

DISCLOSURE STATEMENT
OAK CREEK

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DISCLOSURE STATEMENT

Dated: February 25, 2020

Name of Facility: Oak Creek Apartments

Located at: 343 Baldwin Road (27217-2775)
P O Box 3426
Burlington, NC 27215-0426

Telephone No.: 336-226-5739

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, 2021;**
- * **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

OAK CREEK 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 16 health care facilities with 1,928 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 – Burlington, 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

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

In the kitchen, you'll find all those extras you've come to expect – refrigerator, dishwasher, disposal, stove, and oven. Spend afternoons relaxing on your porch 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 – Burlington nursing center. In addition, centrally located are a dining area and lounge.

The White Oak Manor – Burlington nursing center is a licensed 160-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 Oak Creek are planned to meet the needs and desires of the individual resident. They vary from arts and crafts to luaus to evenings at the Fine Arts Center. Excursions and tours will satisfy everyone's taste. You're not bound by a schedule but are free to set your own pace.

White Oak Manor – Burlington, Inc. is a wholly owned subsidiary of White Oak Manor, Inc., and both are for profit South Carolina corporations. The 4.0 acre site includes 54 apartments, all with ground floor entrance, and a 160-bed nursing facility.

Directions to Oak Creek from Greensboro Airport – Take I-40 East to I-85 East. Take I-85 East to Exit 143 (Highway 62N). Follow 62 North until it joins Hwy. 70 East. Follow Hwy. 70 East (aka Church Street) to Vaughn Road. Turn left at Vaughn Road. Turn left again at Baldwin Road. Turn right at Oak Creek sign. From the Raleigh/Durham/Chapel Hill area take I-40 West or I-85 West to Exit #143. Follow directions above.

As of September 30, 2019 there were 57 residents at Oak Creek occupying 49 of 54 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 Oak Creek Apartments is Kelly Rivers, Apartment Coordinator. Please see biography on next page.

APARTMENT COORDINATOR'S BIOGRAPHY

Kelly Rivers

Kelly Rivers joined the Oak Creek Retirement Center in 2011. Duties include apartment supervision and "sales" with primary focus on motivating and maintaining community atmosphere (strong emphasis on resident retention and social activity).

EDUCATION:

1985 High School Graduate

WORK EXPERIENCE:

Twin Lakes (CCRC – Private/ non-profit) 1992-2000

Mariner (for Profit) 2000-2002

White Oak Manor 2002 – present

CURRENT CONTACT INFORMATION:

OAK CREEK APARTMENTS

343 Baldwin Road (27217-2775)

P O Box 3426

Burlington, NC 27215-0426

Phone: 336-226-5739

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

- a) Oliver K. Cecil, Jr., NHA
Chief Executive Officer
Secretary
(42+ years' experience)
- b) Douglas M. Cecil, NHA
President
(35+ years' experience)
- c) John P. Barber, CPA
Executive Vice President – CFO
Treasurer
(41+ years' experience)
- d) Gregory Forsey
Director of Operations
(30+ years' experience)
- e) Joey Haney, CPA
Vice President Finance
(40+ years' experience)
- f) Susan Flanagan, MS, RD, LDN
Dietary Consultant
(36+ years' experience)
- g) Mildred Chapman, RN
Nurse Consultant
(41+ years' experience)
- h) Candy Baker, RN
Nurse Consultant
(24+ years' experience)
- i) Sharon Barnhardt, RN
Director of Risk Management & Compliance
(41+ years' experience)
- j) Pam Davis
Clinical Applications Coordinator
(39+ years' experience)
- k) Jacqueline Kirkwood, MSW, LMSW
Social Service Consultant
(33+ 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 – Burlington, Inc. is a wholly owned subsidiary (Q-sub) of White Oak Manor, Inc. White Oak Manor – Burlington, Inc. has two operating divisions: White Oak Manor – Burlington (160-bed Nursing) and Oak Creek Apartments (54 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 – Burlington, 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 – Burlington, 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 entered into by any of its subsidiaries (Q-sub), including White Oak Manor – Burlington, Inc.

The Board of Directors and Shareholders of White Oak Manor, Inc., White Oak Manor – Burlington, 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 – Burlington, Inc. and White Oak Management, Inc. are:

The Estate of 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 – Burlington, 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 – Burlington nursing facility. The value of the goods purchased by Why Oak Manor – Burlington varies from year to year. For the year ending 9/30/19, the total value was approximately \$568,500.

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 – Burlington, 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 – Burlington, Inc. is responsible for all financial and contract obligations and White Oak Manor – Burlington, 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 – Burlington, 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

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) Oak Creek having determined, and having given written notification thereof, that the Resident:
 - (i) is socially incompatible with the Oak Creek 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 Oak Creek, himself 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 Oak Creek 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 Oak Creek:
 - (i) In the event the Resident is to be transferred, based upon written medical certification, to a hospital or to White Oak Manor –

Burlington 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 – Burlington 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 Oak Creek, 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, Oak Creek agrees to give the Resident, to the extent reasonably 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, Oak Creek may, but shall have no legal duty to, waive the requirement regarding written notification based upon terms and conditions mutually agreeable to both Oak Creek 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%
1 year (prorated daily)	20%	60%
2 years (prorated daily)	20%	40%
3 years (prorated daily)	20%	20%
4 years (prorated daily)	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 Oak Creek, 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. 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.

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 Oak Creek 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 Oak Creek 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) 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 Oak Creek 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 Oak Creek.
- (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.

In the event of a default, Oak Creek 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.

IV. SERVICES

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

- (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 \$8.00 per meal.
- (c) Utilities. All utilities will be paid for by Oak Creek. However, the cost of installation and monthly telephone service shall be paid by Resident.
- (d) Janitorial Services. Oak Creek will provide services in all service areas, halls and community areas.
- (e) Maid Service. Oak Creek will provide maid service twice a month, on a regularly scheduled basis, to clean Resident's apartment if so desired by Resident.
- (f) Laundry. Twice 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 Oak Creek 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) 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.
- (k) Health Services Available. Skilled Nursing Care (Medicare and Medicaid Certified).
- (l) Storage Facilities. Oak Creek shall provide, at Resident's sole risk, reasonable storage space for Resident's belongings other than furniture and other household furnishings.
- (m) Recreational Facilities. Recreational facilities are available for Resident's use on first come/first served basis.

(n) Basic Cable TV. Basic Cable TV service is provided by the Owner. Additional (expanded) services can be purchased by the Resident.

(o) Personal Services. The following services 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

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
One Bedroom	\$25,000	\$1,125	\$1,395
Two Bedrooms	\$30,000	\$1,295	\$1,580

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
One Bedroom	N/A	\$1,620	\$1,895
Two Bedrooms	N/A	\$1,795	\$2,075

Although Oak Creek will attempt to keep rental increases to a minimum, during any calendar year following the first full calendar year of this Agreement, Oak Creek 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.

OAK CREEK APARTMENTS

SCHEDULE OF FEE CHANGES FOR THE LAST FIVE YEARS

RETENTION DEPOSIT PLAN

	2020		2019		2018		2017		2016	
	<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	\$1,295	\$30,000	\$1,295	\$30,000	\$1,236	\$30,000	\$1,236	\$25,000	\$1,200
2 People	\$30,000	\$1,580	\$30,000	\$1,580	\$30,000	\$1,504	\$30,000	\$1,504	\$25,000	\$1,460
<u>1 Bedroom</u>										
1 Person	\$25,000	\$1,125	\$25,000	\$1,125	\$25,000	\$1,071	\$25,000	\$1,071	\$20,000	\$1,040
2 People	\$25,000	\$1,395	\$25,000	\$1,395	\$25,000	\$1,329	\$25,000	\$1,329	\$20,000	\$1,290

STRAIGHT RENTAL PLAN

	2020		2019		2018		2017		2016	
	<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	\$1,795	N/A	\$1,795	N/A	\$1,710	N/A	\$1,710	N/A	\$1,660
2 People	N/A	\$2,075	N/A	\$2,075	N/A	\$1,978	N/A	\$1,978	N/A	\$1,920
<u>1 Bedroom</u>										
1 Person	N/A	\$1,620	N/A	\$1,620	N/A	\$1,545	N/A	\$1,545	N/A	\$1,500
2 People	N/A	\$1,895	N/A	\$1,895	N/A	\$1,803	N/A	\$1,803	N/A	\$1,750

OAK CREEK

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

	2020	2019	2018	2017	2016
<u>2 Bedrooms</u>					
1 Person	N/C	+59	N/C	+36	N/C
2 People	N/C	+76	N/C	+44	N/C
<u>1 Bedroom</u>					
1 Person	N/C	+54	N/C	+31	N/C
2 People	N/C	+66	N/C	+39	N/C

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

	2020	2019	2018	2017	2016
<u>2 Bedrooms</u>					
1 Person	N/C	+85	N/C	+50	N/C
2 People	N/C	+97	N/C	+58	N/C
<u>1 Bedroom</u>					
1 Person	N/C	+75	N/C	+45	N/C
2 People	N/C	+92	N/C	+53	N/C

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

	2020	2019	2018	2017	2016
<u>2 Bedrooms</u>					
1 Person	N/C	N/C	N/C	N/C	N/C
2 People	N/C	N/C	N/C	N/C	N/C
<u>1 Bedroom</u>					
1 Person	N/C	N/C	N/C	N/C	N/C
2 People	N/C	N/C	N/C	N/C	N/C

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

	2020	2019	2018	2017	2016
<u>2 Bedrooms</u>					
1 Person	N/A	N/A	N/A	N/A	N/A
2 People	N/A	N/A	N/A	N/A	N/A
<u>1 Bedroom</u>					
1 Person	N/A	N/A	N/A	N/A	N/A
2 People	N/A	N/A	N/A	N/A	N/A

VI. FINANCIAL INFORMATION

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

VII. PROJECTED VS. ACTUAL FORECAST COMPARISON

The following pages include:

1. White Oak Manor – Burlington and Oak Creek, Inc.
 - a. Comparison – Year Ended September 30, 2019
Forecasted Balance Sheet
 - b. Comparison – Year Ended September 30, 2019
Forecasted Income Statement
 - c. Comparison – Year Ended September 30, 2019
Forecasted Statements of Cash Flows
 - d. Schedules Exhibit A – Assets Limited to Use – Operating Reserve /
Consolidating Balance Sheet
 - e. Burlington Employee Benefits Variance (D)

White Oak Manor-Burlington and Oak Creek, Inc.
Comparison - Year Ended September 30, 2019
Forecasted Balance Sheets

ASSETS	2019 Actual	2019 Forecast	Variance	% Variance	
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 324,006	\$ 50,000	\$ 274,006	548%	A
Accounts Receivable, Net	1,545,859	1,589,680	(43,821)	-3%	
Estimated Third-Party Payor Settlements	-	-	-	0%	
Other Current Assets	47,865	32,662	15,203	47%	
Total Current Assets	<u>1,917,730</u>	<u>1,672,342</u>	<u>245,388</u>	<u>15%</u>	
ASSETS LIMITED AS TO USE - OPERATING RESERVE	215,000	487,789	(272,789)	-56%	B
MOVEABLE EQUIPMENT					
Less: Accumulated Depreciation	1,716,357	1,771,533	(55,176)	-3%	
Construction in Progress	1,334,276	1,300,806	33,470	3%	
Moveable Equipment, Net	<u>382,081</u>	<u>470,727</u>	<u>(88,646)</u>	<u>-23%</u>	
Total Assets	<u>\$ 2,514,811</u>	<u>\$ 2,630,858</u>	<u>(116,047)</u>	<u>-5%</u>	
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts Payable	\$ 188,917	\$ 267,579	\$ (78,662)	-29%	
Accrued Wages and Other Liabilities	461,872	440,887	20,985	5%	
Intercompany Accounts	-	8,714,524	(8,714,524)	-100%	C
Asset Retirement Obligation	79,034	79,034	-	0%	
Total Current Liabilities	<u>729,823</u>	<u>9,502,024</u>	<u>(8,772,201)</u>	<u>-119%</u>	
DEFERRED CREDITS					
Unearned Deposit Revenue - Nonrefundable	100,020	165,770	(65,750)	-40%	
Unearned Deposit Revenue - Refundable	-	-	-	0%	
Deposits on Apartments	6,943	6,000	943	16%	
Total Deferred Credits	<u>106,963</u>	<u>171,770</u>	<u>(64,807)</u>	<u>-37%</u>	
LONG-TERM DEBT					
Total Liabilities	<u>836,786</u>	<u>9,673,794</u>	<u>(8,837,008)</u>	<u>-106%</u>	
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	-	0%	
Retained Earnings (Deficit)	1,368,535	(7,352,429)	8,720,961	-119%	C
Other Comprehensive Loss	-	-	-	0%	
Total Shareholder's Equity (Deficit)	<u>1,678,025</u>	<u>(7,042,939)</u>	<u>(8,720,961)</u>	<u>-119%</u>	
Total Liabilities and Shareholder's Equity (Deficit)	<u>\$ 2,514,811</u>	<u>\$ 2,630,858</u>	<u>(116,047)</u>	<u>-5%</u>	

Out of balance check

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

A) At yearend cash balance was transferred back to corporate at the same level in previous year, the forecast assumed a reduced cash due to net loss.

B) White Oak received approval to use an alternate calculation for the reserve. The \$215,000 reflects a pre year end estimated reserve requirement. The company is still working to adjust the balance in each of its communities investment accounts to reflect the proper reserve balance.

C) NCDOL requested the Intercompany balance be closed out to retained earnings after the forecast was submitted. This variance is a result of that adjustment.

White Oak Manor-Burlington and Oak Creek, Inc.
 Comparison - Year Ended September 30, 2019
 Forecasted Income Statement

	2019 Actual	2019 Forecast	Variance	% Variance
REVENUES				
Net Patient Service Revenue	\$ 9,997,930	\$ 10,648,731	\$ (650,801)	-6%
Apartment Rents	851,888	846,625	6,263	1%
Deposit Amortization	66,066	18,420	37,645	204%
Investment Income	92,000	14,207	77,793	548%
Other Revenue	11,892	7,963	3,929	49%
Total Revenues	11,009,775	11,534,946		
EXPENSES				
Nursing Services	4,667,272	4,806,666	(149,294)	-3%
Ancillaries	1,308,581	1,407,261	(98,680)	-7%
Dietary Expenses	1,046,955	1,038,481	8,474	1%
Social Services	117,707	119,356	(1,651)	-1%
Activities	102,525	102,267	258	0%
Medical Records	48,573	54,084	(5,511)	-10%
Laundry and Linen	145,592	143,199	2,393	2%
Housekeeping	352,371	369,610	(17,239)	-5%
Facility Operations and Maintenance	612,870	587,859	25,011	4%
Depreciation	126,297	92,828	33,469	36%
Interest Expense	4,063		4,063	0%
Taxes and Insurance	174,762	123,939	50,823	41%
Employee Benefits	907,154	1,037,048	(129,894)	-13%
General and Administrative	1,868,486	1,950,460	(81,994)	-4%
Total Expenses	11,473,198	11,832,980		
Net Loss	(463,423)	\$ (298,034)		
OTHER NON-OPERATING GAIN	8,886,348			

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

D) White Oak is self insured and expenses are based on claims that vary year to year. 2019 was \$91,000 less than 2018. See attached for details.

White Oak Manor-Burlington and Oak Creek, Inc.
Comparison - Year Ended September 30, 2019
Forecasted Statements of Cash Flows

	2019 Actual	2019 Forecast	Variance	% Variance	
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Loss	\$ 8,422,925	\$ (298,034)	\$ 8,720,959	-2926%	E
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	126,297	92,828	33,469	38%	
Deposit Amortization	(58,065)	(18,420)	(37,645)	204%	
Deposit Receipts	30,238	57,400	(27,162)	-47%	
Increase in Current Assets:					
Accounts Receivable	(17,321)	(61,142)	43,821	-72%	
PY Audit Adjustments	-	-	-	0%	
Other Current Assets	(16,459)	(1,256)	(15,203)	1210%	
Increase in Current Liabilities:					
Accounts Payable	(70,868)	7,794	(78,662)	-1009%	
Intercompany Accounts	(8,655,827)	372,196	(9,028,023)	-2426%	E
Accrued Wages and Other Liabilities	33,826	12,841	20,985	163%	
Asset Retirement Obligation	-	-	-	0%	
Net Cash Provided by Operating Activities	(203,254)	164,207			
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(44,798)	(100,000)	55,204	-55%	
Net Change In Assets Limited as to Use - Operating Reserve	258,582	(14,207)	272,789	-1920%	F
Net Cash Used in Investing Activities	213,786	(114,207)			
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to Shareholder	-	-	-	0%	
Net Cash Used in Financing Activities	-	-			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,532	50,000			
Cash and Cash Equivalents - Beginning of Year	313,474	-			
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 324,006</u>	<u>\$ 50,000</u>			

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

E) NCDO requested the intercompany balance be closed out to retained earnings after the forecast was submitted. This variance is a result of that adjustment.

F) White Oak received approval to use an alternate calculation for the reserve.

Exhibit A - Reserve - "Assets Limited to Use"

		Reserve Calculation for 2020		
	Formula	Tryon	Burlington	Charlotte
Total Projected Operating Expenses:				
Projected SNF Expense	A	7,166,014	10,970,092	12,261,025
Projected Apartment Expense	B	1,870,574	851,128	584,315
	C A + B	9,036,588	11,821,220	12,825,340
Total Projected Depreciation Expense:				
Projected SNF Depreciation	D	101,810	116,937	116,848
Projected Apartment Depreciation	E	47,600	18,564	13,272
	F D + E	149,410	135,501	130,120
% of SNF Patient Days Attributable to Apartment Residents	G	6.72%	0.36%	0.12%
% of SNF Days Attributable to SNF only Residents	H	93.28%	99.64%	99.88%
Calculation of Excluded Expenses	I H * A	6,684,458	10,930,600	12,246,312
Calculation of Included Expenses	J G * A	481,566	39,492	14,713
Calculation of Included Depreciation	K D * G	6,842	421	140
Expenses Subject to DOI Approved Operating Reserve	L B+J-E-K	2,297,688	871,635	565,616
Operating Reserve Percentage	M	25.00%	25.00%	25.00%
Projected Reserve Req	N L * M	574,422	217,909	141,404
1/31/2020 Investment Balance		465,567	217,552	141,642
Overage / (Shortage)		(108,855)	(357)	238

The amounts originally transferred into accounts were based on estimates made prior to year end. White Oak's total assets limited to use at 9/30/2019 was \$1,646,453 which is 712,718 above the combined requirement. The actual transfer of investment dollars to an account in the name of each location was not completed until October 2019 (as opposed to before 9/30/2019). Our investment manager had personal issue in September 2019 and did not make the trade until October. Therefore, the 9/30 audited financial statements and Financial forecast do not show the investments on the balance sheets of each location. White Oak is requesting that this does not trigger an exception and, rest assured, the funds will be in the correct place going forward. The investment balances will be increased to the 2020 forecasted requirements in March/2020. White Oak will forward the March statements with the updated balances.

