels.

Intercompany Accounts

Accounts due to affiliates have been adjusted throughout the Projection Period to maintain a minimum operating cash balance of \$50,000. All intercompany transactions are funded with cash, money market funds, debt securities and equity investments of White Oak Manor Inc. and its wholly-owned subsidiaries.

Commitments and Contingencies

Management does not assume that there will be any claims on the Combined Subsidiaries for the Projection Period relating to its self-insurance for professional and general liability coverage or for its health care coverage or workers' compensation plan in excess of its annual historical insurance expenses.

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalents for the Projection Period is projected to maintain a minimum operating cash balance of \$50,00 at each of the Combined Subsidiaries.

Accounts Receivable, Net

Accounts receivable, net is projected based on historic levels throughout the Projection Period.

Other Current Assets

Other current assets are projected based on historic levels throughout the Projection Period.

Accounts Payable

Accounts payable is projected based on historic levels throughout the Projection Period.

Accrued Wages and Other Liabilities

Accrued wages and other liabilities are projected based on historic levels throughout the Projection Period.

Asset Retirement Obligation

Asset retirement obligation is projected based on historic levels throughout the Projection Period.



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT ON
SUPPLEMENTAL INFORMATION

Board of Directors
White Oak Manor, Inc.
Spartanburg, South Carolina

Our report on our compilation of the basic projected combined financial statements of White Oak Manor – Tryon, Inc., White Oak Manor – Burlington, Inc., and White Oak Manor – Charlotte, Inc., as of and for the years ending September 30, 2019 through 2023 appears on Page 1. The accompanying supplemental information on Pages 15-29 is presented for purposes of additional analysis and is not a required part of the basic projected combined financial statements. Such information has been subjected to the compilation procedures applied in the compilation of the projected combined financial statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 25, 2019

WHITE OAK MANOR – TRYON, INC.
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
SEPTEMBER 30, 2019 THROUGH 2023

ASSETS	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Patient Accounts Receivable, Net	319,611	332,395	345,691	359,519	373,900
Other Current Assets	28,074	29,197	30,365	31,580	32,843
Total Current Assets	<u>397,685</u>	<u>411,592</u>	<u>426,056</u>	<u>441,099</u>	<u>456,743</u>
ASSETS LIMITED AS TO USE - OPERATING RESERVE	877,101	903,414	930,516	958,431	987,184
MOVEABLE EQUIPMENT	2,515,452	2,615,452	2,715,452	2,815,452	2,915,452
Less: Accumulated Depreciation	1,852,472	2,014,107	2,181,922	2,355,917	2,536,092
Moveable Equipment, Net	<u>662,980</u>	<u>601,345</u>	<u>533,530</u>	<u>459,535</u>	<u>379,360</u>
Total Assets	<u>\$ 1,937,766</u>	<u>\$ 1,916,351</u>	<u>\$ 1,890,102</u>	<u>\$ 1,859,065</u>	<u>\$ 1,823,287</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts Payable	\$ 189,537	\$ 195,223	\$ 201,080	\$ 207,112	\$ 213,325
Accrued Wages and Other Liabilities	412,588	424,966	437,715	450,846	464,371
Intercompany Accounts	5,945,184	6,138,342	6,191,868	6,131,780	5,987,014
Asset Retirement Obligation	38,460	38,460	38,460	38,460	38,460
Total Current Liabilities	<u>6,585,769</u>	<u>6,796,991</u>	<u>6,869,123</u>	<u>6,828,198</u>	<u>6,703,170</u>
DEFERRED CREDITS					
Unearned Deposit Revenue - Nonrefundable	434,509	494,632	504,755	464,878	400,001
Unearned Deposit Revenue - Refundable	-	-	-	-	-
Deposits on Apartments	81,000	81,000	81,000	81,000	81,000
Total Deferred Credits	<u>515,509</u>	<u>575,632</u>	<u>585,755</u>	<u>545,878</u>	<u>481,001</u>
LONG-TERM DEBT	-	-	-	-	-
Total Liabilities	7,101,278	7,372,623	7,454,878	7,374,076	7,184,171
SHAREHOLDER'S EQUITY (DEFICIT)					
Common Stock, par value \$1 per share; 350,000 shares authorized, 296,213 shares issued and outstanding	296,213	296,213	296,213	296,213	296,213
Retained Deficit	(5,459,725)	(5,752,485)	(5,860,989)	(5,811,224)	(5,657,097)
Other Comprehensive Income	-	-	-	-	-
Total Shareholder's Equity (Deficit)	<u>(5,163,512)</u>	<u>(5,456,272)</u>	<u>(5,564,776)</u>	<u>(5,515,011)</u>	<u>(5,360,884)</u>
Total Liabilities and Shareholder's Equity (Deficit)	<u>\$ 1,937,766</u>	<u>\$ 1,916,351</u>	<u>\$ 1,890,102</u>	<u>\$ 1,859,065</u>	<u>\$ 1,823,287</u>

See Independent Accountants' Compilation Report on Supplemental Information.

WHITE OAK MANOR – TRYON, INC.
 PROJECTED STATEMENTS OF OPERATIONS
 ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
 FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	2019	2020	2021	2022	2023
REVENUES					
Net Patient Service Revenue	\$ 6,689,610	\$ 6,923,746	\$ 7,166,077	\$ 7,416,890	\$ 7,676,481
Apartment Rents	1,635,830	1,693,084	1,752,342	1,813,674	1,877,153
Deposit Amortization	139,877	189,877	239,877	289,877	314,877
Investment Income	25,547	27,813	28,602	29,415	30,253
Other Revenue	29,516	30,549	31,618	32,725	33,870
Total Revenues	<u>8,520,380</u>	<u>8,865,069</u>	<u>9,218,516</u>	<u>9,582,581</u>	<u>9,932,634</u>
EXPENSES					
Nursing Services	2,984,243	3,043,928	3,104,807	3,166,903	3,230,241
Ancillaries	857,664	874,817	892,313	910,159	928,362
Dietary Expenses	1,053,162	1,074,246	1,095,731	1,117,646	1,139,999
Social Services	72,793	74,249	75,734	77,249	78,794
Activities	105,431	107,540	109,691	111,885	114,123
Medical Records	26,867	27,404	27,952	28,511	29,081
Laundry and Linen	132,665	135,318	138,024	140,784	143,600
Housekeeping	322,435	328,884	335,462	342,171	349,014
Facility Operations and Maintenance	687,617	701,369	715,396	729,704	744,298
Depreciation	155,455	161,635	167,815	173,995	180,175
Taxes and Insurance	182,601	186,253	189,978	193,778	197,654
Employee Benefits	652,649	665,702	679,016	692,596	706,448
General and Administrative	1,761,234	1,776,484	1,795,101	1,814,259	1,833,966
Total Expenses	<u>8,994,836</u>	<u>9,157,829</u>	<u>9,327,020</u>	<u>9,499,640</u>	<u>9,675,755</u>
Net Income (Loss)	<u>\$ (474,456)</u>	<u>\$ (292,760)</u>	<u>\$ (108,504)</u>	<u>\$ 82,941</u>	<u>\$ 256,879</u>

See Independent Accountants' Compilation Report on Supplemental Information.

WHITE OAK MANOR – TRYON, INC.
 PROJECTED STATEMENTS OF SHAREHOLDER'S EQUITY (DEFICIT)
 ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
 FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Shareholder's Equity (Deficit)
BALANCE, SEPTEMBER 30, 2018	\$ 296,213	\$ (4,985,269)	\$ -	\$ (4,689,056)
Net Loss	-	(474,456)	-	(474,456)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2019	296,213	(5,459,725)	-	(5,163,512)
Net Loss	-	(292,760)	-	(292,760)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	296,213	(5,752,485)	-	(5,456,272)
Net Loss	-	(108,504)	-	(108,504)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2021	296,213	(5,860,989)	-	(5,564,776)
Net Income	-	82,941	-	82,941
Distributions to Shareholder	-	(33,176)	-	(33,176)
BALANCE, SEPTEMBER 30, 2022	296,213	(5,811,224)	-	(5,515,011)
Net Income	-	256,879	-	256,879
Distributions to Shareholder	-	(102,752)	-	(102,752)
BALANCE, SEPTEMBER 30, 2023	<u>\$ 296,213</u>	<u>\$ (5,657,097)</u>	<u>\$ -</u>	<u>\$ (5,360,884)</u>

WHITE OAK MANOR – TRYON, INC.
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	2019	2020	2021	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Income (Loss)	\$ (474,456)	\$ (292,760)	\$ (108,504)	\$ 82,941	\$ 256,879
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	155,455	161,635	167,815	173,995	180,175
Deposit Amortization	(139,877)	(189,877)	(239,877)	(289,877)	(314,877)
Deposit Receipts	250,000	250,000	250,000	250,000	250,000
Increase in Current Assets:					
Accounts Receivable	(12,293)	(12,784)	(13,296)	(13,828)	(14,381)
Other Current Assets	(1,080)	(1,123)	(1,168)	(1,215)	(1,263)
Increase in Current Liabilities:					
Accounts Payable	5,519	5,686	5,857	6,032	6,213
Intercompany Accounts	380,262	193,158	53,526	(60,088)	(144,766)
Accrued Wages and Other Liabilities	12,017	12,378	12,749	13,131	13,525
Net Cash Provided by Operating Activities	<u>175,547</u>	<u>126,313</u>	<u>127,102</u>	<u>161,091</u>	<u>231,505</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Net Change in Assets Limited as to Use - Operating Reserve	(25,547)	(26,313)	(27,102)	(27,915)	(28,753)
Net Cash Used in Investing Activities	<u>(125,547)</u>	<u>(126,313)</u>	<u>(127,102)</u>	<u>(127,915)</u>	<u>(128,753)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to Shareholder	-	-	-	(33,176)	(102,752)
Net Cash Used in Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,176)</u>	<u>(102,752)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,000	-	-	-	-
Cash and Cash Equivalents - Beginning of Year	-	50,000	50,000	50,000	50,000
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

See Independent Accountants' Compilation Report on Supplemental Information.