Attached is a correspondence with NCDOL approving White Oak's alternate reserve calculation.

Attachment for Burlington Comparison

Burlington Employee Benefits Variance (D)

Employee Benefits	2018	2019	Total
8501 Employee Group Insurance	880,991	789,463	(91,528)
8502 Workers Compensation Expense	92,764	100,074	7,310
8503 Uniform Expense - NC Locations	3,828	(3,222)	(7,050)
8504 Retirement Plan Expense	9,429	0	(9,429)
8505 Employee Benefits Misc Expense	29,702	20,840	(8,862)
Total	1,016,714	907,155	(109,559)

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, 2019 was \$0.

The shortage in the investment amount will be eliminated in a subsequent trade on 3/1/2020. Please refer to Attachment IV and Exhibit A.

The amount anticipated to meet the operating reserve requirement effective at September 30, 2020 is \$217,909.

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. Roy Janise 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, extensive remodeling of the community dining room was completed. Additionally, an elevator located in the community building 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 – Burlington, 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, 2019 AND 2018



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

Board of Directors
White Oak Manor, Inc. and Subsidiaries
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 sheets as of September 30, 2019 and 2018, and the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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. and Subsidiaries

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, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
January 29, 2020

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT		
Cash and Cash Equivalents	\$ 313,708	\$ -
Patient Accounts Receivable, Net of Allowance for Uncollectible Accounts of Approximately \$197,000 and \$288,000 in 2019 and 2018, Respectively	19,544,516	16,556,581
Investments	5,636,774	342,680
Other Current Assets	1,220,384	1,258,633
Total Current Assets	26,715,382	18,157,894
 ASSETS LIMITED AS TO USE	 1,646,453	 8,080,689
 PROPERTY AND EQUIPMENT		
Less: Accumulated Depreciation	149,179,537	146,196,302
Property and Equipment, Net	(84,556,310) 64,623,227	(78,229,664) 67,966,638
 OTHER ASSETS		
Deferred Other Costs, Net	207,001	287,173
Goodwill, Net	407,756	475,715
Total Other Assets	614,757	762,888
 Total Assets	 \$ 93,599,819	 \$ 94,968,109

See accompanying Notes to Consolidated Financial Statements.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 2019 AND 2018

LIABILITIES AND SHAREHOLDERS' EQUITY	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Cash Overdraft	\$ 2,901,082	\$ 2,647,561
Current Portion of Long-Term Debt	2,276,325	2,715,496
Accounts Payable	5,912,969	5,046,956
Accrued Wages and Other Liabilities	10,365,165	10,337,309
Tenant Deposits	158,443	146,500
Total Current Liabilities	<u>21,613,984</u>	<u>20,893,822</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	53,771,281	53,060,457
FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS	1,633,842	184,749
OTHER LIABILITIES		
Deferred Income	714,944	758,712
Asset Retirement Obligation	909,100	909,100
Total Other Liabilities	<u>57,028,967</u>	<u>54,913,018</u>
Total Liabilities	78,642,951	75,806,840
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	13,331,756	16,796,001
Accumulated Other Comprehensive Income	1,578,250	2,318,406
Total Shareholders' Equity	<u>14,956,868</u>	<u>19,161,269</u>
Total Liabilities and Shareholders' Equity	<u>\$ 93,599,819</u>	<u>\$ 94,968,109</u>

See accompanying Notes to Consolidated Financial Statements.
(4)

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUE		
Net Patient Service Revenue	\$ 160,989,288	\$ 159,088,511
Management Fee Revenue	478,347	343,914
Change in Fair Value of Interest Rate Swap Agreements	(1,448,893)	1,326,164
Other Revenue	6,319,521	6,023,684
Total Revenue	166,338,263	166,782,273
EXPENSES		
Nursing Service	65,356,619	64,556,431
Ancillaries	21,923,370	21,837,863
Dietary	14,363,883	14,084,334
Social Services	2,447,699	2,322,649
Activities	1,881,948	2,009,228
Medical Records	702,460	673,078
Laundry and Linen	1,976,230	2,006,550
Housekeeping	5,154,049	5,217,155
Facility Operations and Maintenance	8,389,017	8,275,407
Depreciation	6,333,432	6,272,870
Interest Expense	2,542,467	2,376,125
Amortization Expense	148,356	148,131
Property Taxes and Insurance	4,911,693	5,022,211
Employee Benefits	13,152,132	14,605,689
Bad Debt Expense	878,076	318,821
General and Administrative	19,641,077	18,592,588
Total Expenses	169,802,508	168,319,130
NET LOSS	(3,464,245)	(1,536,857)
OTHER COMPREHENSIVE INCOME (LOSS)		
Change in Unrealized Gains (Losses) on Securities Available-for-Sale	(740,156)	468,793
COMPREHENSIVE LOSS	\$ (4,204,401)	\$ (1,068,064)

See accompanying Notes to Consolidated Financial Statements.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	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, 2017	47,050	\$ 110	19,916,135	\$ 46,752	\$ 18,332,858	\$ 1,849,613	\$ 20,229,333
Net Loss	-	-	-	-	(1,538,857)	-	(1,538,857)
Change in Unrealized Gains on Securities Available-for-Sale	-	-	-	-	-	468,793	468,793
BALANCE - SEPTEMBER 30, 2018	47,050	110	19,916,135	46,752	16,796,001	2,318,406	18,181,289
Net Loss	-	-	-	-	(3,464,245)	-	(3,464,245)
Change in Unrealized Losses on Securities Available-for-Sale	-	-	-	-	-	(740,156)	(740,156)
BALANCE - SEPTEMBER 30, 2019	47,050	\$ 110	19,916,135	\$ 46,752	\$ 13,331,756	\$ 1,578,250	\$ 14,956,868

See accompanying Notes to Consolidated Financial Statements.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (3,464,245)	\$ (1,536,857)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:		
Depreciation	6,333,432	6,272,870
Amortization	148,356	148,131
Amortization of Debt Issuance Costs	51,704	75,752
Bad Debt Expense	878,076	318,821
Change in Fair Value of Swap Agreement	1,448,893	(1,326,164)
Change in Third-Party Payor Settlements	6,000	41,000
Unearned Deposit Income and Other Liabilities	(43,768)	113,466
Decrease (Increase) in:		
Patient Accounts Receivable	(3,866,011)	(2,174,026)
Other Assets	38,024	277,368
Increase (Decrease) in:		
Cash Overdraft	253,521	1,013,189
Accounts Payable	866,013	(80,393)
Accrued Wages and Other Liabilities	21,856	992,108
Tenant Deposits	11,943	9,264
Net Cash Provided by Operating Activities	<u>2,683,794</u>	<u>4,144,529</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in Assets Limited as to Use	399,986	876,103
Purchases of Property and Equipment	(2,990,021)	(3,413,641)
Net Cash Used by Investing Activities	<u>(2,590,035)</u>	<u>(2,537,538)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(2,150,283)	(2,226,709)
Proceeds from Line of Credit, Net	2,382,262	628,050
Increase of Deferred Loan and Other Costs	(12,030)	(8,332)
Net Cash Provided (Used) by Financing Activities	<u>219,949</u>	<u>(1,606,991)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	313,708	-
Cash and Cash Equivalents - Beginning of Year	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 313,708</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 2,503,655</u>	<u>\$ 2,300,375</u>

See accompanying Notes to Consolidated Financial Statements.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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 2019 and 2018 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, 2019 and 2018, the Company had overdrawn its cash balance by \$2,901,082 and \$2,647,561, respectively.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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, 2019 and 2018, the allowance for uncollectible accounts was approximately \$197,000 and \$288,000, 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 living facilities, 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, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (Continued)

Amortization expense for the years ended September 30, 2019 and 2018 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 (losses) 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, 2019 AND 2018

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, 2019.

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, 2019 AND 2018

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.

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.

Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through January 29, 2020, the date the consolidated financial statements were available to be issued.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 2 INVESTMENTS

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

	2019		2018	
	Cost	Market Value	Cost	Market Value
Cash and Cash Equivalents	\$ 355,955	\$ 355,955	\$ -	\$ -
Equity Securities	2,738,782	4,339,716	-	-
Debt Securities	605,924	595,655	-	-
Alternative Investments	237,500	345,448	237,500	342,680
Total	\$ 3,938,161	\$ 5,636,774	\$ 237,500	\$ 342,680

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, 2019 and 2018:

	2019	2018
Income:		
Interest and Dividend Income	\$ 77,039	\$ 90,938
Realized Gains on Sales of Securities	752,975	534,470
Total	\$ 830,014	\$ 625,408
Other Changes in Comprehensive Income:		
Unrealized Gains (Losses) on Available for Sale Securities	\$ (740,156)	\$ 468,793

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, 2019 and 2018, the Company recorded no losses for other-than-temporary declines in the fair value of investments. At September 30, 2019, 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, 2019 AND 2018

NOTE 3 ASSETS LIMITED AS TO USE

Assets limited as to use are as follows at September 30, 2019 and 2018:

	2019	2018
Designated to Comply with Requirements Established by the Department of Insurance of North Carolina:		
Cash and Cash Equivalents	\$ 55,350	\$ 274,983
Equity Investments	728,529	6,330,558
Debt Securities	92,623	660,332
Apartment Reservation Deposits:		
Cash and Cash Equivalents	39,879	25,974
Equity Investments	524,896	597,969
Debt Securities	66,733	62,373
Apartment Retention Deposits, Refundable and Nonrefundable:		
Cash and Cash Equivalents	8,743	4,863
Equity Investments	115,070	111,959
Debt Securities	14,630	11,678
Total	<u>\$ 1,646,453</u>	<u>\$ 8,080,689</u>

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 of the independent living units (i.e., total expenses less depreciation, amortization, and interest expense) plus an allocated portion of the skilled nursing facilities expenses based on a ratio of skilled nursing patient days provided to independent living patients, projected for the 12-month period following the period covered by the most recent annual statement filed with the Department of Insurance. This updated calculation was developed by the Department of Insurance in 2019 for the Company. The total required reserve at September 30, 2019 is \$876,502. These assets are restricted and cannot be used without approval by the Department of Insurance. The 2018 reserve was calculated based on the total occupancy costs of the subsidiaries, which was the required calculation in the prior year.

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.

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.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 3 ASSETS LIMITED AS TO USE (CONTINUED)

Deposits (Continued)

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:

	2019	2018
Land and Improvements		
Buildings	\$ 15,608,647	\$ 15,502,302
Fixed Equipment	97,430,412	96,030,701
Moveable Equipment	18,766,386	17,848,837
Construction in Progress	17,266,841	16,734,355
	107,251	80,107
	149,179,537	146,196,302
Less - Accumulated Depreciation	(84,556,310)	(78,229,664)
Total	<u>\$ 64,623,227</u>	<u>\$ 67,966,638</u>

At September 30, 2019, construction in progress related to general renovations. Depreciation expense for the years ended September 30, 2019 and 2018 amounted to approximately \$6,333,000 and \$6,273,000, respectively.

NOTE 5 GOODWILL

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

	2019	2018
Goodwill	\$ 679,593	\$ 679,593
Accumulated Amortization	(271,837)	(203,878)
Total	<u>\$ 407,756</u>	<u>\$ 475,715</u>

Amortization expense for 2019 and 2018 was approximately \$68,000.

NOTE 6 ACCRUED WAGES AND OTHER LIABILITIES

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

	2019	2018
Accrued Salaries, Wages, and Benefits	\$ 6,162,201	\$ 5,860,097
Self-Insurance Liabilities	2,089,000	2,462,561
Property Taxes	1,684,765	1,620,143
Other Accrued Liabilities	429,199	394,508
Total	<u>\$ 10,365,165</u>	<u>\$ 10,337,309</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 7 LONG-TERM DEBT

The following comprise long-term debt at September 30:

	<u>2019</u>	<u>2018</u>
Mortgage note payable, maturing March 20, 2024, including interest at 30-day LIBOR plus 1.6% (3.62% at September 30, 2019).	\$ 20,208,455	\$ 21,119,985
Note payable, maturing April 20, 2025, including interest at 30-day LIBOR plus 1.6% (3.62% at September 30, 2019).	10,400,000	11,050,000
Note payable, maturing July 15, 2025, including interest at 30-day LIBOR plus 1.6% (3.62% at September 30, 2019).	20,879,373	21,246,568
Equipment note payable, maturing July 15, 2025, including interest at 30-day LIBOR plus 1.6% (3.62% at September 30, 2019).	1,610,180	1,831,738
Line of Credit, maturing July 20, 2021, including interest at 30-day LIBOR plus 1.5% (3.52% at September 30, 2019).	<u>3,010,312</u>	<u>628,050</u>
Total	56,108,320	55,876,341
Less: Unamortized Debt Issuance Costs	60,714	100,388
Less: Current Portion	<u>2,276,325</u>	<u>2,715,496</u>
Total Long-Term Debt	<u>\$ 53,771,281</u>	<u>\$ 53,060,457</u>

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

Estimated maturities on long-term debt follow:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 2,276,325
2021	5,350,658
2022	2,406,754
2023	2,475,800
2024	17,235,402
Thereafter	26,363,381
Total	<u>\$ 56,108,320</u>

The terms of certain loan agreements contain covenants that require the maintenance of specific financial ratios and other covenants. As of September 30, 2019, the Company was not in compliance with the required tangible net worth ratio. The Company received a covenant waiver from the financial institution related to this noncompliance.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 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 Company had a liability of approximately \$909,000 at September 30, 2019 and 2018 related to this obligation. No accretion expense was recorded in 2018 or 2019 related to this obligation.

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.

NOTE 10 NET PATIENT SERVICE REVENUE

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

	<u>2019</u>	<u>2018</u>
Routine Services	\$ 153,514,961	\$ 152,832,324
Special Services	<u>36,333,061</u>	<u>35,165,768</u>
	189,848,022	187,998,092
Less: Contractual Adjustments	<u>(28,858,734)</u>	<u>(28,909,581)</u>
Total	<u>\$ 160,989,288</u>	<u>\$ 159,088,511</u>

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 75% and 74%, respectively, of the Company's net patient service revenue in the years ended September 30, 2019 and 2018.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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, 2019 and 2018, was as follows:

	<u>2019</u>	<u>2018</u>
Medicare	15 %	15 %
Medicaid	34	41
Other Third-Party Payers	51	44
Total	<u>100 %</u>	<u>100 %</u>

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 \$1,622,000 and \$1,674,000 in 2019 and 2018, respectively. Future annual minimum lease commitments under such leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 1,083,925
2021	887,338
2022	783,401
2023	664,948
2024	109,290
Total	<u>\$ 3,528,902</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, 2019 and 2018, the Company had interest swaps with notional amounts of approximately \$21,739,000 and \$23,662,000, respectively. These swaps change their variable rate interest on the associated debt to fixed rates of 4.28% and 5.06%.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Liability Derivative			
	September 30, 2019		September 30, 2018	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest Rate Swap	Fair Value of Interest Rate Swap Agreements	\$ 1,633,642	Fair Value of Interest Rate Swap Agreements	\$ 184,749

The unrealized gain (loss) 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:

	Location of Unrealized Gain (Loss) Recognized in Income on the Derivative	Amount of Unrealized Gain (Loss) Recognized in Income on the Derivative	
		September 30, 2019	September 30, 2018
Interest Rate Swap	Change in Fair Value of Interest Rate Swap Agreements	\$ (1,448,893)	\$ 1,326,164

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, 2019.

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 0% 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 \$57,000 and \$292,000 during the years ended September 30, 2019 and 2018, respectively.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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:

	2019	2018
Accounts Payable to White Oak Pharmacy	\$ 1,153,065	\$ 993,972
Nursing Expenses Provided to White Oak Pharmacy	62,981	56,756
Ancillary Expenses Provided to White Oak Pharmacy	6,261,347	6,437,888
Medical Supplies Provided to White Oak Pharmacy	108,652	183,314
Consulting Expenses Provided to White Oak Pharmacy	573,311	544,558
Other Expenses Provided to White Oak Pharmacy	87,660	46,049

The Company borrowed \$690,000 and \$440,000 from their affiliate White Oak Pharmacy in 2019 and 2018, respectively. These amounts are not secured by a formal agreement and do not bear interest and are 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 2019 and 2018, 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, 2019, the outstanding balance of the loan was approximately \$707,000.~~

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.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 16 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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:

	2019			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Equity Securities	\$ 4,339,716	\$ -	\$ -	\$ 4,339,716
Debt Securities	595,655	-	-	595,655
Assets Limited as to Use:				
Equity Investments	1,368,495	-	-	1,368,495
Debt Securities	173,986	-	-	173,986
Total Assets Measured at Fair Value	\$ 6,477,852	\$ -	\$ -	\$ 6,477,852
Liabilities:				
Interest Rate Swap Agreement	\$ -	\$ 1,633,642	\$ -	\$ 1,633,642
Total Liabilities Measured at Fair Value	\$ -	\$ 1,633,642	\$ -	\$ 1,633,642
2018				
	Level 1	Level 2	Level 3	Total
Assets:				
Assets Limited as to Use:				
Equity Securities	\$ 7,040,486	\$ -	\$ -	\$ 7,040,486
Debt Securities	734,383	-	-	734,383
Total Assets Measured at Fair Value	\$ 7,774,869	\$ -	\$ -	\$ 7,774,869
Liabilities:				
Interest Rate Swap Agreement	\$ -	\$ 184,749	\$ -	\$ 184,749
Total Liabilities Measured at Fair Value	\$ -	\$ 184,749	\$ -	\$ 184,749

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, 2019 and 2018:

	2019			Redemption Notice Period
	Fair Value	Unfunded Commitments	Redemption Frequency	
Alternative Investments	\$ 345,448	\$ -	Initial 2 Year Period; Quarterly Thereafter	45 Days
2018				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments	\$ 342,680	\$ -	Initial 2 Year Period; Quarterly Thereafter	45 Days

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 16 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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. Effective October 1, 2019, the Company has switched to a fully insured plan for employees' health insurance.

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.

WHITE OAK MANOR, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 17 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

NOTE 18 SUBSEQUENT EVENT

Effective December 2, 2019, the Company sold their Rutherfordton location to an independent third-party for \$3,300,000. As of the effective date, the facility, operations and personal property of the facility, permits to operate the facility, contracts, intellectual property, and Medicaid, Medicare and Third-Party Payor agreements and provider numbers are assumed by the purchaser. All accounts receivable, accounts payable, and accrued wages originating prior to the closing date shall remain with the Company.



CliftonLarsonAllen LLP
CLAAconnect.com

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
White Oak Manor, Inc. and Subsidiaries
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, 2019, and have issued our report thereon dated January 29, 2020, 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 29, 2020

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2019
(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				
Cash and Cash Equivalents	\$ 313,708	\$ -	\$ 313,708	\$ -
Patient Accounts Receivable, Net	19,544,516	(683,256)	5,432	20,222,340
Investments	5,636,774	-	5,636,774	-
Other Current Assets	1,220,384	-	7,091	1,213,293
Total Current Assets	<u>26,715,382</u>	<u>(683,256)</u>	<u>5,963,005</u>	<u>21,435,633</u>
ASSETS LIMITED AS TO USE				
	1,646,453	-	831,453	815,000
PROPERTY AND EQUIPMENT				
Less: Accumulated Depreciation	149,179,537	-	129,307,642	19,871,895
Property and Equipment, Net	<u>(84,566,310)</u>	<u>-</u>	<u>(70,378,907)</u>	<u>(14,177,403)</u>
	64,623,227	-	58,928,735	5,694,492
OTHER ASSETS				
Deferred Other Costs, Net	207,001	-	-	207,001
Goodwill, Net	407,756	-	407,756	-
Intercompany Accounts	-	(48,072,345)	7,468,536	40,603,809
Investment in Subsidiaries	-	(3,177,082)	3,177,082	-
Total Other Assets	<u>614,757</u>	<u>(51,249,427)</u>	<u>11,053,374</u>	<u>40,810,810</u>
<hr/>				
Total Assets	<u>\$ 93,599,819</u>	<u>\$ (51,932,683)</u>	<u>\$ 76,776,567</u>	<u>\$ 68,755,935</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND SHAREHOLDERS' EQUITY	Consolidated	Eliminations	White Oak Manor, Inc.	All Subsidiaries
CURRENT LIABILITIES				
Cash Overdraft	\$ 2,901,082	\$ -	\$ -	\$ 2,901,082
Current Portion of Long-Term Debt	2,276,325	-	2,276,325	-
Accounts Payable	5,912,969	(683,256)	(2,365)	6,598,590
Accrued Wages and Other Liabilities	10,365,165	-	71,348	10,293,817
Tenant Deposits	158,443	-	-	158,443
Total Current Liabilities	<u>21,613,984</u>	<u>(683,256)</u>	<u>2,345,308</u>	<u>19,951,932</u>
LONG-TERM DEBT, Net of Current Portion	53,771,281	-	50,771,555	2,999,726
FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS	1,633,642	-	1,557,862	75,780
OTHER LIABILITIES				
Deferred Income	714,944	-	-	714,944
Asset Retirement Obligation	909,100	-	-	909,100
Intercompany Accounts	-	(48,072,345)	-	48,072,345
Total Other Liabilities	<u>57,028,967</u>	<u>(48,072,345)</u>	<u>52,329,417</u>	<u>52,771,895</u>
Total Liabilities	78,642,951	(48,755,601)	54,674,725	72,723,827
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)	13,331,756	-	20,476,730	(7,144,974)
Accumulated Other Comprehensive Income	1,578,250	-	1,578,250	-
Total Shareholders' Equity	<u>14,956,868</u>	<u>(3,177,082)</u>	<u>22,101,842</u>	<u>(3,967,892)</u>
Total Liabilities and Shareholders' Equity	<u>\$ 93,599,819</u>	<u>\$ (51,932,683)</u>	<u>\$ 76,776,567</u>	<u>\$ 68,755,935</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED SEPTEMBER 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE	Consolidated	Eliminations	White Oak Manor, Inc.	All Subsidiaries
Net Patient Service Revenue	\$ 160,989,288	\$ -	\$ -	\$ 160,989,288
Management Fee Revenue	478,347	(9,143,958)	-	9,622,305
Lease Fees	-	(5,948,640)	5,948,640	-
Apartment Fees	5,009,218	-	-	-
Deposit Revenue	373,542	-	-	5,009,218
Change in Value of Interest Rate Swap Agreements	(1,448,893)	-	(1,448,893)	373,542
Interest and Other Revenue (Expense)	938,761	-	-	-
Total Revenue	166,338,263	(15,092,598)	4,813,581	176,617,300
EXPENSES				
Nursing Service	65,356,619	-	-	65,356,619
Ancillaries	21,923,370	-	-	21,923,370
Dietary	14,363,883	-	-	14,363,883
Social Services	2,447,699	-	-	2,447,699
Activities	1,881,948	-	-	1,881,948
Medical Records	702,460	-	-	702,460
Laundry and Linen	1,976,230	-	-	1,976,230
Housekeeping	5,154,049	-	-	5,154,049
Facility Operations and Maintenance	8,389,017	-	-	8,389,017
Depreciation	6,333,432	-	4,968,520	1,364,912
Interest Expense	2,542,467	-	2,335,001	207,466
Amortization Expense	148,356	-	67,960	80,396
Property Taxes and Insurance	4,911,693	-	37,355	4,874,338
Employee Benefits	13,152,132	-	-	13,152,132
Bad Debt Expense	878,076	-	-	878,076
General and Administrative	19,641,077	(15,092,598)	6,325	34,727,350
Total Expenses	169,802,508	(15,092,598)	7,415,181	177,479,845
OTHER NON-OPERATING GAIN (LOSS)	-	-	1,967,569	(1,967,569)
NET LOSS	(3,464,245)	-	(634,031)	(2,830,214)
OTHER COMPREHENSIVE INCOME (LOSS)				
Change in Unrealized Losses on Securities Available-for-Sale	(740,158)	-	(740,158)	-
COMPREHENSIVE LOSS	\$ (4,204,401)	\$ -	\$ (1,374,187)	\$ (2,830,214)

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANAGEMENT, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Patient Accounts Receivable, Net	\$ 1,386,253
Other Current Assets	643,566
Total Current Assets	<u>2,029,819</u>

PROPERTY AND EQUIPMENT, NET

Total Assets	<u>51,015</u>
	<u>\$ 2,080,834</u>

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Cash Overdraft	\$ 5,378,855
Accounts Payable	2,240,414
Accrued Wages and Other Liabilities	2,773,099
Total Current Liabilities	<u>10,392,368</u>

LONG-TERM DEBT

2,999,726

FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS

75,780

OTHER LIABILITIES

Intercompany Accounts	25,536,187
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Total Liabilities

39,004,061

SHAREHOLDER'S DEFICIT

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 123,381 Shares Issued and Outstanding	123,381
Accumulated Deficit	(37,046,608)
Total Shareholder's Deficit	<u>(36,923,227)</u>

Total Liabilities and Shareholder's Deficit

\$ 2,080,834

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE	
Management Fees	
Other Revenue	\$ 9,622,305
Total Revenue	<u>2,977</u>
	9,625,282
EXPENSES	
Ancillaries	
Dietary	(262)
Housekeeping	153
Facility Operations and Maintenance	23,256
Depreciation	98,624
Interest Expense	17,150
Taxes and Insurance	95,008
Employee Benefits	478,045
General and Administrative	852,791
Total Expenses	<u>8,320,101</u>
	9,884,866
OTHER NON-OPERATING LOSS	
	<u>(23,389,157)</u>
Net Loss	<u>\$ (23,648,741)</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, 2019
 (SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	
Patient Accounts Receivable, Net	\$ 101,008
Other Current Assets	770,150
Total Current Assets	<u>26,889</u>
	898,047

PROPERTY AND EQUIPMENT, NET

14,753

OTHER ASSETS

Intercompany Accounts	
	4,745

Total Assets

\$ 917,545

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	
Accrued Wages and Other Liabilities	\$ 100,530
Total Current Liabilities	<u>329,938</u>
	430,468

OTHER LIABILITIES

Deferred Income	
Asset Retirement Obligation	9,613
Total Other Liabilities	<u>98,633</u>
	108,246

Total Liabilities

538,714

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 290,000 Shares Authorized; 154,935 Shares Issued and Outstanding	
Retained Earnings	154,935
Total Shareholder's Equity	<u>223,896</u>
	378,831

Total Liabilities and Shareholder's Equity

\$ 917,545

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 5,066,561
Other Revenue (Expense)	(2,447)
Total Revenue	5,064,114

EXPENSES

Nursing Services	2,224,966
Ancillaries	603,383
Dietary	513,040
Social Services	73,779
Activities	73,494
Medical Records	40,872
Laundry and Linen	71,773
Housekeeping	201,152
Facility Operations and Maintenance	409,318
Depreciation	7,347
Interest Expense	1,709
Taxes and Insurance	116,896
Employee Benefits	416,500
Bad Debt Expense	35,191
General and Administrative	897,289
Total Expenses	5,686,709
Net Loss	\$ (622,595)

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – COLUMBIA, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 101,500
Patient Accounts Receivable, Net	1,861,588
Other Current Assets	37,535
Total Current Assets	<u>2,000,623</u>

PROPERTY AND EQUIPMENT, NET

127,079

OTHER ASSETS

Intercompany Accounts	3,742,313
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Total Assets

\$ 5,870,015

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 216,053
Accrued Wages and Other Liabilities	394,943
Total Current Liabilities	<u>610,996</u>

OTHER LIABILITIES

Deferred Income	493
Asset Retirement Obligation	81,458
Total Other Liabilities	<u>81,951</u>

Total Liabilities

692,947

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 109,226 Shares Issued and Outstanding	109,226
Retained Earnings	5,067,842
Total Shareholder's Equity	<u>5,177,068</u>

Total Liabilities and Shareholder's Equity

\$ 5,870,015

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 10,178,104
Other Revenue (Expense)	(971)
Total Revenue	10,177,133

EXPENSES

Nursing Services	3,961,061
Ancillaries	1,255,509
Dietary	785,213
Social Services	181,509
Activities	115,594
Medical Records	60,991
Laundry and Linen	141,936
Housekeeping	293,119
Facility Operations and Maintenance	497,013
Depreciation	20,777
Interest Expense	1,432
Taxes and Insurance	100,479
Employee Benefits	856,712
Bad Debt Expense	38,161
General and Administrative	1,420,578
Total Expenses	9,730,084
Net Income	\$ 447,049

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – NEWBERRY, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	
Patient Accounts Receivable, Net	\$ 100,919
Other Current Assets	1,503,735
Total Current Assets	<u>26,471</u>
	1,631,125

PROPERTY AND EQUIPMENT, NET

47,452

OTHER ASSETS

Intercompany Accounts	
	<u>4,385,161</u>

Total Assets

\$ 6,063,738

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	
Accrued Wages and Other Liabilities	\$ 235,049
Total Current Liabilities	<u>452,448</u>
	887,497

OTHER LIABILITIES

Deferred Income	
Asset Retirement Obligation	2,476
Total Other Liabilities	<u>41,498</u>
	43,974

Total Liabilities

731,471

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 126,414 Shares Issued and Outstanding	
Retained Earnings	126,414
Total Shareholder's Equity	<u>5,205,853</u>
	5,332,267

Total Liabilities and Shareholder's Equity

\$ 6,063,738

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 10,716,862
Other Revenue (Expense)	(2,398)
Total Revenue	10,714,464

EXPENSES

Nursing Services	4,572,849
Ancillaries	1,187,810
Dietary	875,691
Social Services	220,511
Activities	112,403
Medical Records	37,447
Laundry and Linen	178,499
Housekeeping	337,688
Facility Operations and Maintenance	441,659
Depreciation	15,667
Interest Expense	4,560
Taxes and Insurance	107,120
Employee Benefits	782,718
Bad Debt Expense	68,459
General and Administrative	1,434,193
Total Expenses	10,377,274
Net Income	\$ 337,190

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, 2019
 (SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 101,500
Patient Accounts Receivable, Net	1,415,452
Other Current Assets	39,255
Total Current Assets	<u>1,556,207</u>

PROPERTY AND EQUIPMENT, NET

161,943

OTHER ASSETS

Intercompany Accounts	<u>8,010,932</u>
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Total Assets

\$ 9,729,082

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 283,351
Accrued Wages and Other Liabilities	535,487
Total Current Liabilities	<u>818,838</u>

OTHER LIABILITIES

Deferred Income	2,689
Asset Retirement Obligation	63,689
Total Other Liabilities	<u>66,378</u>

Total Liabilities

885,216

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 200,000 Shares Authorized; 187,493 Shares Issued and Outstanding	187,493
Retained Earnings	8,656,373
Total Shareholder's Equity	<u>8,843,866</u>

Total Liabilities and Shareholder's Equity

\$ 9,729,082

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 13,583,734
Other Revenue (Expense)	(6,868)
Total Revenue	<u>13,576,866</u>

EXPENSES

Nursing Services	5,345,687
Ancillaries	1,821,422
Dietary	908,152
Social Services	180,224
Activities	139,545
Medical Records	60,724
Laundry and Linen	131,745
Housekeeping	414,886
Facility Operations and Maintenance	522,145
Depreciation	43,314
Interest Expense	3,955
Taxes and Insurance	164,936
Employee Benefits	919,359
Bad Debt Expense	51,181
General and Administrative	1,846,000
Total Expenses	<u>12,553,275</u>
Net Income	<u>\$ 1,023,591</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, 2019
 (SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 101,100
Patient Accounts Receivable, Net	889,367
Other Current Assets	42,824
Total Current Assets	1,013,291

PROPERTY AND EQUIPMENT, NET

716,951

Total Assets

\$ 1,730,242

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$ 212,415
Accrued Wages and Other Liabilities	368,054
Total Current Liabilities	580,469

OTHER LIABILITIES

Deferred Income	2,478
Asset Retirement Obligation	124,760
Intercompany Accounts	5,521,088
Total Other Liabilities	5,648,326

Total Liabilities

6,228,795

SHAREHOLDER'S DEFICIT

Common Stock, Par Value \$1 per Share; 250,000 Shares Authorized; 206,031 Shares Issued and Outstanding	206,031
Accumulated Deficit	(4,704,584)
Total Shareholder's Deficit	(4,498,553)

Total Liabilities and Shareholder's Deficit

\$ 1,730,242

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 10,244,340
Other Revenue (Expense)	(1,415)
Total Revenue	<u>10,242,925</u>

EXPENSES

Nursing Services	4,039,099
Ancillaries	1,422,734
Dietary	1,010,288
Social Services	160,951
Activities	136,576
Medical Records	40,951
Laundry and Linen	150,865
Housekeeping	343,991
Facility Operations and Maintenance	460,682
Depreciation	169,771
Interest Expense	2,389
Taxes and Insurance	609,456
Employee Benefits	910,253
Bad Debt Expense	78,220
General and Administrative	1,572,910
Total Expenses	<u>11,109,116</u>
Net Loss	<u>\$ (866,191)</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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	
Patient Accounts Receivable, Net	\$ 101,000
Other Current Assets	915,372
Total Current Assets	<u>31,776</u>
	1,048,148

PROPERTY AND EQUIPMENT, NET

259,176

OTHER ASSETS

Intercompany Accounts	
	<u>1,734,245</u>

Total Assets

\$ 3,041,569

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	
Accrued Wages and Other Liabilities	\$ 248,216
Total Current Liabilities	<u>400,231</u>
	648,447

OTHER LIABILITIES

Deferred Income	
Asset Retirement Obligation	2,339
Total Other Liabilities	<u>92,727</u>
	<u>95,066</u>

Total Liabilities

743,513

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 250,000 Shares Authorized; 206,060 Shares Issued and Outstanding	
Retained Earnings	206,060
Total Shareholder's Equity	<u>2,091,996</u>
	<u>2,298,056</u>

Total Liabilities and Shareholder's Equity

\$ 3,041,569

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE	
Net Patient Service Revenue	\$ 10,368,823
Other Revenue	713
Total Revenue	<u>10,369,536</u>
EXPENSES	
Nursing Services	3,990,189
Ancillaries	1,234,654
Dietary	893,152
Social Services	141,685
Activities	125,806
Medical Records	35,148
Laundry and Linen	117,750
Housekeeping	305,795
Facility Operations and Maintenance	377,802
Depreciation	83,797
Interest Expense	2,619
Amortization Expense	224
Taxes and Insurance	359,488
Employee Benefits	697,550
Bad Debt Expense	90,415
General and Administrative	1,545,698
Total Expenses	<u>10,001,772</u>
Net Income	<u>\$ 367,764</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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash		\$ 498,787
Patient Accounts Receivable, Net		297,017
Other Current Assets		31,093
Total Current Assets		826,907

ASSETS LIMITED AS TO USE

460,000

PROPERTY AND EQUIPMENT, NET

660,122

Total Assets

\$ 1,947,029

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable		\$ 151,579
Accrued Wages and Other Liabilities		415,342
Tenant Deposits		86,500
Total Current Liabilities		653,421

OTHER LIABILITIES

Deferred Income		326,311
Asset Retirement Obligation		38,460
Total Other Liabilities		364,771