WHITE OAK MANOR – BURLINGTON, INC.
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
SEPTEMBER 30, 2019 THROUGH 2023

ASSETS	2019	2020	2021	2022	2023
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Patient Accounts Receivable, Net	1,589,680	1,653,267	1,719,398	1,788,174	1,859,701
Other Current Assets	32,662	33,968	35,327	36,740	38,210
Total Current Assets	<u>1,672,342</u>	<u>1,737,235</u>	<u>1,804,725</u>	<u>1,874,914</u>	<u>1,947,911</u>
ASSETS LIMITED AS TO USE - OPERATING RESERVE	487,789	502,423	517,496	533,021	549,012
MOVEABLE EQUIPMENT	1,771,533	1,871,533	1,971,533	2,071,533	2,171,533
Less: Accumulated Depreciation	1,300,806	1,398,874	1,502,182	1,610,730	1,724,518
Moveable Equipment, Net	<u>470,727</u>	<u>472,659</u>	<u>469,351</u>	<u>460,803</u>	<u>447,015</u>
Total Assets	<u>\$ 2,630,858</u>	<u>\$ 2,712,317</u>	<u>\$ 2,791,572</u>	<u>\$ 2,868,738</u>	<u>\$ 2,943,938</u>
	2019	2020	2021	2022	2023
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts Payable	\$ 267,579	\$ 275,606	\$ 283,874	\$ 292,390	\$ 301,162
Accrued Wages and Other Liabilities	440,887	454,114	467,737	481,769	496,222
Intercompany Accounts	8,714,524	8,851,560	8,835,959	8,703,569	8,447,782
Asset Retirement Obligation	79,034	79,034	79,034	79,034	79,034
Total Current Liabilities	<u>9,502,024</u>	<u>9,660,314</u>	<u>9,666,604</u>	<u>9,556,782</u>	<u>9,324,200</u>
DEFERRED CREDITS					
Unearned Deposit Revenue - Nonrefundable	165,770	193,270	209,290	213,830	208,090
Unearned Deposit Revenue - Refundable	-	-	-	-	-
Deposits on Apartments	6,000	6,000	6,000	6,000	6,000
Total Deferred Credits	<u>171,770</u>	<u>199,270</u>	<u>215,290</u>	<u>219,830</u>	<u>214,090</u>
LONG-TERM DEBT	-	-	-	-	-
Total Liabilities	9,673,794	9,859,584	9,881,894	9,776,592	9,538,290
SHAREHOLDER'S EQUITY (DEFICIT)					
Common Stock, par value \$1 per share; 350,000 shares authorized, 309,490 shares issued and outstanding	309,490	309,490	309,490	309,490	309,490
Retained Deficit	(7,352,426)	(7,456,757)	(7,399,812)	(7,217,344)	(6,903,842)
Other Comprehensive Loss	-	-	-	-	-
Total Shareholder's Equity (Deficit)	<u>(7,042,936)</u>	<u>(7,147,267)</u>	<u>(7,090,322)</u>	<u>(6,907,854)</u>	<u>(6,594,352)</u>
Total Liabilities and Shareholder's Equity (Deficit)	<u>\$ 2,630,858</u>	<u>\$ 2,712,317</u>	<u>\$ 2,791,572</u>	<u>\$ 2,868,738</u>	<u>\$ 2,943,938</u>

WHITE OAK MANOR – BURLINGTON, INC.
PROJECTED STATEMENTS OF OPERATIONS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	2019	2020	2021	2022	2023
REVENUES					
Net Patient Service Revenue	\$ 10,648,731	\$ 11,021,437	\$ 11,407,187	\$ 11,806,439	\$ 12,219,664
Apartment Rents	845,625	875,222	905,855	937,560	970,375
Deposit Amortization	18,420	29,900	41,380	52,860	63,140
Investment Income	14,207	16,134	16,573	17,025	17,491
Other Revenue	7,963	8,242	8,530	8,829	9,138
Total Revenues	<u>11,534,946</u>	<u>11,950,935</u>	<u>12,379,525</u>	<u>12,822,713</u>	<u>13,279,808</u>
EXPENSES					
Nursing Services	4,806,566	4,902,697	5,000,751	5,100,766	5,202,781
Ancillaries	1,407,261	1,435,406	1,464,114	1,493,396	1,523,264
Dietary Expenses	1,038,481	1,059,251	1,080,436	1,102,045	1,124,086
Social Services	119,358	121,745	124,180	126,664	129,197
Activities	102,267	104,312	106,398	108,526	110,697
Medical Records	54,084	55,166	56,269	57,394	58,542
Laundry and Linen	143,199	146,063	148,984	151,964	155,003
Housekeeping	369,610	377,002	384,542	392,233	400,078
Facility Operations and Maintenance	587,859	599,616	611,608	623,840	636,317
Depreciation	92,828	98,068	103,308	108,548	113,788
Taxes and Insurance	123,939	126,418	128,946	131,525	134,156
Employee Benefits	1,037,048	1,057,789	1,078,945	1,100,524	1,122,534
General and Administrative	1,950,480	1,971,733	1,996,135	2,021,174	2,046,861
Total Expenses	<u>11,832,980</u>	<u>12,055,266</u>	<u>12,284,616</u>	<u>12,518,599</u>	<u>12,757,304</u>
Net Income (Loss)	<u>\$ (298,034)</u>	<u>\$ (104,331)</u>	<u>\$ 94,909</u>	<u>\$ 304,114</u>	<u>\$ 522,504</u>

See Independent Accountants' Compilation Report on Supplemental Information.

WHITE OAK MANOR – BURLINGTON, INC.
 PROJECTED STATEMENTS OF SHAREHOLDER'S EQUITY (DEFICIT)
 ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
 FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholder's Equity (Deficit)
BALANCE, SEPTEMBER 30, 2018	\$ 309,490	\$ (7,054,392)	\$ -	\$ (6,744,902)
Net Loss	-	(298,034)	-	(298,034)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2019	309,490	(7,352,426)	-	(7,042,936)
Net Loss	-	(104,331)	-	(104,331)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	309,490	(7,456,757)	-	(7,147,267)
Net Income	-	94,909	-	94,909
Distributions to Shareholder	-	(37,964)	-	(37,964)
BALANCE, SEPTEMBER 30, 2021	309,490	(7,399,812)	-	(7,090,322)
Net Income	-	304,114	-	304,114
Distributions to Shareholder	-	(121,646)	-	(121,646)
BALANCE, SEPTEMBER 30, 2022	309,490	(7,217,344)	-	(6,907,854)
Net Income	-	522,504	-	522,504
Distributions to Shareholder	-	(209,002)	-	(209,002)
BALANCE, SEPTEMBER 30, 2023	<u>\$ 309,490</u>	<u>\$ (6,903,842)</u>	<u>\$ -</u>	<u>\$ (6,594,352)</u>

WHITE OAK MANOR – BURLINGTON, INC.
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	2019	2020	2021	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Income (Loss)	\$ (298,034)	\$ (104,331)	\$ 94,909	\$ 304,114	\$ 522,504
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	92,828	98,068	103,308	108,548	113,788
Deposit Amortization	(18,420)	(29,900)	(41,380)	(52,860)	(63,140)
Deposit Receipts	57,400	57,400	57,400	57,400	57,400
Increase in Current Assets:					
Accounts Receivable	(61,142)	(63,587)	(66,131)	(68,776)	(71,527)
Other Current Assets	(1,256)	(1,306)	(1,359)	(1,413)	(1,470)
Increase in Current Liabilities:					
Accounts Payable	7,794	8,027	8,268	8,516	8,772
Intercompany Accounts	372,196	137,036	(15,601)	(132,390)	(255,787)
Accrued Wages and Other Liabilities	12,841	13,227	13,623	14,032	14,453
Net Cash Provided by Operating Activities	<u>164,207</u>	<u>114,634</u>	<u>153,037</u>	<u>237,171</u>	<u>324,993</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Net Change in Assets Limited as to Use - Operating Reserve	(14,207)	(14,634)	(15,073)	(15,525)	(15,991)
Net Cash Used in Investing Activities	<u>(114,207)</u>	<u>(114,634)</u>	<u>(115,073)</u>	<u>(115,525)</u>	<u>(115,991)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to Shareholder	-	-	(37,964)	(121,646)	(209,002)
Net Cash Used in Financing Activities	<u>-</u>	<u>-</u>	<u>(37,964)</u>	<u>(121,646)</u>	<u>(209,002)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,000	-	-	-	-
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

See Independent Accountants' Compilation Report on Supplemental Information.