Total Liabilities

1,018,192

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 350,000 Shares Authorized; 296,213 Shares Issued and Outstanding		296,213
Retained Earnings		632,624
Total Shareholder's Equity		928,837

Total Liabilities and Shareholder's Equity

\$ 1,947,029

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	
Apartment Fees	\$ 6,394,653
Deposit Revenue	1,599,495
Other Revenue	183,177
Total Revenue	<u>203,566</u>
	<u>8,380,891</u>

EXPENSES

Nursing Services	3,067,780
Ancillaries	795,271
Dietary	1,009,917
Social Services	78,899
Activities	112,915
Medical Records	26,557
Laundry and Linen	130,663
Housekeeping	316,656
Facility Operations and Maintenance	678,372
Depreciation	141,289
Interest Expense	2,262
Taxes and Insurance	193,085
Employee Benefits	564,767
Bad Debt Expense	24,696
General and Administrative	<u>1,471,038</u>
Total Expenses	<u>8,614,167</u>

OTHER NON-OPERATING GAIN

5,851,171

Net Income

\$ 5,617,895

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – RUTHERFORDTON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2019
 (SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 101,100
Patient Accounts Receivable, Net	331,146
Other Current Assets	22,592
Total Current Assets	454,838

PROPERTY AND EQUIPMENT, NET

142,938

Total Assets

\$ 597,776

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$ 133,927
Accrued Wages and Other Liabilities	273,375
Total Current Liabilities	407,302

OTHER LIABILITIES

Deferred Income	454
Asset Retirement Obligation	32,444
Intercompany Accounts	8,195,664
Total Other Liabilities	6,228,562

Total Liabilities

6,635,864

SHAREHOLDER'S DEFICIT

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 122,522 Shares Issued and Outstanding	122,522
Accumulated Deficit	(6,160,610)
Total Shareholder's Deficit	(6,038,088)

Total Liabilities and Shareholder's Deficit

\$ 597,776

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 5,685,804
Other Revenue	8,391
Total Revenue	<u>5,694,195</u>

EXPENSES

Nursing Services	2,733,879
Ancillaries	699,401
Dietary	544,264
Social Services	62,201
Activities	81,107
Medical Records	31,034
Laundry and Linen	82,963
Housekeeping	234,821
Facility Operations and Maintenance	277,051
Depreciation	54,741
Interest Expense	1,609
Taxes and Insurance	334,151
Employee Benefits	585,864
Bad Debt Expense	40,014
General and Administrative	867,002
Total Expenses	<u>6,610,102</u>
Net Loss	<u>\$ (915,907)</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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 324,006
Patient Accounts Receivable, Net	1,545,859
Other Current Assets	47,865
Total Current Assets	1,917,730

ASSETS LIMITED AS TO USE

215,000

PROPERTY AND EQUIPMENT, NET

382,081

Total Assets

\$ 2,514,811

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 188,917
Accrued Wages and Other Liabilities	461,872
Tenant Deposits	6,943
Total Current Liabilities	657,732

OTHER LIABILITIES

Deferred Income	100,020
Asset Retirement Obligation	79,034
Total Other Liabilities	179,054

Total Liabilities

836,786

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 350,000 Shares Authorized; 309,490 Shares Issued and Outstanding	309,490
Retained Earnings	1,368,535
Total Shareholder's Equity	1,678,025

Total Liabilities and Shareholder's Equity

\$ 2,514,811

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	
Apartment Fees	\$ 9,997,930
Deposit Revenue	851,888
Other Revenue	56,065
Total Revenue	<u>103,892</u>
	11,009,775

EXPENSES

Nursing Services	4,657,272
Ancillaries	1,308,581
Dietary	1,046,955
Social Services	117,707
Activities	102,525
Medical Records	48,573
Laundry and Linen	145,592
Housekeeping	352,371
Facility Operations and Maintenance	612,870
Depreciation	126,297
Interest Expense	4,053
Taxes and Insurance	174,762
Employee Benefits	907,154
Bad Debt Expense	83,140
General and Administrative	<u>1,785,346</u>
Total Expenses	11,473,198

OTHER NON-OPERATING GAIN

8,886,348

Net Income

\$ 8,422,925

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – CHARLESTON, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2019
 (SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 102,000
Patient Accounts Receivable, Net	2,358,980
Other Current Assets	36,856
Total Current Assets	<u>2,497,836</u>

PROPERTY AND EQUIPMENT, NET

86,250

OTHER ASSETS

Intercompany Accounts	5,753,747
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Total Assets

\$ 8,337,833

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 417,790
Accrued Wages and Other Liabilities	614,501
Total Current Liabilities	<u>1,032,291</u>

OTHER LIABILITIES

Deferred Income	18,536
Asset Retirement Obligation	99,358
Total Other Liabilities	<u>117,894</u>

Total Liabilities

1,150,185

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 250,000 Shares Authorized; 204,607 Shares Issued and Outstanding	204,607
Retained Earnings	6,983,041
Total Shareholder's Equity	<u>7,187,648</u>

Total Liabilities and Shareholder's Equity

\$ 8,337,833

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 15,221,256
Other Revenue (Expense)	(3,432)
Total Revenue	<u>15,217,824</u>

EXPENSES

Nursing Services	5,946,956
Ancillaries	2,509,603
Dietary	1,187,789
Social Services	244,056
Activities	171,490
Medical Records	58,254
Laundry and Linen	124,138
Housekeeping	365,782
Facility Operations and Maintenance	664,690
Depreciation	27,774
Interest Expense	2,076
Taxes and Insurance	197,444
Employee Benefits	1,181,036
Bad Debt Expense	62,661
General and Administrative	2,295,539
Total Expenses	<u>15,039,288</u>
Net Income	<u>\$ 178,536</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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 347,907
Patient Accounts Receivable, Net	954,659
Other Current Assets	63,176
Total Current Assets	1,365,742

ASSETS LIMITED AS TO USE

140,000

PROPERTY AND EQUIPMENT, NET

356,386

Total Assets

\$ 1,862,128

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 249,022
Accrued Wages and Other Liabilities	540,636
Tenant Deposits	9,500
Total Current Liabilities	799,158

OTHER LIABILITIES

Deferred Income	31,323
Total Other Liabilities	31,323

Total Liabilities

830,481

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 300,000 Shares Authorized; 281,450 Shares Issued and Outstanding	281,450
Retained Earnings	750,197
Total Shareholder's Equity	1,031,647

Total Liabilities and Shareholder's Equity

\$ 1,862,128

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE	
Net Patient Service Revenue	
Apartment Fees	\$ 11,072,680
Deposit Revenue	510,612
Other Revenue	10,467
Total Revenue	<u>80,600</u>
	11,674,359
EXPENSES	
Nursing Services	4,964,667
Ancillaries	1,457,885
Dietary	1,160,653
Social Services	140,389
Activities	166,897
Medical Records	42,398
Laundry and Linen	138,791
Housekeeping	425,628
Facility Operations and Maintenance	647,671
Depreciation	120,640
Interest Expense	4,003
Taxes and Insurance	160,470
Employee Benefits	844,239
Bad Debt Expense	83,787
General and Administrative	<u>1,943,577</u>
Total Expenses	12,301,695
OTHER NON-OPERATING GAIN	
	<u>6,684,069</u>
Net Income	<u>\$ 6,056,733</u>

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK ESTATES, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 100,900
Patient Accounts Receivable, Net	1,189,424
Other Current Assets	36,564
Total Current Assets	<u>1,326,888</u>

PROPERTY AND EQUIPMENT, NET

82,084

OTHER ASSETS

Intercompany Accounts	2,100,987
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Total Assets

\$ 3,509,939

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 287,454
Accrued Wages and Other Liabilities	340,806
Total Current Liabilities	<u>628,260</u>

OTHER LIABILITIES

Deferred Income	987
Total Other Liabilities	<u>987</u>

Total Liabilities

629,247

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 100,000 Shares Authorized; 73,267 Shares Issued and Outstanding	73,267
Retained Earnings	2,807,425
Total Shareholder's Equity	<u>2,880,692</u>

Total Liabilities and Shareholder's Equity

\$ 3,509,939

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 9,199,146
Other Revenue	1,990
Total Revenue	<u>9,201,136</u>

EXPENSES

Nursing Services	3,185,112
Ancillaries	1,853,563
Dietary	686,841
Social Services	172,535
Activities	103,762
Medical Records	46,754
Laundry and Linen	90,992
Housekeeping	202,982
Facility Operations and Maintenance	340,532
Depreciation	25,883
Interest Expense	2,246
Taxes and Insurance	114,359
Employee Benefits	548,791
Bad Debt Expense	13,615
General and Administrative	1,617,408
Total Expenses	<u>9,005,355</u>
Net Income	<u>\$ 195,781</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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 100,350
Total Current Assets	<u>100,350</u>

PROPERTY AND EQUIPMENT, NET

156,319

OTHER ASSETS

Intercompany Accounts	<u>3,323,838</u>
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Total Assets	<u><u>\$ 3,580,507</u></u>
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LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 37,555
Accrued Wages and Other Liabilities	160,535
Tenant Deposits	<u>55,500</u>
Total Current Liabilities	253,590

OTHER LIABILITIES

Deferred Income	187,997
Total Other Liabilities	<u>187,997</u>

Total Liabilities	441,587
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SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 350,000 Shares Authorized; 325,391 Shares Issued and Outstanding	325,391
Retained Earnings	<u>2,813,529</u>
Total Shareholder's Equity	<u>3,138,920</u>

Total Liabilities and Shareholder's Equity	<u><u>\$ 3,580,507</u></u>
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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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Apartment Fees	
Deposit Revenue	\$ 2,047,223
Other Revenue	123,833
Total Revenue	<u>198,796</u>
	<u>2,369,852</u>

EXPENSES

Dietary	388,753
Activities	14,876
Laundry and Linen	(5,467)
Housekeeping	66,363
Facility Operations and Maintenance	435,106
Depreciation	29,316
Interest Expense	220
Taxes and Insurance	196,668
Employee Benefits	30,338
General and Administrative	634,484
Total Expenses	<u>1,790,657</u>
Net Income	<u>\$ 579,195</u>

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 100,350
Patient Accounts Receivable, Net	(2,879)
Other Current Assets	1,427
Total Current Assets	<u>98,898</u>

PROPERTY AND EQUIPMENT, NET

28,228

OTHER ASSETS

Intercompany Accounts	1,114,685
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Total Assets

\$ 1,239,811

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 8,054
Accrued Wages and Other Liabilities	77,263
Total Current Liabilities	<u>85,317</u>

OTHER LIABILITIES

Deferred Income	345
Total Other Liabilities	<u>345</u>

Total Liabilities

85,662

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 147,787 Shares Issued and Outstanding	147,787
Retained Earnings	1,006,362
Total Shareholder's Equity	<u>1,154,149</u>

Total Liabilities and Shareholder's Equity

\$ 1,239,811

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 1,352,727
Other Revenue	20,475
Total Revenue	1,373,202

EXPENSES

Nursing Services	476,163
Ancillaries	2,337
Dietary	103,444
Activities	12,638
Laundry and Linen	1,035
Housekeeping	8,253
Facility Operations and Maintenance	138,223
Depreciation	5,212
Interest Expense	201
Taxes and Insurance	71,989
Employee Benefits	66,493
Bad Debt Expense	1,200
General and Administrative	245,603
Total Expenses	1,132,791
Net Income	\$ 240,411

WHITE OAK MANOR, INC. AND SUBSIDIARIES
WHITE OAK MANOR – LANCASTER, INC.
(A WHOLLY OWNED SUBSIDIARY OF WHITE OAK MANOR, INC.)
BALANCE SHEET
SEPTEMBER 30, 2019
 (SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 101,250
Patient Accounts Receivable, Net	1,085,054
Other Current Assets	40,840
Total Current Assets	1,227,144

PROPERTY AND EQUIPMENT, NET

154,058

OTHER ASSETS

Intercompany Accounts	6,434,050
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Total Assets

\$ 7,815,252

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 221,808
Accrued Wages and Other Liabilities	430,036
Total Current Liabilities	651,844

OTHER LIABILITIES

Deferred Income	4,121
Total Other Liabilities	4,121

Total Liabilities

655,965

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 150,000 Shares Authorized; 143,913 Shares Issued and Outstanding	143,913
Retained Earnings	7,015,374
Total Shareholder's Equity	7,159,287

Total Liabilities and Shareholder's Equity

\$ 7,815,252

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 10,592,725
Other Revenue (Expense)	(1,869)
Total Revenue	<u>10,590,856</u>

EXPENSES

Nursing Services	4,490,015
Ancillaries	1,123,114
Dietary	945,220
Social Services	148,409
Activities	98,153
Medical Records	37,435
Laundry and Linen	161,459
Housekeeping	304,647
Facility Operations and Maintenance	404,799
Depreciation	18,559
Interest Expense	3,252
Taxes and Insurance	140,851
Employee Benefits	861,836
Bad Debt Expense	61,338
General and Administrative	1,428,085
Total Expenses	<u>10,227,172</u>
Net Income	<u>\$ 363,684</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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 100,846
Patient Accounts Receivable, Net	868,878
Other Current Assets	15,053
Total Current Assets	<u>984,777</u>

PROPERTY AND EQUIPMENT, NET

125,505

OTHER ASSETS

Intercompany Accounts	<u>3,999,126</u>
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Total Assets

\$ 5,109,408

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 172,189
Accrued Wages and Other Liabilities	381,578
Total Current Liabilities	<u>553,767</u>

OTHER LIABILITIES

Asset Retirement Obligation	157,039
Total Other Liabilities	<u>157,039</u>

Total Liabilities

710,806

SHAREHOLDER'S EQUITY

Common Stock, Par Value \$1 per Share; 200,000 Shares Authorized; 158,902 Shares Issued and Outstanding	158,902
Retained Earnings	4,239,700
Total Shareholder's Equity	<u>4,398,602</u>

Total Liabilities and Shareholder's Equity

\$ 5,109,408

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 7,813,730
Other Revenue (Expense)	(3,838)
Total Revenue	<u>7,809,892</u>

EXPENSES

Nursing Services	3,267,617
Ancillaries	752,918
Dietary	705,534
Social Services	187,948
Activities	133,129
Medical Records	30,480
Laundry and Linen	94,300
Housekeeping	326,847
Facility Operations and Maintenance	394,441
Depreciation	27,263
Interest Expense	3,771
Taxes and Insurance	110,183
Employee Benefits	733,483
Bad Debt Expense	32,828
General and Administrative	1,342,271
Total Expenses	<u>8,123,013</u>
Net Loss	<u>\$ (313,121)</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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 101,100
Patient Accounts Receivable, Net	704,931
Other Current Assets	23,328
Total Current Assets	<u>829,359</u>

PROPERTY AND EQUIPMENT, NET

Total Assets	<u>\$ 1,494,012</u>
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LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$ 212,652
Accrued Wages and Other Liabilities	382,406
Total Current Liabilities	<u>595,058</u>

OTHER LIABILITIES

Deferred Income	2,917
Intercompany Accounts	6,091,093
Total Other Liabilities	<u>6,094,010</u>

Total Liabilities	6,689,068
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SHAREHOLDER'S DEFICIT

Accumulated Deficit	(5,195,056)
Total Shareholder's Deficit	<u>(5,195,056)</u>

Total Liabilities and Shareholder's Deficit	<u>\$ 1,494,012</u>
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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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 9,171,057
Other Revenue (Expense)	(1,639)
Total Revenue	<u>9,169,418</u>

EXPENSES

Nursing Services	3,333,832
Ancillaries	1,448,563
Dietary	698,774
Social Services	203,642
Activities	96,845
Medical Records	49,322
Laundry and Linen	90,860
Housekeeping	208,141
Facility Operations and Maintenance	379,936
Depreciation	170,993
Interest Expense	638
Taxes and Insurance	463,327
Employee Benefits	600,463
Bad Debt Expense	73,302
General and Administrative	1,702,449
Total Expenses	<u>9,521,087</u>
Net Loss	<u>\$ (351,669)</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, 2019
 (SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Patient Accounts Receivable, Net

\$ -

PROPERTY AND EQUIPMENT, NET

83,901

Total Assets

\$ 83,901

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Cash Overdraft

\$ 208,860

Accounts Payable

105

Accrued Wages and Other Liabilities

78,005

Total Current Liabilities

286,970

OTHER LIABILITIES

Intercompany Accounts

2,259,506

Total Other Liabilities

2,259,506

Total Liabilities

2,546,476

SHAREHOLDER'S DEFICIT

Accumulated Deficit

(2,462,575)

Total Shareholder's Deficit

(2,462,575)

Total Liabilities and Shareholder's Deficit

\$ 83,901

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Membership Fees	\$ 70,982
Other Revenue	1,956
Total Revenue	<u>72,938</u>

EXPENSES

Dietary	3,300
Activities	3,003
Laundry and Linen	518
Housekeeping	24,293
Facility Operations and Maintenance	107,806
Depreciation	15,210
Interest Expense	145
Taxes and Insurance	101,375
Employee Benefits	6,331
General and Administrative	178,218
Total Expenses	<u>440,199</u>
Net Loss	<u>\$ (367,261)</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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS

CURRENT ASSETS

Cash	\$ 101,000
Patient Accounts Receivable, Net	1,516,916
Other Current Assets	46,183
Total Current Assets	<u>1,664,099</u>

PROPERTY AND EQUIPMENT, NET

1,395,598

OTHER ASSETS

Deferred Other Costs, Net	207,001
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Total Assets

\$ 3,266,698

LIABILITIES AND SHAREHOLDER'S DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$ 331,072
Accrued Wages and Other Liabilities	883,262
Total Current Liabilities	<u>1,214,334</u>

OTHER LIABILITIES

Deferred Income	21,845
Intercompany Accounts	2,468,807
Total Other Liabilities	<u>2,490,652</u>

Total Liabilities

3,704,986

SHAREHOLDER'S DEFICIT

Accumulated Deficit	(438,288)
Total Shareholder's Deficit	<u>(438,288)</u>

Total Liabilities and Shareholder's Deficit

\$ 3,266,698

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

REVENUE

Net Patient Service Revenue	\$ 14,258,174
Other Revenue	24,468
Total Revenue	<u>14,282,642</u>

EXPENSES

Nursing Services	5,099,475
Ancillaries	2,446,884
Dietary	896,750
Social Services	153,254
Activities	81,190
Medical Records	55,520
Laundry and Linen	127,818
Housekeeping	397,398
Facility Operations and Maintenance	500,297
Depreciation	243,912
Interest Expense	71,318
Amortization Expense	80,172
Taxes and Insurance	679,254
Employee Benefits	805,454
Bad Debt Expense	39,868
General and Administrative	2,179,561
Total Expenses	<u>13,858,125</u>
Net Income	<u>\$ 424,517</u>

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



**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, 2020
THROUGH SEPTEMBER 30, 2024**



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**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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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, 2020, 2021, 2022, 2023, and 2024, and the related projected combined statements of operations, shareholder's equity (deficit), and cash flows for the years then ending, and the related summary 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 combined 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 combined 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 7 (the "Hypothetical Assumption") occurs 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.