WHITE OAK MANOR – CHARLOTTE, INC.
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
SEPTEMBER 30, 2019 THROUGH 2023

ASSETS	2019	2020	2021	2022	2023
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Accounts Receivable, Net	693,858	721,612	750,476	780,495	811,715
Other Current Assets	38,530	40,071	41,674	43,341	45,075
Total Current Assets	<u>782,388</u>	<u>811,683</u>	<u>842,150</u>	<u>873,836</u>	<u>906,790</u>
ASSETS LIMITED AS TO USE - OPERATING RESERVE	191,781	197,534	203,460	209,564	215,851
MOVEABLE EQUIPMENT					
Less: Accumulated Depreciation	1,641,596	1,741,596	1,841,596	1,941,596	2,041,596
Moveable Equipment, Net	<u>1,194,211</u>	<u>1,282,858</u>	<u>1,376,595</u>	<u>1,475,422</u>	<u>1,579,339</u>
	447,385	458,738	465,001	466,174	462,257
Total Assets	<u>\$ 1,421,554</u>	<u>\$ 1,467,955</u>	<u>\$ 1,510,611</u>	<u>\$ 1,549,574</u>	<u>\$ 1,584,898</u>
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts Payable	\$ 249,172	\$ 256,647	\$ 264,346	\$ 272,276	\$ 280,444
Accrued Wages and Other Liabilities	498,773	513,736	529,148	545,022	561,373
Intercompany Accounts	6,552,257	7,283,846	7,833,754	8,192,159	8,348,819
Total Current Liabilities	<u>7,300,202</u>	<u>8,054,229</u>	<u>8,627,248</u>	<u>9,009,457</u>	<u>9,190,636</u>
DEFERRED CREDITS					
Unearned Deposit Revenue - Nonrefundable	30,282	38,482	42,802	43,242	41,302
Unearned Deposit Revenue - Refundable	-	-	-	-	-
Deposits on Apartments	7,500	7,500	7,500	7,500	7,500
Total Deferred Credits	<u>37,782</u>	<u>45,982</u>	<u>50,302</u>	<u>50,742</u>	<u>48,802</u>
LONG-TERM DEBT					
Total Liabilities	7,337,984	8,100,211	8,677,550	9,060,199	9,239,438
SHAREHOLDER'S EQUITY (DEFICIT)					
Common Stock, par value \$1 per share; 300,000 shares authorized, 281,450 shares issued and outstanding	281,450	281,450	281,450	281,450	281,450
Retained Deficit	(6,197,880)	(6,913,706)	(7,448,389)	(7,792,075)	(7,935,990)
Other Comprehensive Loss	-	-	-	-	-
Total Shareholder's Equity	<u>(5,916,430)</u>	<u>(6,632,256)</u>	<u>(7,166,939)</u>	<u>(7,510,625)</u>	<u>(7,654,540)</u>
Total Liabilities and Shareholder's Equity	<u>\$ 1,421,554</u>	<u>\$ 1,467,955</u>	<u>\$ 1,510,611</u>	<u>\$ 1,549,574</u>	<u>\$ 1,584,898</u>

WHITE OAK MANOR – CHARLOTTE, INC.
 PROJECTED STATEMENTS OF OPERATIONS
 ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
 FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	2019	2020	2021	2022	2023
REVENUES					
Net Patient Service Revenue	\$ 11,122,851	\$ 11,512,151	\$ 11,915,076	\$ 12,332,104	\$ 12,763,728
Apartment Rents	526,245	544,664	563,727	583,457	603,878
Deposit Amortization	7,320	11,200	15,080	18,960	21,340
Investment Income	5,586	7,253	7,426	7,604	7,787
Other Revenue	23,501	24,324	25,175	26,056	26,968
Total Revenues	<u>11,685,503</u>	<u>12,099,592</u>	<u>12,526,484</u>	<u>12,968,181</u>	<u>13,423,701</u>
COST AND EXPENSES					
Nursing Services	5,011,172	5,111,395	5,213,623	5,317,895	5,424,253
Ancillaries	1,420,585	1,448,997	1,477,977	1,507,537	1,537,688
Dietary Expenses	1,146,836	1,169,773	1,193,168	1,217,031	1,241,372
Social Services	137,775	140,531	143,342	146,209	149,133
Activities	170,780	174,196	177,680	181,234	184,859
Medical Records	36,331	37,058	37,799	38,555	39,326
Laundry and Linen	154,735	157,830	160,987	164,207	167,491
Housekeeping	409,515	417,705	426,059	434,580	443,272
Facility Operations and Maintenance	696,605	710,537	724,748	739,243	754,028
Depreciation	83,557	88,647	93,737	98,827	103,917
Taxes and Insurance	128,624	131,196	133,820	136,496	139,226
Employee Benefits	1,118,076	1,140,438	1,163,247	1,186,512	1,210,242
General and Administrative	2,062,260	2,087,115	2,114,980	2,143,541	2,172,809
Total Expenses	<u>12,576,851</u>	<u>12,815,418</u>	<u>13,061,167</u>	<u>13,311,867</u>	<u>13,567,616</u>
Net Loss	<u>\$ (891,348)</u>	<u>\$ (715,826)</u>	<u>\$ (534,683)</u>	<u>\$ (343,686)</u>	<u>\$ (143,915)</u>

WHITE OAK MANOR – CHARLOTTE, INC.
 PROJECTED STATEMENTS OF SHAREHOLDER'S EQUITY
 ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
 FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholder's Equity (Deficit)
BALANCE, SEPTEMBER 30, 2018	\$ 281,450	\$ (5,306,532)	\$ -	\$ (5,025,082)
Net Loss	-	(891,348)	-	(891,348)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2019	281,450	(6,197,880)	-	(5,916,430)
Net Loss	-	(715,826)	-	(715,826)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	281,450	(6,913,706)	-	(6,632,256)
Net Loss	-	(534,683)	-	(534,683)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2021	281,450	(7,448,389)	-	(7,166,939)
Net Loss	-	(343,686)	-	(343,686)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2022	281,450	(7,792,075)	-	(7,510,625)
Net Loss	-	(143,915)	-	(143,915)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2023	<u>\$ 281,450</u>	<u>\$ (7,935,990)</u>	<u>\$ -</u>	<u>\$ (7,654,540)</u>

WHITE OAK MANOR – CHARLOTTE, INC.
 PROJECTED STATEMENTS OF CASH FLOWS
 ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 6
 FOR THE YEARS ENDING SEPTEMBER 30, 2019 THROUGH 2023

	2019	2020	2021	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Loss	\$ (891,348)	\$ (715,826)	\$ (534,683)	\$ (343,686)	\$ (143,915)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	83,557	88,647	93,737	98,827	103,917
Deposit Amortization	(7,320)	(11,200)	(15,080)	(18,960)	(21,340)
Deposit Receipts	19,400	19,400	19,400	19,400	19,400
(Increase) in Current Assets:					
Accounts Receivable	(26,687)	(27,754)	(28,864)	(30,019)	(31,220)
Other Current Assets	(1,482)	(1,541)	(1,603)	(1,667)	(1,734)
Increase in Current Liabilities:					
Accounts Payable	7,257	7,475	7,699	7,930	8,168
Intercompany Accounts	957,682	731,589	549,908	358,405	156,660
Accrued Wages and Other Liabilities	14,527	14,963	15,412	15,874	16,351
Net Cash Provided by (Used in) Operating Activities	<u>155,586</u>	<u>105,753</u>	<u>105,926</u>	<u>106,104</u>	<u>106,287</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Net Change in Assets Limited as to Use - Operating Reserve	(5,586)	(5,753)	(5,926)	(6,104)	(6,287)
Net Cash Used in Investing Activities	<u>(105,586)</u>	<u>(105,753)</u>	<u>(105,926)</u>	<u>(106,104)</u>	<u>(106,287)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,000	-	-	-	-
Cash and Cash Equivalents - Beginning of Year	-	50,000	50,000	50,000	50,000
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

See Independent Accountants' Compilation Report on Supplemental Information.

STATE OF NORTH CAROLINA) APARTMENT RENTAL AGREEMENT
)
COUNTY OF MECKLENBURG) (WITH RETENTION SCHEDULE INCLUDED)

THIS AGREEMENT, made and entered into as of the _____ day of _____, 20_____, by and between White Oak Manor - Charlotte, Inc., a corporation doing business as Sharon Village Apartments hereinafter referred to as "Owner" and _____, a resident of the State and County aforesaid, hereinafter referred to as "Resident."

W I T N E S S E T H:

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which the parties hereto acknowledge, and the full and faithful performance of all terms, covenants and conditions herein contained, the Owner hereby agrees to rent to the Resident, and the Resident hereby agrees to rent from the Owner, Apartment No. _____, located at Sharon Village, Charlotte, North Carolina (hereinafter called the "premises," "complex," or "apartment complex") for Resident's sole occupancy, according to the following terms, covenants, and conditions:

1. TERM. The term of this Agreement shall begin on the _____ day of _____, 20_____, and end upon the first of the following to occur:
 - (a) The last day of the month following the Resident's death, or at such time thereafter as the Resident's belongings have been removed from the premises; or
 - (b) Resident's default as hereinafter defined; or
 - (c) Owner's having determined, and having given written notification thereof, that the Resident:
 - (i) is socially incompatible with the Owner's employees, other residents, or guests;
 - (ii) has demonstrated possible emotional instability;

- (iii) poses a risk to the life and well-being of him/herself or others;
 - (iv) has destroyed, or attempted to destroy, property belonging to the Owner, him/herself or others; or
 - (v) fails to fully comply with all terms and provisions contained in this Agreement; or
 - (vi) has acted in any other unreasonable fashion or poses for the Owner, its employees, residents or guests, any other unreasonable risks; or
- (d) The last day of any month prior to which the Resident has given to the Owner;
- (i) In the event the Resident is to be transferred, based upon written medical certification, to a hospital or to White Oak Manor - Charlotte Nursing Center, at least ten (10) days prior written notice; or
 - (ii) In the event the Resident is to be transferred, based upon written medical certification, anywhere else, at least thirty (30) days prior written notice; or
 - (iii) In the event the Resident is to be transferred anywhere else, without written medical certification, at least (60) sixty days prior written notice; or
- (e) At such time as, if ever, the apartment is destroyed by fire or other calamity, or if the apartment, or a substantial portion of the complex, is acquired through condemnation proceedings, making it such, under the circumstances, that the apartment is no longer reasonably fit for its intended use.

In the event the Resident is transferred as provided in Paragraph (i) above, to a hospital, he/she shall have sixty (60) days from date of transfer to return to his/her apartment, and to have the within Agreement remain in full force and effect, so long as all terms, covenants and conditions herein contained, including those pertaining to rental payments, have been (and are then being) fully complied with.

In the event the Resident is transferred, as provided in Paragraph (i) above, to White Oak Manor - Charlotte Nursing Center, the Resident shall have thirty (30) days from date of transfer to return to his apartment, and to have the within Agreement remain in full force and effect, so long as all terms, covenants and conditions herein contained, including those pertaining to rental payments, have been (and are then being) fully complied with.

In the event that the Resident, upon being transferred elsewhere as provided above, wishes to again become a tenant of the Owner, after the within Agreement has terminated, and is certified, in writing, by a qualified physician, as being again able to reside in the apartment complex, Owner agrees to give the Resident, to the extent reasonable possible, a priority as far as the next available apartment, with Retention Deposits and rental rates to be those then in effect, and a new Apartment Rental Agreement to be entered into.

In the situations described in Paragraphs (i) and (ii) above, the Owner may, but shall have no legal duty to, waive the requirement regarding written

notification based upon terms and conditions mutually agreeable to both Owner and Resident.

2. RETENTION DEPOSIT. At the time of executing this Agreement, Resident has paid to the Owner a Retention Deposit of _____ . The purpose of the Retention Deposit is to reduce the monthly rent when compared to the Straight Rental payment plan. Subject to the Retention Schedule herein contained, all such monies paid by the Resident to the Owner shall remain the property of the Resident. However, periodically, as provided by the Retention Schedule, the Owner shall be entitled to and become the owner of portions of the Retention Deposit, and eventually, according to the terms of the Agreement, shall become the owner of the entire fee. Notwithstanding ownership by the Resident of a portion of the fee, as provided in the Retention Schedule, throughout the entire term of this Agreement, the Owner shall have the absolute right to use the entire fee as the owner may, in its sole judgment, determine and shall be solely entitled to all benefits derived therefrom, including all interest earned thereon. The Retention Schedule is as follows:

<u>LENGTH OF OCCUPANCY</u>	<u>AMOUNT</u> <u>RETAINED</u>	<u>AMOUNT</u> <u>REFUNDED</u>
Upon Occupancy	20%	80%
1-4 Years (prorated daily)	20% per year	80-0%

In the event this Agreement shall terminate due to Resident's death or default as provided in Paragraphs i(a) or i(b) above, the balance of the Retention Deposit to which the Resident would otherwise be entitled shall immediately become the property of the Owner and neither

the Resident, nor anyone claiming in his/her behalf, shall have any further entitlement thereto. However, should this Agreement terminate as provided in Paragraphs 1(c), (d), or (e) above, Resident or his legal representative, as the case may be, shall be entitled to such refund as the Resident may be due according to the Retention Schedule described above. The amount of refund will be calculated on a daily basis (365 days per year). Refunds of this nature will be promptly made to the Resident or his/her legal representative but under no circumstances later than 30 days after the termination date of the agreement.

If for any reason, a resident would be precluded from occupying a living unit in the facility under the terms of the contract for continuing care, the contract is automatically canceled and all monies will be promptly refunded to the resident or their legal representative but within 30 days after the termination date of the agreement.

3. TRANSFERS. A transfer fee may apply if you desire to transfer from your current apartment to another. After 10 years of residency in the same apartment, a transfer fee may be waived. A 50% transfer fee will apply if transfer occurs within 5-10 years of residency. If request is made prior to 5 years, 100% of the transfer fee will apply. An exception to applying the transfer fee may apply if a prearranged admission agreement signed by both parties stipulates a desire to transfer to another specific apartment within one year. The transfer fee is not a preset cost but is based on cost to refurbish current apartment.
4. MARRIAGES. If a current resident(s) of Sharon Village becomes married, the rent will increase based on the rent schedules in effect at that time for two persons. No additional deposit is required and the balance outstanding

on any deposit(s) will continue to amortize in accordance with each Resident's original Rental Agreement. A new Rental Agreement will be negotiated between Sharon Village and the husband and wife as Residents. Other than for medical reasons there are no qualifying requirements for a spouse to meet as a condition for entry. In the event the spouse does not medically qualify for admission, the agreement will terminate and alternate placement will be required.

5. RENT. In addition to paying the Retention Deposit provided for above, Resident also agrees to pay monthly rental to the Owner in the amount of _____, said rent to be payable in advance on or before the first day of each month for which due and owing, provided, however:

- (a) The rent for a partial month at the beginning of the term shall be prorated;
- (b) Although the Owner will attempt to keep rental increases to a minimum, during any calendar year following the first full calendar year of this Agreement, the Owner may, due to an increase in the cost of operation, or for any other reason, upon thirty (30) days prior written notice to the Resident, increase the monthly rental payable hereunder so long as the sum of the increases in monthly rental during any calendar year does not exceed the greater of:
 - (i) Six (6%) percent of the average monthly rental during the preceding calendar year; or
 - (ii) An amount equal to the average monthly rental during the preceding calendar year multiplied by the percentage increase in the "Consumer Price Index" figures for January and December of the preceding calendar year, the Consumer Price Index

being the "Consumer Price Index - U.S. City Average - All Items Figures for Urban Wage Earners and Clerical Workers (Including Single Workers)", "which index is currently published in the "Monthly Labor Review" of the Bureau of Labor Statistics of the United States Department of Labor, or its successor index.

(c) All rental payments shall be due and payable on or before the first day of the month for which due and owing, and if received on or after the tenth (10) day of that particular month shall accrue a five (5%) percent late charge (5% of the monthly payment) which sum shall be immediately due and payable and collectible as additional rent.

6. USE OF APARTMENT; COMPLIANCE WITH RULES AND REGULATIONS; SMOKING POLICY. Resident will make no unlawful or offensive use of the apartment and the common areas belonging to the Owner and will comply with all laws, ordinances and regulations of duly constituted governmental authorities. Resident will use the apartment only as a private dwelling for him/her and such other persons as may be authorized. In addition, Resident agrees to abide by the reasonable rules and regulations promulgated from time to time by Owner generally applicable to all occupants and designed for the general health, welfare, and comfort of the other occupants. In addition to all such other rules and regulations, Resident specifically acknowledges that Owner has a policy prohibiting the use of all tobacco products in the apartments as well as on the Sharon Village property, and Resident agrees to abide by said policy. Any resident who violates this policy by using tobacco products in his/her apartment or on the Sharon Village property or

by allowing anyone else to use tobacco products in his/her apartment or on the property will be deemed to be in default under this agreement and subject to the provisions of Paragraph 14 of this Agreement, including eviction and reimbursement of Owner's costs, expenses and attorney's fees. Notwithstanding the foregoing, Resident further acknowledges that this tobacco policy does not apply to other residents who signed their Apartment Rental Agreements prior to the implementation of this policy in September, 2008.

7. USE OF PREMISES. Resident shall have the use, possession and enjoyment during the term of this Agreement of the apartment above identified jointly with any other tenant, but all common areas, including stairways, walkways and grounds, shall be used and enjoyed with other residents, and no portion of the same may or shall be permanently or temporarily appropriated by Resident to Resident's exclusive use, enjoyment or possession.
8. CARE OF APARTMENT AND REPAIRS. Resident will take good care of the apartment and common areas and will report promptly to Owner any repairs which may be needed. Owner shall keep and maintain the apartment in tenable condition and shall have the right to make at reasonable times any and all repairs, renovations and alterations as it shall determine necessary or desirable. Resident shall reimburse Owner for expenses incurred by Owner for repairs attributable to Resident's abuse or mistreatment of the apartment (including appliances) or the common areas.
9. ALTERATIONS BY RESIDENT. Resident shall make no alterations to the apartment without the prior written consent of the Owner, which consent shall not be unreasonably withheld.