Accounting principles generally accepted in the United States of America would require the Combined Subsidiaries to adopt Accounting Standards Update (ASU) 2016-02, *Leases*, during the Projection Period. The Combined Subsidiaries have leases with White Oak Manor, Inc., a related party, for the land and buildings of the Combined Subsidiaries. In accordance with accounting principles generally accepted in the United States of America, under (ASU) 2016-02, these leases should be presented as financing leases and capitalized on the projected combined balance sheets. Management has projected these leases as operating leases during the Projection Period. Management has not determined the effect of these departures on the combined financial statements.

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 Combined Subsidiaries' disclosure statement filing), and is not intended to be and should not be used, by anyone other than these specified parties.

Board of Directors
White Oak Manor, Inc.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 27, 2020

**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 7
SEPTEMBER 30, 2020 THROUGH 2024**

ASSETS	2020	2021	2022	2023	2024
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Accounts Receivable, Net	2,983,251	3,087,664	3,195,733	3,307,583	3,423,349
Intercompany Accounts Receivable	321,841	231,598	310,969	483,052	692,410
Other Current Assets	147,820	153,732	159,881	166,277	172,928
Total Current Assets	<u>3,602,912</u>	<u>3,622,994</u>	<u>3,816,583</u>	<u>4,086,912</u>	<u>4,438,687</u>
ASSETS LIMITED AS TO USE - OPERATING RESERVE	933,735	961,604	990,321	1,019,910	1,050,400
MOVEABLE EQUIPMENT	6,102,464	6,402,464	6,702,464	7,002,464	7,302,464
Less: Accumulated Depreciation	4,818,905	5,254,855	5,711,725	6,189,515	6,686,225
Moveable Equipment, Net	<u>1,283,559</u>	<u>1,147,609</u>	<u>990,739</u>	<u>812,949</u>	<u>614,239</u>
Total Assets	<u>\$ 5,820,206</u>	<u>\$ 5,732,207</u>	<u>\$ 5,797,643</u>	<u>\$ 5,919,771</u>	<u>\$ 6,103,326</u>
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts Payable	\$ 608,003	\$ 624,183	\$ 642,909	\$ 662,195	\$ 682,063
Accrued Wages and Other Liabilities	1,509,791	1,555,085	1,601,737	1,649,790	1,699,284
Intercompany Accounts Payable	198,849	765,071	1,351,652	1,851,333	2,257,806
Asset Retirement Obligation	117,494	117,494	117,494	117,494	117,494
Total Current Liabilities	<u>2,432,137</u>	<u>3,061,833</u>	<u>3,713,792</u>	<u>4,280,812</u>	<u>4,756,647</u>
DEFERRED CREDITS					
Unearned Deposit Revenue - Nonrefundable	475,764	540,910	558,075	528,229	471,811
Unearned Deposit Revenue - Refundable	-	-	-	-	-
Deposits on Apartments	102,943	102,943	102,943	102,943	102,943
Total Deferred Credits	<u>578,697</u>	<u>643,853</u>	<u>661,018</u>	<u>631,172</u>	<u>574,754</u>
LONG-TERM DEBT					
Total Liabilities	3,010,834	3,705,686	4,374,810	4,911,984	5,331,201
SHAREHOLDER'S EQUITY (DEFICIT)					
Common Stock	887,153	887,153	887,153	887,153	887,153
Retained Deficit	1,922,219	1,139,366	536,680	120,634	(115,028)
Other Comprehensive Loss	-	-	-	-	-
Total Shareholder's Equity (Deficit)	<u>2,809,372</u>	<u>2,026,519</u>	<u>1,423,833</u>	<u>1,007,787</u>	<u>772,125</u>
Total Liabilities and Shareholder's Equity (Deficit)	<u>\$ 5,820,206</u>	<u>\$ 5,732,207</u>	<u>\$ 5,797,643</u>	<u>\$ 5,919,771</u>	<u>\$ 6,103,326</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 7
 FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES					
Net Patient Service Revenue	\$ 29,493,600	\$ 30,525,877	\$ 31,594,283	\$ 32,700,083	\$ 33,844,586
Apartment Rents	3,001,200	3,106,242	3,214,961	3,327,485	3,443,947
Deposit Amortization	241,200	194,144	242,135	259,146	315,918
Investment Income	59,571	32,512	33,349	34,209	35,098
Other Revenue	58,440	60,486	62,602	64,793	67,061
Total Revenues	<u>32,854,011</u>	<u>33,919,261</u>	<u>35,147,330</u>	<u>36,416,716</u>	<u>37,706,610</u>
EXPENSES					
Nursing Services	13,249,740	13,647,232	14,056,649	14,478,348	14,912,698
Ancillaries	3,590,080	3,687,482	3,798,106	3,912,049	4,029,410
Dietary Expenses	3,302,040	3,401,101	3,503,133	3,608,227	3,716,473
Social Services	369,900	380,997	392,427	404,200	416,327
Activities	388,342	399,992	411,893	424,353	437,084
Medical Records	116,154	119,639	123,228	126,925	130,735
Laundry and Linen	447,183	460,598	474,417	488,649	503,309
Housekeeping	1,180,256	1,215,664	1,252,133	1,288,697	1,328,368
Facility Operations and Maintenance	1,953,923	2,012,541	2,072,917	2,135,105	2,199,158
Depreciation	415,030	435,950	456,870	477,790	498,710
Taxes and Insurance	552,900	569,488	586,673	604,171	622,296
Employee Benefits	2,684,400	2,764,932	2,847,881	2,933,317	3,021,317
General and Administrative	5,443,200	5,606,496	5,774,691	5,947,931	6,126,369
Total Expenses	<u>33,683,148</u>	<u>34,702,112</u>	<u>35,751,018</u>	<u>36,930,762</u>	<u>37,942,272</u>
Net Loss	<u>\$ (829,137)</u>	<u>\$ (782,851)</u>	<u>\$ (603,688)</u>	<u>\$ (415,046)</u>	<u>\$ (235,662)</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 7
 FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024**

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholder's Equity (Deficit)
BALANCE, SEPTEMBER 30, 2019	\$ 887,153	\$ 2,751,356	\$ -	\$ 3,638,509
Net Loss	-	(829,137)	-	(829,137)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	887,153	1,922,219	-	2,809,372
Net Loss	-	(782,851)	-	(782,851)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2021	887,153	1,139,368	-	2,026,521
Net Loss	-	(603,686)	-	(603,686)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2022	887,153	536,680	-	1,422,833
Net Loss	-	(415,046)	-	(415,046)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2023	887,153	120,634	-	1,007,787
Net Loss	-	(235,662)	-	(235,662)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2024	<u>\$ 887,153</u>	<u>\$ (115,028)</u>	<u>\$ -</u>	<u>\$ 772,125</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 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024**

	2020	2021	2022	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Loss	\$ (829,137)	\$ (782,851)	\$ (603,688)	\$ (415,046)	\$ (235,662)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	415,030	435,950	456,870	477,790	498,710
Deposit Amortization	(241,200)	(194,144)	(242,135)	(289,146)	(315,918)
Deposit Receipts	269,300	259,300	269,300	259,300	259,300
Change in Current Assets:					
Accounts Receivable	(185,716)	(104,413)	(108,069)	(111,850)	(115,766)
Intercompany Accounts Receivable	(321,841)	90,243	(79,371)	(152,083)	(229,358)
Other Current Assets	(5,686)	(5,912)	(6,149)	(6,396)	(6,651)
Change in Current Liabilities:					
Accounts Payable	16,485	18,180	18,726	19,286	19,868
Intercompany Accounts Payable	198,849	566,222	586,581	499,681	406,473
Accrued Wages and Other Liabilities	91,941	45,294	46,652	48,053	49,494
Net Cash Provided by Operating Activities	(601,975)	327,869	328,717	329,589	330,490
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	(118,735)	(27,869)	(28,717)	(29,589)	(30,490)
Net Cash Used in Investing Activities	(418,735)	(327,869)	(328,717)	(329,589)	(330,490)
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to Shareholder	-	-	-	-	-
Net Cash Used in Financing Activities	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,020,710)	-	-	-	-
Cash and Cash Equivalents - Beginning of Year	1,170,710	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.
(6)

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. ("Tryon"), White Oak Manor Burlington, Inc. ("Burlington"), and White Oak Manor – Charlotte, Inc. ("Charlotte") (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, 2020, 2021, 2022, 2023, and 2024 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 an assumption that is 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:

- Management is able to achieve the projected operating revenue inflationary rate increases and operating expense inflationary increases as described hereinafter.

FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, in February 2016 pertaining to accounting for leases. While the standard will not be effective for the Combined Subsidiaries until the year ending September 30, 2021, the standard can be early adopted. Early adoption has not been exercised by Management during the Projection Period. Implementation of the new standard can result in changes to the reporting and disclosures of leases. Management is in the process of evaluating the impact of this standard on the Combined Subsidiaries.

Accounting principles generally accepted in the United States of America would require the Combined Subsidiaries to adopt Accounting Standards Update (ASU) 2016-02, *Leases*, during the Projection Period. The Combined Subsidiaries have leases with White Oak Manor, Inc., a related party, for the land and buildings of the Combined Subsidiaries. In accordance with accounting principles generally accepted in the United States of America, under (ASU) 2016-02, these leases should be presented as financing leases and capitalized on the projected combined balance sheets. Management has projected these leases as operating leases during the Projection Period. Management has not determined the effect of these departures on the combined financial statements.

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 27, 2020 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 financial 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.
White Oak Manor at North Grove, Inc.

Also included are the accounts of White Oak Estates Wellness Center, a department of White Oak Estates, 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 collectability.

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 Combined Subsidiaries assume 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 \$630,000 for the Combined Subsidiaries at September 30, 2020 and has been inflated three 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. Net patient service revenue and the payor mix is based upon the 2020 budgets for 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 budgeted for 2020. Future rent increases are expected to increase at 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 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 3.0 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 2020 budgeted 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 \$1,745,000 for the Combined Subsidiaries at September 30, 2020 and have been inflated 3.0 percent each year thereafter through the Projection Period. Management fees are included within General and Administrative expenses.

Other cost and expenses for 2020 are based on budgeted operating expenses for the fiscal year ending September 30, 2020. Cost and expenses for subsequent years have been inflated 3.0 percent for 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 27, 2020 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. No distribution to shareholders has been estimated during the Projected Period.

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 of the independent living units (i.e., total expenses less depreciation, amortization, and interest expense) plus an allocated portion of the skilled nursing facilities expenses based on a ratio of skilled nursing patient days provided to independent living patients for the twelve-month period related to the calculation. Such operating reserve may only be released upon approval of the North Carolina Commissioner of Insurance. The operating reserve has been calculated based upon projected operating expenses and assuming 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 Combined Subsidiaries are projected as follows:

<u>WHITE OAK MANOR - TRYON</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Projected Operating Expenses:					
Projected SNF Expense	\$ 7,166,014	\$ 7,382,001	\$ 7,804,330	\$ 7,833,191	\$ 8,068,782
Projected Apartment Expense	1,870,574	1,926,953	1,984,989	2,044,730	2,108,227
	9,036,588	9,308,954	9,589,319	9,877,921	10,175,009
Total Projected Depreciation Expense:					
Projected SNF Depreciation	101,810	105,728	109,647	113,565	117,483
Projected Apartment Depreciation	47,600	49,432	51,263	53,095	54,927
	149,410	155,160	160,910	166,660	172,410
% of SNF Patient Days Attributable to Apartment Residents	6.72%	6.72%	6.72%	6.72%	6.72%
% of SNF Days Attributable to SNF Only Residents	93.28%	93.28%	93.28%	93.28%	93.28%
Calculation of Excluded SNF Expenses	6,684,458	6,885,931	7,093,319	7,306,801	7,526,560
Calculation of Included SNF Expenses	481,556	496,070	511,011	526,390	542,222
Calculation of Included SNF Depreciation	6,842	7,105	7,368	7,632	7,895
Expenses Subject to DOI Approved Operating Reserve	2,297,688	2,366,486	2,437,369	2,510,393	2,585,627
Operating Reserve Percentage	25%	25%	25%	25%	25%
Projected Reserve Requirement	\$ 574,422	\$ 591,622	\$ 609,342	\$ 627,598	\$ 646,407
Projected Occupancy as of Year End	97.0%	97.0%	97.0%	97.0%	97.0%

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (continued)

Operating Reserve (continued)

<u>WHITE OAK MANOR - BURLINGTON</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Projected Operating Expenses:					
Projected SNF Expense	\$ 10,970,092	\$ 11,302,346	\$ 11,644,360	\$ 11,996,426	\$ 12,368,846
Projected Apartment Expense	861,128	876,906	903,442	930,757	958,876
	<u>11,821,220</u>	<u>12,179,252</u>	<u>12,547,802</u>	<u>12,927,183</u>	<u>13,317,722</u>
Total Projected Depreciation Expense:					
Projected SNF Depreciation	116,937	123,374	129,812	136,250	142,688
Projected Apartment Depreciation	18,564	19,586	20,608	21,630	22,652
	<u>135,501</u>	<u>142,960</u>	<u>150,420</u>	<u>157,880</u>	<u>165,340</u>
% of SNF Patient Days Attributable to Apartment Residents	0.36%	0.36%	0.36%	0.36%	0.36%
% of SNF Days Attributable to SNF Only Residents	99.64%	99.64%	99.64%	99.64%	99.64%
Calculation of Excluded SNF Expenses	10,930,600	11,261,658	11,602,440	11,953,239	12,314,354
Calculation of Included SNF Expenses	39,492	40,688	41,920	43,187	44,492
Calculation of Included SNF Depreciation	421	444	467	491	514
Expenses Subject to DOI Approved Operating Reserve	871,635	897,564	924,287	951,823	980,202
Operating Reserve Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Projected Reserve Requirement	<u>\$ 217,909</u>	<u>\$ 224,391</u>	<u>\$ 231,072</u>	<u>\$ 237,956</u>	<u>\$ 245,051</u>
Projected Occupancy as of Year End	<u>93.0%</u>	<u>93.0%</u>	<u>93.0%</u>	<u>93.0%</u>	<u>93.0%</u>
<u>WHITE OAK MANOR - CHARLOTTE</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Projected Operating Expenses:					
Projected SNF Expense	\$ 12,261,025	\$ 12,632,494	\$ 13,014,886	\$ 13,408,529	\$ 13,813,761
Projected Apartment Expense	564,315	581,412	599,011	617,129	635,780
	<u>12,825,340</u>	<u>13,213,906</u>	<u>13,613,897</u>	<u>14,025,658</u>	<u>14,449,541</u>
Total Projected Depreciation Expense:					
Projected SNF Depreciation	116,848	123,771	130,695	137,819	144,542
Projected Apartment Depreciation	13,272	14,059	14,845	15,632	16,418
	<u>130,120</u>	<u>137,830</u>	<u>145,540</u>	<u>153,251</u>	<u>160,960</u>
% of SNF Patient Days Attributable to Apartment Residents	0.12%	0.12%	0.12%	0.12%	0.12%
% of SNF Days Attributable to SNF Only Residents	99.88%	99.88%	99.88%	99.88%	99.88%
Calculation of Excluded SNF Expenses	12,246,312	12,617,335	12,999,268	13,392,439	13,797,164
Calculation of Included SNF Expenses	14,713	15,159	15,618	16,090	16,577
Calculation of Included SNF Depreciation	140	149	157	165	173
Expenses Subject to DOI Approved Operating Reserve	565,616	582,363	599,627	617,422	635,766
Operating Reserve Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Projected Reserve Requirement	<u>\$ 141,404</u>	<u>\$ 145,591</u>	<u>\$ 149,907</u>	<u>\$ 154,356</u>	<u>\$ 158,942</u>
Projected Occupancy as of Year End	<u>95.4%</u>	<u>95.4%</u>	<u>95.4%</u>	<u>95.4%</u>	<u>95.4%</u>

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (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, 2019 was \$876,502. These assets are restricted and cannot be used without approval by the North Carolina Department of Insurance.

Intercompany Accounts

Accounts due to affiliates have been adjusted throughout the Projection Period as a result of projected activity of operations and to maintain a minimum operating cash balance of \$1,075,000. 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 \$50,000 at each of the Combined Subsidiaries.

Accounts Receivable, Net

Accounts receivable, net is projected based upon historical levels throughout the Projection Period that approximate the historical days of operating revenues for each of the respective Combined Subsidiaries.

Other Current Assets

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

Accounts Payable

Accounts payable is projected based upon historical levels throughout the Projection Period that approximate the historical days of operating expenses, net of depreciation, for each of the respective Combined Subsidiaries.

Accrued Wages and Other Liabilities

Accounts wages and other liabilities is projected based upon historical levels throughout the Projection Period that approximate the historical days of operating expenses, net of depreciation, for each of the respective Combined Subsidiaries.