10. PETS. Resident may not keep any pets or animals of any kind anywhere upon the premises without the prior written consent of the Owner. Even after the Owner's consent has been given, this consent may be reasonably withdrawn by the Owner according to its sole judgment and discretion based upon what it believes to be in the best interest of the complex and the other residents. A \$500 pet deposit is required if a pet is maintained in the apartment. The deposit may be refunded at the discretion of Management.
11. POSSESSION OF FIREARMS. No person, including residents, friends of residents or family members, may possess or carry, whether openly or concealed, any guns, rifles, pistols or firearms of any type on the premises. Violation of this policy shall be deemed a violation of the Apartment Rental Agreement and may constitute grounds for discharge or cancellation of the Agreement.
12. RIGHT OF ENTRY. Owner's representative may enter the apartment at any reasonable time to examine same and/or make such alterations and repairs as Owner may determine.
13. SURRENDER OF PREMISES. Upon the expiration or termination of this Apartment Rental Agreement, Resident shall surrender the apartment to the Owner in the same condition as at the beginning of the term, ordinary wear and tear excepted.
14. INSURANCE, RISK OF LOSS AND RENTAL ABATEMENT. Resident shall be solely responsible for insuring Resident's personal belongings. If the apartment is damaged by fire, casualty, or act of God, regarding which the Resident was neither negligent nor at fault, the Owner shall promptly repair the damages and the rental provided for herein shall be abated on a daily basis so long as the Resident is unable to occupy the premises while repairs are being made.

However, at such time as the premises are again tenable, the obligation to pay rent shall resume. In the event that the damages involved are caused by negligence or fault on the part of the Resident, the rental provided for herein shall not abate, but shall be paid, as agreed, in timely fashion, and the Resident shall be further responsible for paying any sums deductible under the Owner's insurance coverage, which the Owner would otherwise be required to pay.

15. LIABILITY AND INDEMNIFICATION. The Owner shall not be liable for any damages or injuries to person or property occasioned anyone whatsoever, including other residents, employees, guests, or the like, by reason of Resident's use or occupancy of the apartment or the common areas, and Resident shall indemnify, defend and hold harmless Owner from and against any and all claims for damages or liability arising from injury to person or property regardless of how occurring. Furthermore, Owner shall not be liable to Resident, his family, employees or guests, for any injuries or damages caused by acts or omissions of other residents or occupants, whether caused on or off the property owned by the Owner. Finally, the Owner shall not be liable for any loss or damage resulting from failure, interruption or malfunction in the utilities provided Resident in connection with his/her occupancy of the apartment.
16. CONDEMNATION. If the apartment or all or any part of the premises shall be at any time taken for any public or quasi-public use under any statute or by right of eminent domain, Owner shall be entitled to and shall receive the award or payment therefore (hereinafter called the "Award"), and Resident shall assign, and does hereby assign

and transfer, such Award to the Owner free and clear of every claim of every kind whatsoever by or on the part of the Resident.

17. DEFAULT. This Apartment Rental Agreement is made upon the condition that the Resident shall faithfully perform all of the terms, covenants and conditions herein contained by him/her to be performed as herein set forth or in other agreements heretofore or hereafter entered into between the Owner and the Resident, and Resident shall be in default if:

- (a) Any rental payment due hereunder shall at any time be in arrears and unpaid for fifteen (15) days after receipt by Resident of written notice making demand therefore; or
- (b) Resident shall fail to observe or perform any of the covenants, agreements, or conditions set forth herein and said failure shall continue for a period of fifteen (15) days after receipt by Resident of written notice of such failure from Owner.

In the event of a default, Owner may at its option, declare the term of this Agreement ended and repossess the Apartment, and shall further be entitled to all other rights and remedies set forth herein. A waiver of any default by Owner shall not constitute a waiver of any other or subsequent default. The Owner shall be entitled to be fully reimbursed for all costs and expenses incurred in enforcing its rights hereunder, including a reasonable attorney's fee, and shall be entitled to have accrued monthly interest, at the maximum rate allowed by law, as to any payments due and owing hereunder.

18. ASSIGNMENT AND SUBLETTING. Should the apartment complex be sold or leased to another party, Owner shall have the right

- to assign this lease to the new owner. However, Resident may not assign or transfer this lease or sublet the apartment or any part thereof without the prior written consent of the Owner, which consent the Owner may withhold.
19. SUBORDINATION. This Apartment Rental Agreement is subject and subordinate to all ground or underlying leases and to all mortgages or deeds of trust which may now or hereafter affect such leases or the real property on which the apartment is located. In the event of foreclosure, any Retention Deposits or security deposits will be refunded to the Resident on the basis of the applicable retention schedule. Furthermore, every effort will be made to have the mortgagee honor all agreements between the Owner and Resident and continue the apartment complex as an operating entity.
20. NOTICES. Any notice required or provided for herein shall be deemed to have been served sufficiently or received if the same shall be in writing and either hand delivered or mailed, postage prepaid, to a party's present address, or to such other address as that party may subsequently provide.
21. DISPOSITION OF PERSONAL PROPERTY. Upon the expiration or termination of this Agreement, Owner shall have the right, after ten (10) days written notice, to remove, at the Resident's sole cost and expense, from the premises, all of the Resident's personal belongings and other property remaining therein, and to dispose of same as the Owner in its sole judgment shall determine, with no liability therefore. In addition, as to any expenses thereby incurred, or incurred by the Owner in cleaning Resident's apartment, Resident shall reimburse Owner therefore.

22. SERVICES OFFERED.

- (a) Meals. Owner will provide Resident with one meal per day, the meal to be determined by Owner, and to be served in the common dining area.
- (b) Guest Meals. Are available at \$10.00 per meal.
- (c) Utilities. All utilities, except telephone expenses, will be paid for by the Owner. However, the cost of telephone installation and removal shall be paid by Resident.
- (d) Janitorial Services. Owner will provide services in all service areas, halls and community areas.
- (e) Maid Service. Owner will provide maid service every other week, on a regularly scheduled basis, to clean Resident's apartment if so desired by Resident.
- (f) Laundry. Once each week, Resident's flat laundry will be picked up outside the door of Resident's apartment, cleaned and returned.
- (g) Laundromat. Laundry facilities are available free of charge at the apartment complex for Resident's use (Resident must provide detergent).
- (h) Transportation. Transportation will be available at certain scheduled times, to be determined by the Owner in view of the needs of the Resident and the other occupants of apartments.

- (i) Nursing Center. A bed in the adjoining nursing center will be made available, on a priority basis, whenever Resident's health, as determined by Resident's physician, so requires.
- (j) Nursing Facility Days. At the time of residence and each calendar year thereafter, each resident is allowed 10 inpatient days in the adjacent White Oak Manor Charlotte Facility. Unused days cannot be carried forward to the next calendar year. A physician's written medical certification is required before admission to the Nursing Facility.
- (k) Nurse Call System. Is located in the master bedroom and bath of each apartment and is connected to the nurse's station at the adjacent nursing facility. If activated, a trained member of the Nursing Department will respond to the apartment.
- (l) Health Services Available. Skilled and Intermediate Nursing Care (Medicare and Medicaid Certified).
- (m) Storage Facilities. Owner shall provide, at Resident's sole risk, reasonable storage space for Resident's belongings other than furniture and other household furnishings.
- (n) Recreational Facilities. Recreational facilities are available for Resident's use on first come / first served basis.
- (o) Basic Cable TV Service. Basic Cable TV service is provided by the Owner. Additional services can be purchased by the Resident.
- (p) Personal Services. The following are available at the resident's expense:
 - Beauty/ Barber Shop
 - Accommodations for overnight guests

23. ENTIRE AGREEMENT AND AMENDMENT. This Apartment Rental Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and sets forth all representations and warranties and supersedes any and all prior or contemporaneous oral or written agreements, representations, warranties or understandings with respect to the subject matter hereof. No amendment or modification of this Agreement shall be binding unless evidenced by an agreement in writing signed by both the Resident (or his/her legal representative) and the Owner.
24. NORTH CAROLINA LAW. Notwithstanding anything else herein contained to the contrary, the following rights afforded by North Carolina law shall apply. Specifically:
- (a) In accordance with N.C.G.S. §58-64-25(a)(1), Resident may rescind this Agreement within thirty (30) days following the later of the execution of the contract as set forth below or the receipt of a disclosure statement that meets the requirements of N.C.G.S. §58-64. Furthermore, Resident is hereby notified that he/she is not required to move into the apartment described below prior to the expiration of the thirty day period described herein.
 - (b) In accordance with N.C.G.S. §58-64-25(a)(2), if a resident dies before occupying a living unit in the facility, or if, on account of illness, injury, or incapacity, a resident would be precluded from occupying a living unit in the facility, under the terms of the contract for continuing care, the contract is automatically canceled. All fees and deposits will be fully refundable to the resident or their Legal Representative within 30 days of notification to the facility.