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, 2020 through 2024 appears on Page 1. The accompanying supplemental information on Pages 17-28 is presented for purposes of additional analysis and is not a required part of the basic projected combined financial statements. Such information is the responsibility of management. Such information has been subjected to the compilation procedures applied in the compilation of the projected combined financial statements. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 27, 2020

WHITE OAK MANOR – TRYON, INC.
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
SEPTEMBER 30, 2020 THROUGH 2024

ASSETS	2020	2021	2022	2023	2024
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Patient Accounts Receivable, Net	328,772	338,209	350,048	362,297	374,978
Intercompany Accounts Receivable	101,252	-	-	-	-
Other Current Assets	32,337	33,630	34,975	36,374	37,829
Total Current Assets	<u>510,361</u>	<u>421,839</u>	<u>435,021</u>	<u>448,671</u>	<u>482,807</u>
ASSETS LIMITED AS TO USE - OPERATING RESERVE	574,422	591,622	609,342	627,598	646,407
MOVEABLE EQUIPMENT					
Less: Accumulated Depreciation	2,598,428	2,898,428	2,798,428	2,898,428	2,998,428
Moveable Equipment, Net	<u>1,987,718</u>	<u>2,142,876</u>	<u>2,303,786</u>	<u>2,470,446</u>	<u>2,642,866</u>
Total Assets	<u>\$ 1,895,495</u>	<u>\$ 1,569,013</u>	<u>\$ 1,539,005</u>	<u>\$ 1,504,251</u>	<u>\$ 1,464,786</u>
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts Payable	\$ 170,439	\$ 175,552	\$ 180,819	\$ 186,243	\$ 191,831
Accrued Wages and Other Liabilities	438,272	451,420	484,983	478,912	493,279
Intercompany Accounts Payable	-	132,799	332,757	496,060	620,013
Asset Retirement Obligation	38,460	38,460	38,460	38,460	38,460
Total Current Liabilities	<u>647,171</u>	<u>798,231</u>	<u>1,016,999</u>	<u>1,199,675</u>	<u>1,343,583</u>
DEFERRED CREDITS					
Unearned Deposit Revenue - Nonrefundable	341,411	377,562	378,377	344,789	297,001
Unearned Deposit Revenue - Refundable	-	-	-	-	-
Deposits on Apartments	86,500	86,500	86,500	86,500	86,500
Total Deferred Credits	<u>427,911</u>	<u>464,062</u>	<u>464,877</u>	<u>431,289</u>	<u>383,501</u>
LONG-TERM DEBT					
Total Liabilities	<u>1,075,082</u>	<u>1,262,293</u>	<u>1,481,876</u>	<u>1,630,964</u>	<u>1,727,084</u>
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	324,200	10,507	(239,084)	(422,926)	(658,511)
Other Comprehensive Income	-	-	-	-	-
Total Shareholder's Equity (Deficit)	<u>620,413</u>	<u>306,720</u>	<u>57,129</u>	<u>(126,713)</u>	<u>(262,298)</u>
Total Liabilities and Shareholder's Equity (Deficit)	<u>\$ 1,695,495</u>	<u>\$ 1,569,013</u>	<u>\$ 1,539,005</u>	<u>\$ 1,504,251</u>	<u>\$ 1,464,786</u>

WHITE OAK MANOR – TRYON, INC.
PROJECTED STATEMENTS OF OPERATIONS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024

	2020	2021	2022	2023	2024
REVENUES					
Net Patient Service Revenue	\$ 8,880,560	\$ 7,121,380	\$ 7,370,628	\$ 7,628,600	\$ 7,895,601
Apartment Rents	1,608,000	1,864,280	1,722,530	1,782,819	1,845,218
Deposit Amortization	180,000	158,949	194,285	228,688	242,888
Investment Income	28,764	18,733	19,249	19,780	20,328
Other Revenue	30,840	31,919	33,036	34,192	35,389
Total Revenues	<u>8,728,164</u>	<u>8,995,261</u>	<u>9,339,728</u>	<u>9,694,079</u>	<u>10,039,424</u>
EXPENSES					
Nursing Services	3,163,140	3,258,034	3,355,775	3,456,448	3,560,141
Ancillaries	789,060	812,732	837,114	862,227	888,094
Dietary Expenses	1,083,540	1,116,048	1,149,527	1,184,013	1,219,533
Social Services	85,660	88,127	90,771	93,494	96,299
Activities	116,302	119,791	123,385	127,087	130,900
Medical Records	27,354	28,175	29,020	29,891	30,768
Laundry and Linen	134,583	138,620	142,779	147,062	151,474
Housekeeping	326,166	335,941	346,019	356,400	367,092
Facility Operations and Maintenance	698,723	719,685	741,276	763,514	786,419
Depreciation	149,410	155,180	160,910	166,680	172,410
Taxes and Insurance	192,120	197,884	203,621	209,936	216,234
Employee Benefits	744,900	766,320	789,310	812,989	837,379
General and Administrative	1,528,640	1,572,439	1,619,612	1,668,200	1,718,246
Total Expenses	<u>9,036,588</u>	<u>9,308,954</u>	<u>9,589,319</u>	<u>9,877,921</u>	<u>10,175,009</u>
Net Loss	<u>\$ (308,424)</u>	<u>\$ (313,693)</u>	<u>\$ (249,591)</u>	<u>\$ (183,842)</u>	<u>\$ (135,585)</u>

WHITE OAK MANOR – TRYON, INC.
PROJECTED STATEMENTS OF SHAREHOLDER'S EQUITY (DEFICIT)
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Shareholder's Equity (Deficit)
BALANCE, SEPTEMBER 30, 2019	\$ 296,213	\$ 632,624	\$ -	\$ 928,837
Net Loss	-	(308,424)	-	(308,424)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	296,213	324,200	-	620,413
Net Loss	-	(313,693)	-	(313,693)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2021	296,213	10,507	-	306,720
Net Loss	-	(249,591)	-	(249,591)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2022	296,213	(239,084)	-	57,129
Net Loss	-	(183,842)	-	(183,842)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2023	296,213	(422,926)	-	(126,713)
Net Loss	-	(135,585)	-	(135,585)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2024	<u>\$ 296,213</u>	<u>\$ (558,511)</u>	<u>\$ -</u>	<u>\$ (262,298)</u>

WHITE OAK MANOR – TRYON, INC.
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024

	2020	2021	2022	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Loss	\$ (308,424)	\$ (313,693)	\$ (249,591)	\$ (183,842)	\$ (135,585)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	149,410	155,160	160,910	166,660	172,410
Deposit Amortization	(180,000)	(158,949)	(194,285)	(228,665)	(242,888)
Deposit Receipts	195,100	195,100	195,100	195,100	195,100
Change in Current Assets:					
Accounts Receivable	(29,755)	(11,437)	(11,837)	(12,251)	(12,681)
Other Current Assets	(1,244)	(1,293)	(1,345)	(1,399)	(1,455)
Intercompany Accounts Receivable	(101,252)	101,252	-	-	-
Change in Current Liabilities:					
Accounts Payable	18,860	5,113	5,267	5,424	5,588
Intercompany Accounts Payable	-	132,799	199,958	163,303	123,953
Accrued Wages and Other Liabilities	22,930	13,148	13,543	13,949	14,367
Net Cash Provided by Operating Activities	<u>(234,375)</u>	<u>117,200</u>	<u>117,720</u>	<u>118,256</u>	<u>118,809</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	<u>(114,422)</u>	<u>(17,200)</u>	<u>(17,720)</u>	<u>(18,256)</u>	<u>(18,809)</u>
Net Cash Used in Investing Activities	<u>(214,422)</u>	<u>(117,200)</u>	<u>(117,720)</u>	<u>(118,256)</u>	<u>(118,809)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to Shareholder	-	-	-	-	-
Net Cash Used in Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(448,797)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents - Beginning of Year	<u>498,797</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
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WHITE OAK MANOR – BURLINGTON, INC.
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
SEPTEMBER 30, 2020 THROUGH 2024

ASSETS	2020	2021	2022	2023	2024
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 50,000	\$ 60,000	\$ 50,000	\$ 50,000	\$ 50,000
Patient Accounts Receivable, Net	1,609,860	1,666,205	1,724,623	1,784,881	1,847,352
Other Current Assets	49,780	51,771	53,042	55,996	58,236
Total Current Assets	<u>1,709,640</u>	<u>1,767,976</u>	<u>1,828,365</u>	<u>1,890,877</u>	<u>1,955,588</u>
ASSETS LIMITED AS TO USE - OPERATING RESERVE	217,909	224,391	231,072	237,958	245,051
MOVEABLE EQUIPMENT	1,816,357	1,816,357	2,016,357	2,116,357	2,216,357
Less: Accumulated Depreciation	1,469,776	1,612,736	1,763,156	1,921,036	2,086,376
Moveable Equipment, Net	<u>346,581</u>	<u>303,621</u>	<u>253,201</u>	<u>195,321</u>	<u>129,981</u>
Total Assets	<u>\$ 2,274,130</u>	<u>\$ 2,295,988</u>	<u>\$ 2,312,638</u>	<u>\$ 2,324,154</u>	<u>\$ 2,330,620</u>
	2020	2021	2022	2023	2024
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts Payable	\$ 192,094	\$ 197,857	\$ 203,793	\$ 209,906	\$ 216,204
Accrued Wages and Other Liabilities	480,235	494,642	509,481	524,766	540,609
Intercompany Accounts Payable	198,849	632,272	1,018,895	1,355,273	1,637,793
Asset Retirement Obligation	79,034	79,034	79,034	79,034	79,034
Total Current Liabilities	<u>950,212</u>	<u>1,403,805</u>	<u>1,811,203</u>	<u>2,168,979</u>	<u>2,473,540</u>
DEFERRED CREDITS					
Unearned Deposit Revenue - Nonrefundable	93,620	114,313	126,284	129,553	124,135
Unearned Deposit Revenue - Refundable	-	-	-	-	-
Deposits on Apartments	6,943	6,943	6,943	6,943	6,943
Total Deferred Credits	<u>100,563</u>	<u>121,256</u>	<u>133,227</u>	<u>136,496</u>	<u>131,078</u>
LONG-TERM DEBT	-	-	-	-	-
Total Liabilities	1,050,775	1,525,061	1,944,430	2,305,475	2,604,618
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	913,865	481,437	58,718	(280,811)	(583,488)
Other Comprehensive Loss	-	-	-	-	-
Total Shareholder's Equity (Deficit)	<u>1,223,355</u>	<u>770,927</u>	<u>368,208</u>	<u>18,679</u>	<u>(273,998)</u>
Total Liabilities and Shareholder's Equity (Deficit)	<u>\$ 2,274,130</u>	<u>\$ 2,295,988</u>	<u>\$ 2,312,638</u>	<u>\$ 2,324,154</u>	<u>\$ 2,330,620</u>

See Independent Accountants' Compilation Report on Supplemental Information
(21)

WHITE OAK MANOR – BURLINGTON, INC.
PROJECTED STATEMENTS OF OPERATIONS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024

	2020	2021	2022	2023	2024
REVENUES					
Net Patient Service Revenue	\$ 10,424,280	\$ 10,789,130	\$ 11,166,750	\$ 11,667,686	\$ 11,962,102
Apartment Rents	867,600	897,966	929,395	961,824	995,691
Deposit Amortization	50,400	23,307	32,029	40,731	49,418
Investment Income	16,170	8,037	8,232	8,432	8,639
Other Revenue	8,100	8,384	8,677	8,981	9,295
Total Revenues	<u>11,368,550</u>	<u>11,726,824</u>	<u>12,145,083</u>	<u>12,577,654</u>	<u>13,025,045</u>
EXPENSES					
Nursing Services	4,884,840	5,031,385	5,182,327	5,337,797	5,497,931
Ancillaries	1,297,740	1,336,672	1,376,772	1,418,075	1,460,617
Dietary Expenses	1,046,100	1,077,483	1,109,807	1,143,101	1,177,394
Social Services	122,040	125,701	129,472	133,366	137,367
Activities	105,000	108,150	111,395	114,737	118,179
Medical Records	47,040	48,451	49,905	51,402	52,944
Laundry and Linen	163,060	167,652	162,382	167,253	172,271
Housekeeping	386,220	397,807	409,741	422,033	434,694
Facility Operations and Maintenance	613,020	631,411	650,353	669,864	689,960
Depreciation	135,500	142,980	150,420	157,880	165,340
Taxes and Insurance	179,220	184,597	190,135	195,839	201,714
Employee Benefits	980,700	1,010,121	1,040,425	1,071,638	1,103,787
General and Administrative	1,870,740	1,926,882	1,984,688	2,044,208	2,105,634
Total Expenses	<u>11,821,220</u>	<u>12,179,252</u>	<u>12,547,802</u>	<u>12,927,183</u>	<u>13,317,722</u>
Net Loss	<u>\$ (454,670)</u>	<u>\$ (452,428)</u>	<u>\$ (402,719)</u>	<u>\$ (349,529)</u>	<u>\$ (292,677)</u>

WHITE OAK MANOR – BURLINGTON, INC.
PROJECTED STATEMENTS OF SHAREHOLDER'S EQUITY (DEFICIT)
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholder's Equity (Deficit)
BALANCE, SEPTEMBER 30, 2019	\$ 309,490	\$ 1,368,635	\$ -	\$ 1,678,025
Net Loss	-	(454,670)	-	(454,670)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	309,490	913,865	-	1,223,355
Net Loss	-	(452,428)	-	(452,428)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2021	309,490	461,437	-	770,927
Net Loss	-	(402,719)	-	(402,719)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2022	309,490	58,718	-	368,208
Net Loss	-	(349,529)	-	(349,529)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2023	309,490	(290,811)	-	18,679
Net Loss	-	(292,677)	-	(292,677)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2024	<u>\$ 309,490</u>	<u>\$ (583,488)</u>	<u>\$ -</u>	<u>\$ (273,998)</u>

WHITE OAK MANOR – BURLINGTON, INC.
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024

	2020	2021	2022	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Loss	\$ (454,670)	\$ (452,428)	\$ (402,719)	\$ (349,528)	\$ (292,677)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	136,500	142,960	150,420	157,880	165,340
Deposit Amortization	(50,400)	(23,307)	(32,029)	(40,731)	(48,418)
Deposit Receipts	44,000	44,000	44,000	44,000	44,000
Change in Current Assets:					
Accounts Receivable	(64,001)	(56,345)	(56,318)	(60,358)	(62,471)
Other Current Assets	(1,915)	(1,991)	(2,071)	(2,154)	(2,240)
Change in Current Liabilities:					
Accounts Payable	3,177	5,763	5,936	6,113	6,298
Intercompany Accounts Payable	198,849	433,423	386,623	336,378	282,520
Accrued Wages and Other Liabilities	18,363	14,407	14,839	15,285	15,743
Net Cash Provided by Operating Activities	<u>(171,097)</u>	<u>106,482</u>	<u>106,681</u>	<u>106,684</u>	<u>107,095</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	(2,909)	(6,482)	(8,581)	(6,884)	(7,095)
Net Cash Used in Investing Activities	<u>(102,909)</u>	<u>(106,482)</u>	<u>(108,581)</u>	<u>(106,884)</u>	<u>(107,095)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to Shareholder	-	-	-	-	-
Net Cash Used in Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(274,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents - Beginning of Year	<u>324,006</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>

WHITE OAK MANOR – CHARLOTTE, INC.
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
SEPTEMBER 30, 2020 THROUGH 2024

ASSETS	2020	2021	2022	2023	2024
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Accounts Receivable, Net	1,046,619	1,083,260	1,121,164	1,160,406	1,201,019
Intercompany Accounts Receivable	220,689	231,598	310,989	463,052	692,410
Other Current Assets	65,703	68,331	71,064	73,907	76,863
Total Current Assets	<u>1,382,911</u>	<u>1,433,179</u>	<u>1,553,197</u>	<u>1,747,364</u>	<u>2,020,292</u>
ASSETS LIMITED AS TO USE - OPERATING RESERVE	141,404	145,591	149,907	154,356	158,942
MOVEABLE EQUIPMENT	1,687,679	1,787,679	1,887,679	1,987,679	2,087,679
Less: Accumulated Depreciation	<u>1,361,413</u>	<u>1,499,243</u>	<u>1,644,783</u>	<u>1,798,033</u>	<u>1,958,993</u>
Moveable Equipment, Net	<u>326,266</u>	<u>288,436</u>	<u>242,896</u>	<u>189,646</u>	<u>128,886</u>
Total Assets	<u>\$ 1,850,581</u>	<u>\$ 1,867,206</u>	<u>\$ 1,946,000</u>	<u>\$ 2,091,366</u>	<u>\$ 2,307,920</u>
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts Payable	\$ 243,470	\$ 250,774	\$ 258,297	\$ 266,046	\$ 274,028
Accrued Wages and Other Liabilities	691,284	609,023	627,293	646,112	665,496
Total Current Liabilities	<u>934,754</u>	<u>859,797</u>	<u>885,590</u>	<u>912,158</u>	<u>939,524</u>
DEFERRED CREDITS					
Unearned Deposit Revenue - Nonrefundable	40,723	49,035	53,414	53,887	50,475
Unearned Deposit Revenue - Refundable					
Deposits on Apartments	9,500	9,500	9,500	9,500	9,500
Total Deferred Credits	<u>50,223</u>	<u>58,535</u>	<u>62,914</u>	<u>63,387</u>	<u>59,975</u>
LONG-TERM DEBT					
Total Liabilities	884,977	918,332	948,504	975,545	999,499
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	281,460	281,450
Retained Deficit	684,164	687,424	716,046	834,371	1,026,971
Other Comprehensive Loss					
Total Shareholder's Equity (Deficit)	<u>965,604</u>	<u>948,874</u>	<u>997,496</u>	<u>1,115,821</u>	<u>1,308,421</u>
Total Liabilities and Shareholder's Equity (Deficit)	<u>\$ 1,850,581</u>	<u>\$ 1,867,206</u>	<u>\$ 1,946,000</u>	<u>\$ 2,091,366</u>	<u>\$ 2,307,920</u>

WHITE OAK MANOR – CHARLOTTE, INC.
PROJECTED STATEMENTS OF OPERATIONS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024