- (c) In accordance with N.C.G.S. §58-64-25(a)(3), if an executed contract is rescinded or cancelled under the terms of this contract, all unearned fees and deposits will be fully refundable to the Resident or their Legal Representative within 30 days of notification to the facility. The amount of refund will be calculated on a daily basis (365 days per year).
- (d) In accordance with N.C.G.S. §58-64-25(b)(3), Owner will follow the following procedure to change resident's accommodations, if necessary, for the protection of the health or safety of the Resident or the general and economic welfare of the residents. All decisions regarding your permanent transfer from Sharon Village will be made after consultation with you and, when appropriate, with your family or designee. Sharon Village's decision will be binding.
- (e) In accordance with N.C.G.S. §58-64-25(b)(8), Resident is hereby informed that Owner has no religious or charitable affiliation. Furthermore, there is no affiliate organization that will be responsible for the financial and/or contractual obligations of the Owner.
- (f) In accordance with N.C.G.S. §58-64-25(b)(9), Resident has no property rights hereunder.
- (g) In accordance with N.C.G.S. §58-64-25(b)(10), Sharon Village's policy, regarding adjusting fees and/or rental sums hereunder, is that if the Resident is voluntarily absent from the facility, no adjustment will be made. In other words, all fees owed Owner hereunder, in the event of the voluntary absence of the Resident from the premises, will nevertheless be due and payable as otherwise provided for herein.

(h) In accordance with N.C.G.S. §58-64-25(b)(11), there is no requirement that the Resident apply for Medicaid, public assistance, or any public benefit program. More specifically, no such benefits are available to the Resident under this Agreement or while living at Sharon Village.

(i) In accordance with N.C.G.S. §58-64-40(b), "The Board of Directors or other governing body of a facility or its designated representative shall hold semiannual meetings with the residents of the facility for free discussions of subject including, but not limited to, income, expenditures, and financial trends and problems as they apply to the facility and discussions of proposed changes in policies, programs, and services. Upon request of the most representative residents' organization, a member of the governing body of the provider, such as a board member, a general partner, or a principal owner shall attend such meetings. Residents shall be entitled to at least seven days advance notice of each meeting. An agenda and any materials that will be distributed by the governing body at the meetings shall remain available upon request to residents."

25. APPLICABLE LAW. This Apartment Rental Agreement shall be governed by and construed according to the laws of the State of North Carolina.

26. BINDING EFFECT. This Apartment Rental Agreement and all terms, covenants and conditions herein contained, shall extend to and be binding upon the parties hereto and upon their respective heirs, administrators, successors, executors, and assigns.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals as of the date and year first above written.

WHITE OAK MANOR - CHARLOTTE, INC.
d/b/a SHARON VILLAGE APARTMENTS

By: _____

(Name and Title)

_____ (SEAL)

(Resident)

RESIDENT ACKNOWLEDGES THAT HE/SHE HAS READ THIS AGREEMENT BEFORE SIGNING, UNDERSTANDS ITS CONTENTS, AND AGREES TO ABIDE BY ALL OF ITS TERMS AND PROVISIONS.

STATE OF NORTH CAROLINA) APARTMENT RENTAL AGREEMENT
)
COUNTY OF MECKLENBURG) (WITH NO INITIAL DEPOSIT)

THIS AGREEMENT, made and entered into as of the _____ day of _____, 20_____, by and between White Oak Manor - Charlotte, Inc., a corporation doing business as Sharon Village Apartments hereinafter referred to as "Owner" and _____, a resident of the State and County aforesaid, hereinafter referred to as "Resident."

W I T N E S S E T H:

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which the parties hereto acknowledge, and the full and faithful performance of all terms, covenants and conditions herein contained, the Owner hereby agrees to rent to the Resident, and the Resident hereby agrees to rent from the Owner, Apartment No. _____, located at Sharon Village, Charlotte, North Carolina (hereinafter called the "premises," "complex," or "apartment complex") for Resident's sole occupancy, according to the following terms, covenants, and conditions:

1. TERM. The term of this Agreement shall begin on the _____ day of _____, 20_____, and end upon the first of the following to occur:
 - (a) The last day of the month following the Resident's death, or at such time thereafter as the Resident's belongings have been removed from the premises; or
 - (b) Resident's default as hereinafter defined; or
 - (c) Owner's having determined, and having given written notification thereof, that the Resident:
 - (i) is socially incompatible with the Owner's employees, other residents, or guests;
 - (ii) has demonstrated possible emotional instability;

- (iii) poses a risk to the life and well-being of him/herself or others;
 - (iv) has destroyed, or attempted to destroy, property belonging to the Owner, him/herself or others; or
 - (v) fails to fully comply with all terms and provisions contained in this Agreement; or
 - (vi) has acted in any other unreasonable fashion or poses for the Owner, its employees, residents or guests, any other unreasonable risks; or
- (d) The last day of any month prior to which the Resident has given to the Owner;
- (i) In the event the Resident is to be transferred, based upon written medical certification, to a hospital or to White Oak Manor - Charlotte Nursing Center, at least ten (10) days prior written notice; or
 - (ii) In the event the Resident is to be transferred, based upon written medical certification, anywhere else, at least thirty (30) days prior written notice; or
 - (iii) In the event the Resident is to be transferred anywhere else, without written medical certification, at least (60) sixty days prior written notice; or
- (e) At such time as, if ever, the apartment is destroyed by fire or other calamity, or if the apartment, or a substantial portion of the complex, is acquired through condemnation proceedings, making it such, under the circumstances, that the apartment is no longer reasonably fit for its intended use.

In the event the Resident is transferred as provided in Paragraph (i) above, to a hospital, he/she shall have sixty (60) days from date of transfer to return to his/her apartment, and to have the within Agreement remain in full force and effect, so long as all terms, covenants and conditions herein contained, including those pertaining to rental payments, have been (and are then being) fully complied with.

In the event the Resident is transferred, as provided in Paragraph (i) above, to White Oak Manor - Charlotte Nursing Center, the Resident shall have thirty (30) days from date of transfer to return to his apartment, and to have the within Agreement remain in full force and effect, so long as all terms, covenants and conditions herein contained, including those pertaining to rental payments, have been (and are then being) fully complied with.

In the event that the Resident, upon being transferred elsewhere as provided above, wishes to again become a tenant of the Owner, after the within Agreement has terminated, and is certified, in writing, by a qualified physician, as being again able to reside in the apartment complex, Owner agrees to give the Resident, to the extent reasonable possible, a priority as far as the next available apartment, with entrance fees and rental rates to be those then in effect, and a new Apartment Rental Agreement to be entered into.

In the situations described in Paragraphs (i) and (ii) above, the Owner may, but shall have no legal duty to, waive the requirement regarding written

notification based upon terms and conditions mutually agreeable to both Owner and Resident.

If for any reason, a resident would be precluded from occupying a living unit in the facility under the terms of the contract for continuing care, the contract is automatically canceled and all monies will be promptly refunded to the resident or their legal representative within 30 days after the termination date of the agreement.

2. TRANSFERS. A transfer fee may apply if you desire to transfer from your current apartment to another. After 10 years of residency in the same apartment, a transfer fee may be waived. A 50% transfer fee will apply if transfer occurs within 5-10 years of residency. If request is made prior to 5 years, 100% of the transfer fee will apply. An exception to applying the transfer fee may apply if a prearranged admission agreement signed by both parties stipulates a desire to transfer to another specific apartment within one year. The transfer fee is not a preset cost but is based on cost to refurbish vacated apartment.
3. MARRIAGES. If a current resident(s) of Sharon Village becomes married, the rent will increase based on the rent schedules in effect at that time for two persons. No additional deposit is required and the balance outstanding on any deposit(s) will continue to amortize in accordance with each Resident's original Rental Agreement. A new Rental Agreement will be negotiated between Sharon Village and the husband and wife as Residents. Other than for medical reasons there are no qualifying requirements for a spouse to meet as a condition for entry. In the event the spouse does not medically qualify for admission, the

agreement will terminate and alternate placement will be required.

4. RENT. Resident agrees to pay monthly rental to the Owner in the amount of _____, said rent to be payable in advance on or before the first day of each month for which due and owing, provided, however:

- (a) The rent for a partial month at the beginning of the term shall be prorated;
- (b) Although the Owner will attempt to keep rental increases to a minimum, during any calendar year following the first full calendar year of this Agreement, the Owner may, due to an increase in the cost of operation, or for any other reason, upon thirty (30) days prior written notice to the Resident, increase the monthly rental payable hereunder so long as the sum of the increases in monthly rental during any calendar year does not exceed the greater of:
 - (i) Six (6%) percent of the average monthly rental during the preceding calendar year; or
 - (ii) An amount equal to the average monthly rental during the preceding calendar year multiplied by the percentage increase in the "Consumer Price Index" figures for January and December of the preceding calendar year, the Consumer Price Index being the "Consumer Price Index - U.S. City Average - All Items Figures for Urban Wage Earners and Clerical Workers (Including Single Workers)", "which index is currently published in the "Monthly Labor Review" of the Bureau of Labor Statistics of the United States Department of Labor, or its successor index.

(c) All rental payments shall be due and payable on or before the first day of the month for which due and owing, and if received on or after the tenth (10) day of that particular month shall accrue a five (5%) percent late charge (5% of the monthly payment) which sum shall be immediately due and payable and collectible as additional rent.

5. USE OF APARTMENT; COMPLIANCE WITH RULES AND REGULATIONS; SMOKING POLICY. Resident will make no unlawful or offensive use of the apartment and the common areas belonging to the Owner and will comply with all laws, ordinances and regulations of duly constituted governmental authorities. Resident will use the apartment only as a private dwelling for him/her and such other persons as may be authorized. In addition, Resident agrees to abide by the reasonable rules and regulations promulgated from time to time by Owner generally applicable to all occupants and designed for the general health, welfare, and comfort of the other occupants. In addition to all such other rules and regulations, Resident specifically acknowledges that Owner has a policy prohibiting the use of all tobacco products in the apartments as well as on the Sharon Village property, and Resident agrees to abide by said policy. Any resident who violates this policy by using tobacco products in his/her apartment or on the Sharon Village property or by allowing anyone else to use tobacco products in his/her apartment or on the property will be deemed to be in default under this agreement and subject to the provisions of Paragraph 14 of this Agreement, including eviction and reimbursement of Owner's costs, expenses and attorney's fees. Notwithstanding the foregoing, Resident further acknowledges that this tobacco policy does not apply to

other residents who signed their Apartment Rental Agreements prior to the implementation of this policy in September, 2008.

6. USE OF PREMISES. Resident shall have the use, possession and enjoyment during the term of this Agreement of the apartment above identified jointly with any other tenant, but all common areas, including stairways, walkways and grounds, shall be used and enjoyed with other residents, and no portion of the same may or shall be permanently or temporarily appropriated by Resident to Resident's exclusive use, enjoyment or possession.
7. CARE OF APARTMENT AND REPAIRS. Resident will take good care of the apartment and common areas and will report promptly to Owner any repairs which may be needed. Owner shall keep and maintain the apartment in tenable condition and shall have the right to make at reasonable times any and all repairs, renovations and alterations as it shall determine necessary or desirable. Resident shall reimburse Owner for expenses incurred by Owner for repairs attributable to Resident's abuse or mistreatment of the apartment (including appliances) or the common areas.
8. ALTERATIONS BY RESIDENT. Resident shall make no alterations to the apartment without the prior written consent of the Owner, which consent shall not be unreasonably withheld.
9. PETS. Resident may not keep any pets or animals of any kind anywhere upon the premises without the prior written consent of the Owner. Even after the Owner's consent has been given, this consent may be reasonably withdrawn by the Owner according to its sole judgment and discretion based upon what it believes to be in the best interest of the complex and the other residents. A \$500 pet deposit is

- required if a pet is maintained in the apartment. The deposit may be refunded at the discretion of Management.
10. POSSESSION OF FIREARMS. No person, including residents, friends of residents or family members, may possess or carry, whether openly or concealed, any guns, rifles, pistols or firearms of any type on the premises. Violation of this policy shall be deemed a violation of the Apartment Rental Agreement and may constitute grounds for discharge or cancellation of the Agreement.
 11. RIGHT OF ENTRY. Owner's representative may enter the apartment at any reasonable time to examine same and/or make such alterations and repairs as Owner may determine.
 12. SURRENDER OF PREMISES. Upon the expiration or termination of this Apartment Rental Agreement, Resident shall surrender the apartment to the Owner in the same condition as at the beginning of the term, ordinary wear and tear excepted.
 13. INSURANCE, RISK OF LOSS AND RENTAL ABATEMENT. Resident shall be solely responsible for insuring Resident's personal belongings. If the apartment is damaged by fire, casualty, or act of God, regarding which the Resident was neither negligent nor at fault, the Owner shall promptly repair the damages and the rental provided for herein shall be abated on a daily basis so long as the Resident is unable to occupy the premises while repairs are being made. However, at such time as the premises are again tenable, the obligation to pay rent shall resume. In the event that the damages involved are caused by negligence or fault on the part of the Resident, the rental provided for herein shall not abate, but shall be paid, as agreed, in timely fashion, and the Resident shall be further responsible for paying any sums deductible under the Owner's insurance

coverage, which the Owner would otherwise be required to pay.

14. LIABILITY AND INDEMNIFICATION. The Owner shall not be liable for any damages or injuries to person or property occasioned anyone whatsoever, including other residents, employees, guests, or the like, by reason of Resident's use or occupancy of the apartment or the common areas, and Resident shall indemnify, defend and hold harmless Owner from and against any and all claims for damages or liability arising from injury to person or property regardless of how occurring. Furthermore, Owner shall not be liable to Resident, his family, employees or guests, for any injuries or damages caused by acts or omissions of other residents or occupants, whether caused on or off the property owned by the Owner. Finally, the Owner shall not be liable for any loss or damage resulting from failure, interruption or malfunction in the utilities provided Resident in connection with his/her occupancy of the apartment.
15. CONDEMNATION. If the apartment or all or any part of the premises shall be at any time taken for any public or quasi-public use under any statute or by right of eminent domain, Owner shall be entitled to and shall receive the award or payment therefore (hereinafter called the "Award"), and Resident shall assign, and does hereby assign and transfer, such Award to the Owner free and clear of every claim of every kind whatsoever by or on the part of the Resident.
16. DEFAULT. This Apartment Rental Agreement is made upon the condition that the Resident shall faithfully perform all of the terms, covenants and conditions herein contained by him/her to be performed as herein set forth or in other

agreements heretofore or hereafter entered into between the Owner and the Resident, and Resident shall be in default if:

- (a) Any rental payment due hereunder shall at any time be in arrears and unpaid for fifteen (15) days after receipt by Resident of written notice making demand therefore; or
- (b) Resident shall fail to observe or perform any of the covenants, agreements, or conditions set forth herein and said failure shall continue for a period of fifteen (15) days after receipt by Resident of written notice of such failure from Owner.

In the event of a default, Owner may at its option, declare the term of this Agreement ended and repossess the Apartment, and shall further be entitled to all other rights and remedies set forth herein. A waiver of any default by Owner shall not constitute a waiver of any other or subsequent default. The Owner shall be entitled to be fully reimbursed for all costs and expenses incurred in enforcing its rights hereunder, including a reasonable attorney's fee, and shall be entitled to have accrued monthly interest, at the maximum rate allowed by law, as to any payments due and owing hereunder.

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affect such leases or the real property on which the apartment is located. In the event of foreclosure, any entrance fees or security deposits will be refunded to the Resident on the basis of the applicable retention schedule. Furthermore, every effort will be made to have the mortgagee honor all agreements between the Owner and Resident and continue the apartment complex as an operating entity.

19. NOTICES. Any notice required or provided for herein shall be deemed to have been served sufficiently or received if the same shall be in writing and either hand delivered or mailed, postage prepaid, to a party's present address, or to such other address as that party may subsequently provide.

20. DISPOSITION OF PERSONAL PROPERTY. Upon the expiration or termination of this Agreement, Owner shall have the right, after ten (10) days written notice, to remove, at the Resident's sole cost and expense, from the premises, all of the Resident's personal belongings and other property remaining therein, and to dispose of same as the Owner in its sole judgment shall determine, with no liability therefore. In addition, as to any expenses thereby incurred, or incurred by the Owner in cleaning Resident's apartment, Resident shall reimburse Owner therefore.

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(a) Meals. Owner will provide Resident with one meal per day, the meal to be determined by Owner, and to be served in the common dining area.

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- (g) Laundromat. Laundry facilities are available free of charge at the apartment complex for Resident's use (Resident must provide detergent).
- (h) Transportation. Transportation will be available at certain scheduled times, to be determined by the Owner in view of the needs of the Resident and the other occupants of apartments.
- (i) Nursing Center. A bed in the adjoining nursing center will be made available, on a priority basis, whenever Resident's health, as determined by Resident's physician, so requires.

- (j) Nursing Facility Days. At the time of residence and each calendar year thereafter, each resident is allowed 10 inpatient days in the adjacent White Oak Manor Charlotte Facility. Unused days cannot be carried forward to the next calendar year. A physician's written medical certification is required before admission to the Nursing Facility.
- (k) Nurse Call System. Is located in the master bedroom and bath of each apartment and is connected to the nurse's station at the adjacent nursing facility. If activated, a trained member of the Nursing Department will respond to the apartment.
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- (n) Recreational Facilities. Recreational facilities are available for Resident's use on first come / first served basis.
- (o) Basic Cable TV Service. Basic Cable TV service is provided by the Owner. Additional services can be purchased by the Resident.
- (p) Personal Services. The following are available at the resident's expense:
 - Beauty/ Barber Shop
 - Accommodations for overnight guests
 - Dry cleaning pick-up and delivery
 - Daily delivery of local and national newspapers

22. ENTIRE AGREEMENT AND AMENDMENT. This Apartment Rental Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and sets forth all representations and warranties and supersedes any and all prior or contemporaneous oral or written agreements, representations, warranties or understandings with respect to the subject matter hereof. No amendment or modification of this Agreement shall be binding unless evidenced by an agreement in writing signed by both the Resident (or his/her legal representative) and the Owner.

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(a) In accordance with N.C.G.S. §58-64-25(a)(1), Resident may rescind this Agreement within thirty (30) days following the later of the execution of the contract as set forth below or the receipt of a disclosure statement that meets the requirements of N.C.G.S. §58-64. Furthermore, Resident is hereby notified that he/she is not required to move into the apartment described below prior to the expiration of the thirty day period described herein.