	2020	2021	2022	2023	2024
REVENUES					
Net Patient Service Revenue	\$ 12,188,760	\$ 12,615,367	\$ 13,056,905	\$ 13,513,897	\$ 13,986,883
Apartment Rents	525,600	543,998	563,036	582,742	603,138
Deposit Amortization	10,800	11,888	15,821	19,727	23,612
Investment Income	14,837	5,742	5,868	5,987	6,131
Other Revenue	19,500	20,183	20,889	21,620	22,377
Total Revenues	<u>12,759,297</u>	<u>13,197,176</u>	<u>13,682,519</u>	<u>14,143,983</u>	<u>14,642,141</u>
COST AND EXPENSES					
Nursing Services	5,201,760	5,357,813	5,518,547	5,684,103	5,854,626
Ancillaries	1,493,280	1,538,078	1,584,220	1,631,747	1,680,899
Dietary Expenses	1,172,400	1,207,572	1,243,799	1,281,113	1,319,546
Social Services	162,300	167,169	172,184	177,350	182,671
Activities	167,040	172,051	177,213	182,529	188,005
Medical Records	41,760	43,013	44,303	45,632	47,001
Laundry and Linen	159,540	164,326	169,256	174,334	179,564
Housekeeping	467,860	481,916	496,373	511,264	526,602
Facility Operations and Maintenance	642,180	661,445	681,288	701,727	722,779
Depreciation	130,120	137,830	145,540	153,250	160,960
Taxes and Insurance	181,560	187,007	192,617	198,396	204,348
Employee Benefits	959,700	988,491	1,018,146	1,048,690	1,080,151
General and Administrative	2,045,820	2,107,195	2,170,411	2,235,523	2,302,589
Total Expenses	<u>12,825,340</u>	<u>13,213,908</u>	<u>13,613,897</u>	<u>14,025,658</u>	<u>14,449,541</u>
Net Income (Loss)	<u>\$ (66,043)</u>	<u>\$ (16,730)</u>	<u>\$ 48,622</u>	<u>\$ 118,325</u>	<u>\$ 192,600</u>

WHITE OAK MANOR – CHARLOTTE, INC.
PROJECTED STATEMENTS OF SHAREHOLDER'S EQUITY
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholder's Equity (Deficit)
BALANCE, SEPTEMBER 30, 2019	\$ 281,450	\$ 750,197	\$ -	\$ 1,031,647
Net Loss	-	(66,043)	-	(66,043)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	281,450	684,154	-	965,604
Net Loss	-	(16,730)	-	(16,730)
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2021	281,450	667,424	-	948,874
Net Income	-	48,622	-	48,622
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2022	281,450	716,046	-	997,496
Net Income	-	118,325	-	118,325
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2023	281,450	834,371	-	1,115,821
Net Income	-	192,600	-	192,600
Distributions to Shareholder	-	-	-	-
BALANCE, SEPTEMBER 30, 2024	<u>\$ 281,450</u>	<u>\$ 1,026,971</u>	<u>\$ -</u>	<u>\$ 1,308,421</u>

WHITE OAK MANOR – CHARLOTTE, INC.
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTION ON PAGE 7
FOR THE YEARS ENDING SEPTEMBER 30, 2020 THROUGH 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Income (Loss)	\$ (66,043)	\$ (16,730)	\$ 48,622	\$ 118,325	\$ 182,600
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	130,120	137,830	145,540	153,250	160,960
Deposit Amortization	(10,800)	(11,888)	(15,821)	(19,727)	(23,812)
Deposit Receipts	20,200	20,200	20,200	20,200	20,200
Change in Current Assets:					
Accounts Receivable	(81,980)	(36,631)	(37,914)	(39,241)	(40,614)
Intercompany Accounts Receivable	(220,589)	(11,009)	(79,371)	(152,083)	(228,358)
Other Current Assets	(2,527)	(2,628)	(2,733)	(2,843)	(2,956)
Change in Current Liabilities:					
Accounts Payable	(5,552)	7,304	7,523	7,749	7,982
Accrued Wages and Other Liabilities	50,548	17,739	18,270	18,819	19,384
Net Cash Provided by Operating Activities	<u>(196,503)</u>	<u>104,187</u>	<u>104,316</u>	<u>104,449</u>	<u>104,586</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	(1,404)	(4,187)	(4,316)	(4,449)	(4,586)
Net Cash Used in Investing Activities	<u>(101,404)</u>	<u>(104,187)</u>	<u>(104,316)</u>	<u>(104,449)</u>	<u>(104,586)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to Shareholder	-	-	-	-	-
Net Cash Used in Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(297,907)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents - Beginning of Year	<u>347,907</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>

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



Attachment II

Consolidated Statement of Operations

White Oak Management, Inc. (ALL)

3/1/20 to 3/31/20

<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>
62,715	62,364	351			5010 Resident Revenue	Days	376,280	378,442	2,162 *	
1,932,367	1,823,280	109,087	112.22	109.84	5100 Private Pay		11,534,293	11,115,700	418,593	113.65
2,287,827	2,334,770	46,943 *	515.39	489.98	5200 Medicare Part A		14,062,108	14,203,020	140,912 *	509.46
85,828	85,828	85,828	504.87	5250 Dual Medicare		413,986		413,986	498.18	
6,768,009	6,966,970	198,961 *	201.13	204.52	5300 Medicaid		39,167,661	42,348,420	3,180,759 *	202.25
204,823		204,823	229.88	5350 Dual Medicaid		1,057,000		1,057,000	221.31	204.30
(398,955)		398,955 *	204.28	5400 Medicaid Pending		58,703		58,703	931.79	
363,452	426,110	62,658 *	383.39	369.89	5500 Insurance		2,541,047	2,558,260	17,213 *	360.38
376,006	257,812	118,194	293.07	319.07	5600 Managed Care		2,500,391	1,562,872	937,519	315.27
788,997	662,900	126,097	12.58	10.63	5700 Medicare Part B		4,530,538	4,018,580	511,958	12.04
614,935	454,240	160,695	213.67	209.91	5800 Hospice		3,135,102	2,755,240	379,862	208.63
891,933	794,520	97,413	299.61	282.75	5850 Veterans Admin		4,944,552	4,767,120	177,432	295.76
514,268	490,000	24,268	29.88	29.52	5900 Apartment Revenues		2,968,909	2,940,000	28,909	29.55
6,762	6,000	762	0.11	0.10	5925 Wellness Center Income		36,988	36,000	988	0.10
14,436,252	14,216,602	219,650	230.19	227.96	Total Resident Revenue		86,951,277	86,305,212	646,065	231.08
1,312,067	1,355,465	43,398 *	20.92	21.73	6000 Other Revenues		7,994,875	8,134,190	139,315 *	21.25
15,748,319	15,572,067	176,252	251.11	249.70	Total Revenue		94,946,152	94,439,402	506,750	252.33
					7000 Operating Costs					
327,580	319,680	7,900 *	5.22	5.13	7101 Nursing Administration		1,946,356	1,944,620	1,736 *	5.17
5,043,857	5,146,160	102,303	80.43	82.52	7200 Nursing Service		30,304,461	31,329,810	1,025,349	80.54
61,951	69,250	7,299	0.99	1.11	7240 Personal Care Service		392,275	415,500	23,225	1.05
1,720,090	1,745,255	25,165	27.43	27.98	7300 Ancillaries		10,837,965	10,584,850	253,115 *	28.80
1,185,504	1,176,150	9,354 *	18.90	18.86	7400 Dietary		7,010,297	7,151,130	140,833	18.63
192,078	211,915	19,837	3.06	3.40	7500 Social Services		1,129,535	1,281,710	152,175	3.00
139,657	156,760	17,103	2.23	2.51	7600 Activities		868,718	956,370	87,652	2.31
58,262	59,025	764	0.93	0.95	7700 Medical Records		353,312	359,390	6,078	0.94
123,070	165,970	42,900	1.96	2.66	7800 Laundry		947,266	1,010,030	62,764	2.52
405,409	430,440	25,031	6.46	6.90	7900 Housekeeping		2,524,761	2,623,680	98,919	6.71
605,669	677,600	71,931	9.66	10.87	8000 Plant Operations and Maint.		3,865,354	4,112,010	246,656	10.27
864	1,675	811	0.01	0.03	8030 Wellness Pool		10,511	10,050	461 *	0.03
95,704	107,670	11,966	1.53	1.73	8100 Transportation		652,875	654,280	1,405	1.74
532,250	532,250		8.49	8.53	8200 Depreciation		3,203,500	3,203,500		8.51
814,559	787,720	26,839 *	12.99	12.63	8300 Interest, Amortization & Lease		4,647,003	4,748,020	101,017	12.35
385,968	399,605	13,637	6.15	6.41	8400 Taxes and Insurance		2,524,151	2,454,380	69,771 *	6.71
1,295,251	1,200,000	95,251 *	20.65	19.24	8500 Employee Benefits		7,022,060	7,250,200	228,140	18.66
2,220,160	2,106,365	113,795 *	35.40	33.78	8600 General and Administration		12,970,817	12,755,370	215,447 *	34.47
175,542	160,195	15,347 *	2.80	2.57	8800 Other Costs		1,009,100	969,270	39,830 *	2.68

* Unfavorable Differences

Consolidated Statement of Operations

White Oak Management, Inc. (ALL)

3/1/20 to 3/31/20

<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>
15,383,424	15,453,685	70,261	245.29	247.80	Total Operating Costs	92,220,319	93,814,170	1,593,851	245.08	247.90
364,895	118,382	246,513	5.82	1.90	Total Income/Loss from Operations	2,725,833	625,232	2,100,601	7.24	1.65
364,895	118,382	246,513	5.82	1.90	Total Net Income Before Taxes	2,725,833	625,232	2,100,601	7.24	1.65
364,895	118,382	246,513	5.82	1.90	Total Net Income/Loss	2,725,833	625,232	2,100,601	7.24	1.65

* Unfavorable Differences

Consolidated Statement of Operations

White Oak Management, Inc. (ALL)

12/1/19 to 12/31/19

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
63,029	62,364	665		5010	Resident Revenue	190,350	191,350	1,000 *		
1,955,339	1,823,280	132,059	113.89	109.84	5100 Private Pay	5,958,359	5,645,860	312,499	115.80	111.73
2,176,396	2,334,770	158,374 *	498.49	489.98	5200 Medicare Part A	6,983,104	7,198,710	215,606 *	511.17	489.01
113,463		113,463	522.87		5250 Dual Medicare	226,568		226,568	520.85	
6,285,611	6,966,970	681,359 *	203.40	204.52	5300 Medicaid	19,725,298	21,447,510	1,722,212 *	202.47	204.09
157,816		157,816	219.80		5350 Dual Medicaid	480,700		480,700	218.70	
315,196		315,196	201.02		5400 Medicaid Pending	311,538		311,538	213.97	
411,797	426,110	14,313 *	356.23	369.89	5500 Insurance	1,302,170	1,279,930	22,240	359.72	369.71
587,100	257,812	329,288	377.31	319.07	5600 Managed Care	1,299,554	789,436	510,118	335.20	320.39
699,886	662,900	36,986	11.10	10.63	5700 Medicare Part B	2,398,618	2,029,880	368,738	12.60	10.61
466,939	454,240	12,699	207.34	209.91	5800 Hospice	1,542,836	1,392,520	150,316	207.23	209.34
843,007	794,520	48,487	292.61	282.75	5850 Veterans Admin	2,371,741	2,383,560	11,819 *	286.23	282.75
507,235	490,000	17,235	29.57	29.52	5900 Apartment Revenues	1,466,970	1,470,000	3,030 *	29.05	29.52
5,506	6,000	494 *	0.09	0.10	5925 Wellness Center Income	17,780	18,000	220 *	0.10	0.10
14,525,292	14,216,602	308,690	230.45	227.96	Total Resident Revenue	44,085,235	43,655,406	429,829	231.60	228.14
1,341,636	1,355,465	13,829 *	21.29	21.73	6000 Other Revenues	4,054,497	4,067,795	13,298 *	21.30	21.26
15,866,928	15,572,067	294,861	251.74	249.70	Total Revenue	48,139,732	47,723,201	416,531	252.90	249.40
					7000 Operating Costs					
334,871	319,680	15,191 *	5.31	5.13	7101 Nursing Administration	989,581	985,580	4,001 *	5.20	5.15
5,133,018	5,146,160	13,142	81.44	82.52	7200 Nursing Service	15,495,572	15,891,330	395,758	81.41	83.05
71,149	69,250	1,899 *	1.13	1.11	7240 Personal Care Service	206,440	207,750	1,310	1.11	1.11
1,802,922	1,745,255	57,667 *	28.60	27.98	7300 Ancillaries	5,628,293	5,349,085	279,208 *	29.57	27.95
1,193,365	1,176,160	17,215 *	18.93	18.86	7400 Dietary	3,571,557	3,622,680	51,123	18.76	18.93
197,319	211,915	14,596	3.13	3.40	7500 Social Services	572,522	645,965	73,443	3.01	3.38
147,259	156,760	9,501	2.34	2.51	7600 Activities	439,728	486,090	46,362	2.31	2.54
59,963	59,025	938 *	0.95	0.95	7700 Medical Records	175,888	182,315	6,427	0.92	0.95
141,563	165,970	24,407	2.25	2.66	7800 Laundry	495,877	512,120	16,243	2.61	2.68
428,678	430,440	1,762	6.80	6.90	7900 Housekeeping	1,276,515	1,332,360	55,845	6.71	6.96
619,160	677,600	58,440	9.82	10.87	8000 Plant Operations and Maint.	1,879,761	2,079,210	199,449	9.88	10.87
2,307	1,675	632 *	0.04	0.03	8030 Wellness Pool	7,919	5,025	2,894 *	0.04	0.03
118,090	107,670	10,420 *	1.87	1.73	8100 Transportation	335,300	331,270	4,030 *	1.76	1.73
532,250	532,250		8.44	8.53	8200 Depreciation	1,606,750	1,606,750		8.44	8.40
700,530	787,720	87,190	11.11	12.63	8300 Interest, Amortization & Lease	2,297,364	2,384,860	87,496	12.07	12.46
395,086	399,605	4,519	6.27	6.41	8400 Taxes and Insurance	1,219,046	1,255,565	36,519	6.40	6.56
1,166,341	1,200,000	33,659	18.50	19.24	8500 Employee Benefits	3,368,831	3,650,200	281,369	17.70	19.08
2,220,983	2,106,365	114,618 *	35.24	33.78	8600 General and Administration	6,430,947	6,436,275	5,328	33.78	33.64
195,901	160,195	35,706 *	3.11	2.57	8800 Other Costs	503,104	488,685	14,419 *	2.64	2.55
15,460,755	15,453,685	7,070	245.30	247.80	Total Operating Costs	46,500,993	47,453,115	952,122	244.29	247.99

* Unfavorable Differences

Consolidated Statement of Operations

White Oak Management, Inc. (ALL)

12/1/19 to 12/31/19

<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>
406,172	118,382	287,790	6.44	1.90	Total Income/Loss from Operations	1,638,739	270,086	1,368,653	8.61	1.41
406,172	118,382	287,790	6.44	1.90	Total Net Income Before Taxes	1,638,739	270,086	1,368,653	8.61	1.41
406,172	118,382	287,790	6.44	1.90	Total Net Income/Loss	1,638,739	270,086	1,368,653	8.61	1.41

* Unfavorable Differences

Consolidated Balance Sheet
as of 03/31/20
 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	(1,376,887.91)
1100	Accounts Receivable	15,327,000.68
1200	Inventory	550,747.03
1300	Prepaid Expenses	788,548.25
1400	Other Current Assets	11,042,539.90
	Total Current Assets	26,331,947.95
1500	Non-Current Assets	
1501	Other Assets	3,699,159.42
1800	Property, Plant and Equipment	62,518,863.32
	Total Non-Current Assets	66,218,022.74
	Total Assets	<u><u>\$92,549,970.69</u></u>
3000	Liabilities & Equity	
3001	Total Liabilities	
3002	Current Liabilities	
3004	Notes and Accounts Payable	6,779,321.48
3200	Accrued Liabilities	8,770,930.02
3300	Other Current Liabilities	1,744,707.43
		<u>17,294,958.93</u>
3003	Long Term Liabilities	
3400	Long Term Liabilities	52,249,151.59
3500	Deferred Revenue	858,577.03
		<u>53,107,728.62</u>
	Total Total Liabilities	70,402,687.55
4000	Equity	
	Total Equity	22,147,283.14
	Total Liabilities & Equity	<u><u>\$92,549,970.69</u></u>

Consolidated Balance Sheet
as of 12/31/19
 White Oak Management, Inc. (ALL)

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 GLBalShtLandscape

<i>Account</i>	<i>Description</i>	<i>Amount</i>
1000	Assets	
1001	Current Assets	
1002	Cash	(1,351,132.21)
1100	Accounts Receivable	14,617,357.21
1200	Inventory	550,747.03
1300	Prepaid Expenses	747,718.44
1400	Other Current Assets	7,762,578.26
	Total Current Assets	22,327,268.73
1500	Non-Current Assets	
1501	Other Assets	3,740,926.43
1800	Property, Plant and Equipment	63,448,357.29
	Total Non-Current Assets	67,189,283.72
	Total Assets	<u><u>\$89,516,552.45</u></u>
3000	Liabilities & Equity	
3001	Total Liabilities	
3002	Current Liabilities	
3004	Notes and Accounts Payable	5,128,378.12
3200	Accrued Liabilities	6,850,561.63
3300	Other Current Liabilities	2,905,743.50
		<u>14,884,683.25</u>
3003	Long Term Liabilities	
3400	Long Term Liabilities	52,715,241.85
3500	Deferred Revenue	856,438.40
		<u>53,571,680.25</u>
	Total Total Liabilities	68,456,363.50
4000	Equity	
	Total Equity	21,060,188.95
	Total Liabilities & Equity	<u><u>\$89,516,552.45</u></u>

Consolidated Statement of Operations

Burlington Consolidated (BUCO)