(b) In accordance with N.C.G.S. §58-64-25(a)(2), if a resident dies before occupying a living unit in the facility, or if, on account of illness, injury, or incapacity, a resident would be precluded from occupying a living unit in the facility, under the terms of the contract for continuing care, the contract is automatically canceled. All fees and deposits will be fully refundable to the resident or their Legal Representative within 30 days of notification to the facility.

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- (d) In accordance with N.C.G.S. §58-64-25(b)(3), Owner will follow the following procedure to change resident's accommodations, if necessary, for the protection of the health or safety of the Resident or the general and economic welfare of the residents. All decisions regarding your permanent transfer from Sharon Village will be made after consultation with you and, when appropriate, with your family or designee. Sharon Village's decision will be binding.
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- (f) In accordance with N.C.G.S. §58-64-25(b)(9), Resident has no property rights hereunder.
- (g) In accordance with N.C.G.S. §58-64-25(b)(10), Sharon Village's policy, regarding adjusting fees and/or rental sums hereunder, is that if the Resident is voluntarily absent from the facility, no adjustment will be made. In other words, all fees owed Owner hereunder, in the event of the voluntary absence of the Resident from the premises, will nevertheless be due and payable as otherwise provided for herein.

(h) In accordance with N.C.G.S. §58-64-25(b)(11), there is no requirement that the Resident apply for Medicaid, public assistance, or any public benefit program. More specifically, no such benefits are available to the Resident under this Agreement or while living at Sharon Village.

(i) In accordance with N.C.G.S. §58-64-40(b), "The Board of Directors or other governing body of a facility or its designated representative shall hold semiannual meetings with the residents of the facility for free discussions of subject including, but not limited to, income, expenditures, and financial trends and problems as they apply to the facility and discussions of proposed changes in policies, programs, and services. Upon request of the most representative residents' organization, a member of the governing body of the provider, such as a board member, a general partner, or a principal owner shall attend such meetings. Residents shall be entitled to at least seven days advance notice of each meeting. An agenda and any materials that will be distributed by the governing body at the meetings shall remain available upon request to residents."

24. APPLICABLE LAW. This Apartment Rental Agreement shall be governed by and construed according to the laws of the State of North Carolina.

25. BINDING EFFECT. This Apartment Rental Agreement and all terms, covenants and conditions herein contained, shall extend to and be binding upon the parties hereto and upon their respective heirs, administrators, successors, executors, and assigns.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals as of the date and year first above written.

WHITE OAK MANOR - CHARLOTTE, INC.
d/b/a SHARON VILLAGE APARTMENTS

By: _____
(Name and Title)

_____ (SEAL)
(Resident)

RESIDENT ACKNOWLEDGES THAT HE/SHE HAS READ THIS AGREEMENT BEFORE SIGNING, UNDERSTANDS ITS CONTENTS, AND AGREES TO ABIDE BY ALL OF ITS TERMS AND PROVISIONS.

Facility Use Only:
Apt. & Bldg. _____

Sharon Village Apartments

MEDICAL EVALUATION FORM

(This physical examination must be completed by your physician)

Name: _____ Birthdate: _____/_____/_____

Social Security Number: _____

Address: _____

Present Illness: _____

Date of Onset: _____

Past Illnesses: _____

Dates: _____

Mental/ Emotional Illnesses:

(If ever institutionalized, please provide dates and location(s): _____

Operations: _____

Dates: _____

Allergies: _____

Alcohol: _____

Tobacco: _____

PHYSICAL EXAMINATION

Wt: _____ Ht: _____ BP: _____ Pulse: _____ Rhythms: _____

General Appearance: _____

Skin: _____

Equilibrium: _____ Tremor: _____ Reflexes: _____

Vision: _____ Hearing: _____ Teeth: _____

Glands: _____ Breasts: _____

Lungs: _____ X-Ray: _____ Report: _____

Heart: _____ Murmur: _____

Abdomen: _____

Genitalia: _____ Pelvic: _____ Hernia: _____

Rectal: _____

Extremities: _____

LABORATORY

Urine: _____ Alb: _____ Sugar: _____ Micro: _____

Hematology: Hct/Hgb: _____ Wbc: _____

Chemistry: Glucose: _____ Bun: _____

Tuberculin Test: Negative: _____ Positive: _____

Additional information that may be helpful in evaluation of this case:

Medical History:

(Please check any of the following illnesses or diseases which apply currently or in the past)

- | | | |
|---|---|---|
| <input type="checkbox"/> High Blood Pressure | <input type="checkbox"/> Stroke | <input type="checkbox"/> Depression |
| <input type="checkbox"/> Diabetes | <input type="checkbox"/> Heart Attack | <input type="checkbox"/> Mental Illness |
| <input type="checkbox"/> Congestive Heart Failure | <input type="checkbox"/> Arteriosclerosis | <input type="checkbox"/> Mental Retardation |
| <input type="checkbox"/> Asthma | <input type="checkbox"/> Chronic Lung Disease | <input type="checkbox"/> Muscular Dystrophy |
| <input type="checkbox"/> Ulcers | <input type="checkbox"/> Rectal Bleeding | <input type="checkbox"/> Cancer |
| <input type="checkbox"/> Anemia | <input type="checkbox"/> Memory Loss | <input type="checkbox"/> Dementia |

Diagnosis: _____

Is patient capable of handling own medications? Yes No

Is patient physically and mentally capable of living in an independent living environment, without supervision? Yes No

(If no, please explain): _____

List all currently prescribed treatment/medications: _____

Any additional information: _____

Date: _____

Signature of Physician _____

The examining physician will mail this form directly to:

SHARON VILLAGE APARTMENTS
4009 Craig Ave.
P O Box 220130
CHARLOTTE, NC 28222-0130

Physician's Address:

Printed Name of Physician: _____

I hereby give permission for my physician to release my medical information to:

WHITE OAK MANOR, INC.

Patient's Signature: _____

Facility Use Only:

Apt. & Bldg. # _____

Sharon Village Apartments

APPLICATION FOR ADMISSION

Please Print or Type – (Each person must submit separate applications even if married)

1. Full Name: _____
2. Spouse: _____
3. Present Address: (If you maintain more than one home, please indicate):

4. Present Phone Number: _____
5. Social Security #: _____ Medicare #: _____
6. Health Insurance Co.: _____ Policy #: _____

7. Financial/ Legal Representative(s):
Name: _____ Name: _____
Address: _____ Address: _____

Phone: _____ Phone: _____
8. Marital Status: Single Married Widow/Widower
9. Birthdate: _____ Place of Birth: _____
10. Former Occupation(s): _____
11. Hobbies, special talents or interests: _____

12. Church Affiliation: _____
How long affiliated? _____
Name of Minister, Priest or Rabbi: _____
Address: _____

13. Special Needs (or Handicaps): _____

14. Names of Living Children (or next closest relative):

<u>Names</u>	<u>Addresses</u>	<u>Telephone #</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

15. Medical History: *(Please check any of the following illnesses or diseases which applies currently or in the past)*

- | | | |
|---|---|---|
| <input type="checkbox"/> High Blood Pressure | <input type="checkbox"/> Stroke | <input type="checkbox"/> Depression |
| <input type="checkbox"/> Diabetes | <input type="checkbox"/> Heart Attack | <input type="checkbox"/> Mental Illness |
| <input type="checkbox"/> Congestive Heart Failure | <input type="checkbox"/> Arteriosclerosis | <input type="checkbox"/> Mental Retardation |
| <input type="checkbox"/> Asthma | <input type="checkbox"/> Chronic Lung Disease | <input type="checkbox"/> Muscular Dystrophy |
| <input type="checkbox"/> Ulcers | <input type="checkbox"/> Rectal Bleeding | <input type="checkbox"/> Cancer |
| <input type="checkbox"/> Anemia | <input type="checkbox"/> Surgeries in the last five years | |

16. Sharon Village is a tobacco-free campus.
Will anyone residing in your apartment use tobacco products? Yes No

17. Physician who will prepare your medical evaluation form certificate:

Physician's Name: _____
Telephone #: _____
Office Address: _____

Do you authorize SHARON VILLAGE to discuss your health with the above physician?

YES NO

List all currently prescribed medications: _____

18. List all hospitalizations/institutions in past five years: *(Specify reason and date{s})*

<u>Hospital/Institution</u>	<u>Date</u>	<u>Reason</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

19. Have you ever been denied admission to another retirement community?

YES NO

(If your answer is Yes, explain) _____

Emergency Contact Person: _____

Address: _____

Telephone #: _____ Email Address: _____

20. List one person (not a relative) whom you have known at least five years, whom you wish to use as a personal reference:

A complete application will also include a completed Medical Evaluation Form.

I make this application for admission to SHARON VILLAGE of my own free will and accord, with the knowledge that I may always change my mind. I declare the answers to be true, full and complete. To the best of my knowledge and belief, I am capable of living at Sharon Village without extraordinary care and that the facilities, services, fees, costs, refunds and policies have been explained to me and are acceptable as presented. I hereby give Sharon Village, Inc. the right to seek out any necessary information and/or reference, including those references set forth in this Application, in processing the Application.

Signature of Applicant

Date