3/1/20 to 3/31/20

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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
5,566	5,483	83			5010 Resident Revenue	32,449	32,898	449 *		
44,132	52,380	8,248 *	24.63	30.56	Days					
31,186	60,870	29,684 *	503.01	490.89	5100 Private Pay	321,204	314,280	6,924	31.32	30.56
440,418	419,270	21,148	171.24	175.50	5200 Medicare Part A	423,587	365,220	58,367	495.42	490.89
(11,780)		11,780 *	165.91		5300 Medicaid	2,585,649	2,515,620	70,029	176.41	175.50
14,845	21,710	6,866 *	315.84	367.97	5400 Medicaid Pending	29,557		29,557	199.71	
56,348	50,900	5,448	264.55	235.65	5500 Insurance	107,825	130,260	22,436 *	358.22	367.97
36,290	36,860	570 *	6.52	6.72	5600 Managed Care	260,764	305,400	44,636 *	211.49	235.65
49,796	39,110	10,686	177.84	176.17	5700 Medicare Part B	199,359	221,160	21,801 *	6.14	6.72
203,633	187,590	16,043	303.48	247.15	5800 Hospice	189,016	234,660	45,644 *	177.15	176.17
94,265	80,800	13,465	52.60	47.14	5850 Veterans Admin	1,109,619	1,125,540	15,921 *	282.27	247.15
					5900 Apartment Revenues	514,684	484,800	29,884	50.22	47.14
959,134	949,490	9,644	172.32	173.17	Total Resident Revenue	5,741,263	5,696,940	44,323	176.93	173.17
2,369	575	1,794	0.43	0.10	6000 Other Revenues	3,522	3,450	72	0.11	0.10
961,503	950,065	11,438	172.75	173.27	Total Revenue	5,744,785	5,700,390	44,395	177.04	173.27
					7000 Operating Costs					
23,303	22,620	683 *	4.19	4.13	7101 Nursing Administration	136,221	135,720	501 *	4.20	4.13
358,133	384,450	26,317	64.34	70.12	7200 Nursing Service	2,210,294	2,306,700	96,406	68.12	70.12
94,248	108,145	13,897	16.93	19.72	7300 Ancillaries	657,753	648,870	8,883 *	20.27	19.72
89,696	87,175	2,521 *	16.11	15.90	7400 Dietary	534,719	523,050	11,669 *	16.48	15.90
8,041	10,170	2,129	1.44	1.85	7500 Social Services	49,205	61,020	11,815	1.52	1.85
8,247	8,750	503	1.48	1.60	7600 Activities	47,059	52,500	5,441	1.45	1.60
3,969	3,920	49 *	0.71	0.71	7700 Medical Records	22,780	23,520	740	0.70	0.71
10,053	12,755	2,702	1.81	2.33	7800 Laundry	70,616	76,530	5,914	2.18	2.33
28,065	32,185	4,120	5.04	5.87	7900 Housekeeping	177,005	193,110	16,105	5.45	5.87
52,992	51,085	1,907 *	9.52	9.32	8000 Plant Operations and Maint.	296,629	306,510	9,881	9.14	9.32
8,645	9,260	615	1.55	1.69	8100 Transportation	55,111	55,560	449	1.70	1.69
12,750	12,750		2.29	2.33	8200 Depreciation	76,500	76,500		2.36	2.33
33,264	33,230	34 *	5.98	6.06	8300 Interest, Amortization & Lease	199,368	199,380	12	6.14	6.06
14,487	14,935	448	2.60	2.72	8400 Taxes and Insurance	91,432	89,610	1,822 *	2.82	2.72
81,591	81,725	134	14.66	14.91	8500 Employee Benefits	474,901	490,350	15,449	14.64	14.91
107,449	106,455	994 *	19.30	19.42	8600 General and Administration	664,674	638,730	25,944 *	20.48	19.42
6,231	6,950	719	1.12	1.27	8800 Other Costs	33,247	41,700	8,453	1.02	1.27
941,163	986,560	45,397	169.09	179.93	Total Operating Costs	5,797,515	5,919,360	121,845	178.67	179.93
20,340	(36,495)	56,835	3.65	(6.66)	Total Income/Loss from Operations	(52,730)	(218,970)	166,240	(1.63)	(6.66)
20,340	(36,495)	56,835	3.65	(6.66)	Total Net Income Before Taxes	(52,730)	(218,970)	166,240	(1.63)	(6.66)

* Unfavorable Differences

Consolidated Statement of Operations

Burlington Consolidated (BUCO)

12/1/19 to 12/31/19

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
5,513	5,483	30			5010 Resident Revenue	16,010	16,449	439 *		
45,124	52,380	7,256*	27.12	30.56	5100 Private Pay	150,071	157,140	7,069 *	30.01	30.56
49,510	60,870	11,360*	446.04	490.89	5200 Medicare Part A	292,045	182,610	109,435	495.83	490.89
425,201	419,270	5,931	180.17	175.50	5300 Medicaid	1,271,226	1,257,810	13,416	179.75	175.50
43,529		43,529	179.13		5400 Medicaid Pending	47,165		47,165	191.73	
24,320	21,710	2,610	380.00	367.97	5500 Insurance	61,260	65,130	3,870 *	378.15	367.97
44,287	50,900	6,613 *	205.03	235.65	5600 Managed Care	94,173	152,700	58,527 *	192.58	235.65
27,071	36,860	9,789 *	4.91	6.72	5700 Medicare Part B	104,113	110,580	6,467 *	6.50	6.72
28,627	39,110	10,483 *	174.56	176.17	5800 Hospice	82,735	117,330	34,595 *	177.54	176.17
182,272	187,590	5,318 *	263.78	247.15	5850 Veterans Admin	521,827	562,770	40,943 *	262.89	247.15
87,181	80,800	6,381	52.39	47.14	5900 Apartment Revenues	247,379	242,400	4,979	49.51	47.14
957,122	949,490	7,632	173.61	173.17	Total Resident Revenue	2,871,993	2,848,470	23,523	179.39	173.17
(283)	575	858*	(0.05)	0.10	6000 Other Revenues	437	1,725	1,288 *	0.03	0.10
956,839	950,065	6,774	173.56	173.27	Total Revenue	2,872,431	2,850,195	22,236	179.41	173.27
					7000 Operating Costs					
24,385	22,620	1,765*	4.42	4.13	7101 Nursing Administration	66,919	67,860	941	4.18	4.13
381,149	384,450	3,301	69.14	70.12	7200 Nursing Service	1,131,889	1,153,350	21,461	70.70	70.12
117,911	108,145	9,766*	21.39	19.72	7300 Ancillaries	346,185	324,435	21,750 *	21.62	19.72
85,812	87,175	1,363	15.57	15.90	7400 Dietary	269,830	261,525	8,305 *	16.85	15.90
8,159	10,170	2,011	1.48	1.85	7500 Social Services	25,552	30,510	4,958	1.60	1.85
7,267	8,750	1,483	1.32	1.60	7600 Activities	24,014	26,250	2,236	1.50	1.60
3,488	3,920	432	0.63	0.71	7700 Medical Records	10,729	11,760	1,031	0.67	0.71
9,954	12,755	2,802	1.81	2.33	7800 Laundry	35,235	38,265	3,030	2.20	2.33
29,520	32,185	2,665	5.35	5.87	7900 Housekeeping	91,126	96,555	5,430	5.69	5.87
51,225	51,085	140*	9.29	9.32	8000 Plant Operations and Maint.	129,548	153,255	23,707	8.09	9.32
9,598	9,260	338*	1.74	1.69	8100 Transportation	28,119	27,780	339 *	1.76	1.69
12,750	12,750		2.31	2.33	8200 Depreciation	36,250	38,250		2.39	2.33
33,251	33,230	21*	6.03	6.06	8300 Interest, Amortization & Lease	99,642	99,690	48	6.22	6.06
14,512	14,935	423	2.63	2.72	8400 Taxes and Insurance	44,796	44,805	9	2.80	2.72
77,250	81,725	4,475	14.01	14.91	8500 Employee Benefits	232,095	245,175	13,080	14.50	14.91
116,040	106,455	9,585*	21.05	19.42	8600 General and Administration	332,901	319,365	13,536 *	20.79	19.42
4,236	6,950	2,714	0.77	1.27	8800 Other Costs	16,031	20,850	4,819	1.00	1.27
986,507	986,560	53	178.94	179.93	Total Operating Costs	2,922,860	2,959,680	36,820	182.56	179.93
(29,667)	(36,495)	6,828	(5.38)	(6.66)	Total Income/Loss from Operations	(50,429)	(109,485)	59,056	(3.15)	(6.66)
(29,667)	(36,495)	6,828	(5.38)	(6.66)	Total Net Income Before Taxes	(50,429)	(109,485)	59,056	(3.15)	(6.66)
(29,667)	(36,495)	6,828	(5.38)	(6.66)	Total Net Income/Loss	(50,429)	(109,485)	59,056	(3.15)	(6.66)

* Unfavorable Differences

Consolidated Balance Sheet
as of 03/31/20
 Burlington Consolidated (BUCO)

<i>Account</i>	<i>Description</i>	<i>Amount</i>
1000	Assets	
1001	Current Assets	
1002	Cash	2,256,709.16
1100	Accounts Receivable	1,394,264.80
1200	Inventory	28,773.89
1300	Prepaid Expenses	58,863.27
1400	Other Current Assets	239,200.00
	Total Current Assets	3,977,811.12
1500	Non-Current Assets	
1501	Other Assets	(1,852,377.62)
1800	Property, Plant and Equipment	334,066.93
	Total Non-Current Assets	(1,518,310.69)
	Total Assets	\$2,459,500.43
3000	Liabilities & Equity	
3001	Total Liabilities	
3002	Current Liabilities	
3004	Notes and Accounts Payable	181,899.01
3200	Accrued Liabilities	403,608.53
3300	Other Current Liabilities	102,114.76
		<u>887,622.30</u>
3003	Long Term Liabilities	
3500	Deferred Revenue	146,583.40
		<u>146,583.40</u>
	Total Total Liabilities	834,205.70
4000	Equity	
	Total Equity	1,625,294.73
	Total Liabilities & Equity	\$2,459,500.43

Consolidated Balance Sheet
as of 12/31/19
 Burlington Consolidated (BUCO)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>
1000	Assets	
1001	Current Assets	
1002	Cash	1,518,533.64
1100	Accounts Receivable	1,163,425.67
1200	Inventory	28,773.89
1300	Prepaid Expenses	4,655.95
1400	Other Current Assets	227,200.00
	Total Current Assets	2,942,589.15
1500	Non-Current Assets	
1501	Other Assets	(972,904.59)
1800	Property, Plant and Equipment	347,324.05
	Total Non-Current Assets	(625,580.54)
	Total Assets	<u><u>\$2,317,008.61</u></u>
3000	Liabilities & Equity	
3001	Total Liabilities	
3002	Current Liabilities	
3004	Notes and Accounts Payable	200,470.78
3200	Accrued Liabilities	299,797.29
3300	Other Current Liabilities	75,893.94
		<u>576,162.01</u>
3003	Long Term Liabilities	
3500	Deferred Revenue	113,250.68
		<u>113,250.68</u>
	Total Total Liabilities	689,412.69
4000	Equity	
	Total Equity	1,627,595.92
	Total Liabilities & Equity	<u><u>\$2,317,008.61</u></u>

Statement of Operations

Oak Creek Inc (OC)

12/1/19 to 12/31/19

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
1,507	1,529	22 *			5010 Resident Revenue	4,466	4,587	121 *		
	80,800	80,800 *		52.84	5900 Apartment Revenues	160,199	242,400	82,201 *	35.87	52.84
0	80,800	80,800 *	0.00	52.84	Total Resident Revenue	160,199	242,400	82,201 *	35.87	52.84
	100	100 *		0.07	6000 Other Revenues	88	300	212 *	0.02	0.07
0	80,900	80,900 *	0.00	52.91	Total Revenue	160,286	242,700	82,414 *	35.89	52.91
					7000 Operating Costs					
	17,925	17,925		11.72	7400 Dietary	36,057	53,775	17,718	8.07	11.72
	600	600		0.39	7600 Activities	1,605	1,800	195	0.36	0.39
	2,025	2,025		1.32	7900 Housekeeping	2,356	6,075	3,719	0.53	1.32
	18,740	18,740		12.26	8000 Plant Operations and Maint.	30,059	56,220	26,161	6.73	12.26
	1,750	1,750		1.14	8200 Depreciation	3,500	5,250	1,750	0.78	1.14
	6,600	6,600		4.32	8300 Interest, Amortization & Lease	13,210	19,800	6,590	2.96	4.32
	3,565	3,565		2.33	8400 Taxes and Insurance	8,340	10,695	2,355	1.87	2.33
	1,425	1,425		0.93	8500 Employee Benefits	(565)	4,275	4,840	(0.13)	0.93
	18,805	18,805		12.30	8600 General and Administration	40,080	56,415	16,335	8.97	12.30
0	71,435	71,435	0.00	46.72	Total Operating Costs	134,642	214,305	79,663	30.15	46.72
0	9,465	9,465 *	0.00	6.19	Total Income/Loss from Operations	25,645	28,395	2,750 *	5.74	6.19
0	9,465	9,465 *	0.00	6.19	Total Net Income Before Taxes	25,645	28,395	2,750 *	5.74	6.19
0	9,465	9,465 *	0.00	6.19	Total Net Income/Loss	25,645	28,395	2,750 *	5.74	6.19

* Unfavorable Differences

Statement of Operations

Oak Creek Inc (OC)

12/1/19 to 12/31/19

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
1,507	1,529	22 *			5010 Resident Revenue	4,466	4,587	121 *		
1,507	1,529	22 *			5900 Apartment Revenues	4,466	4,587	121 *		
	72,300	72,300 *		47.29	5901 Apartment Rental Income	143,032	216,900	73,868 *	32.03	47.29
	4,200	4,200 *			5902 Apartment Deposit Income	8,667	12,600	3,933 *		
	4,200	4,200 *		2.75	5903 Interest Income-Investments	8,200	12,600	4,400 *	1.84	2.75
	100	100 *		0.07	5904 Apartment Income-Misc	300	300		0.07	0.07
0	80,800	80,800 *	0.00	52.84	Total Apartment Revenues	160,199	242,400	82,201 *	35.87	52.84
0	80,800	80,800 *	0.00	52.84	Total Resident Revenue	160,199	242,400	82,201 *	35.87	52.84
1,507	1,529	22 *			6000 Other Revenues	4,466	4,587	121 *		
	100	100 *		0.07	6003 Barber and Beauty	88	300	212 *	0.02	0.07
0	100	100 *	0.00	0.07	Total Other Revenues	88	300	212 *	0.02	0.07
0	80,900	80,900 *	0.00	52.91	Total Revenue	160,286	242,700	82,414 *	35.89	52.91
					7000 Operating Costs					
					7400 Dietary					
	17,700	17,700		11.58	7408 Dietary Raw Food	36,047	53,100	17,053	8.07	11.58
	275	275		0.18	7409 Dietary Supplies	131	825	694	0.03	0.18
	(50)	50 *		(0.03)	7412 Dietary Emp/Guest Meal Income	(120)	(150)	30 *	(0.03)	(0.03)
0	17,925	17,925	0.00	11.72	Total Dietary	36,057	53,775	17,718	8.07	11.72
					7600 Activities					
	600	600		0.39	7608 Activities Supplies	1,515	1,800	285	0.34	0.39
					7609 Activities Purchased Services	90		90 *	0.02	
0	600	600	0.00	0.39	Total Activities	1,605	1,800	195	0.36	0.39
					7900 Housekeeping					
	1,200	1,200		0.78	7902 Housekeeping Other Salaries	1,778	3,600	1,822	0.40	0.78
	25	25		0.02	7904 Housekeeping PTO		75	75		0.02
	100	100		0.07	7906 Housekeeping PR Taxes	136	300	164	0.03	0.07
	650	650		0.43	7908 Housekeeping Supplies	442	1,950	1,508	0.10	0.43
	50	50		0.03	7909 Housekeeping Purch Services		150	150		0.03
0	2,025	2,025	0.00	1.32	Total Housekeeping	2,356	6,075	3,719	0.53	1.32
					8000 Plant Operations and Maint.					
	3,575	3,575		2.34	8002 POM Other Salaries	6,317	10,725	4,408	1.41	2.34
	300	300		0.20	8004 POM PTO	389	900	511	0.09	0.20

* Unfavorable Differences

Statement of Operations

Oak Creek Inc (OC)

12/1/19 to 12/31/19

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
	150	150		0.10	8005 POM Overtime	2,694	450	2,244 *	0.60	0.10
	340	340		0.22	8006 POM PR Taxes	772	1,020	248	0.17	0.22
	25	25		0.02	8007 POM Consultants	837	75	762 *	0.19	0.02
	1,800	1,800		1.18	8008 POM Supplies	502	5,400	4,898	0.11	1.18
	3,800	3,800		2.49	8009 POM Purchased Services	3,600	11,400	7,800	0.81	2.49
	7,800	7,800		5.10	8010 POM Utilities	14,005	23,400	9,395	3.14	5.10
	950	950		0.62	8011 POM Cable/TV Expense	943	2,850	1,907	0.21	0.62
0	18,740	18,740	0.00	12.26	Total Plant Operations and Maint.	30,059	56,220	26,161	6.73	12.26
					8200 Depreciation					
	1,750	1,750		1.14	8205 Depr Expense - Moveable Equipment	3,500	5,250	1,750	0.78	1.14
0	1,750	1,750	0.00	1.14	Total Depreciation	3,500	5,250	1,750	0.78	1.14
					8300 Interest, Amortization & Lease					
					8302 Interest Expense - Other	10		10 *	0.00	
	6,600	6,600		4.32	8303 Building Lease Expense	13,200	19,800	6,600	2.96	4.32
0	6,600	6,600	0.00	4.32	Total Interest, Amortization & Lease	13,210	19,800	6,590	2.96	4.32
					8400 Taxes and Insurance					
	2,740	2,740		1.79	8401 Property Tax Expense	6,340	8,220	1,880	1.42	1.79
	25	25		0.02	8402 Misc Tax Expense		75	75		0.02
	800	800		0.52	8403 Insurance Expense- Property	2,000	2,400	400	0.45	0.52
0	3,565	3,565	0.00	2.33	Total Taxes and Insurance	8,340	10,695	2,355	1.87	2.33
					8500 Employee Benefits					
	1,300	1,300		0.85	8501 Employee Group Insurance	(765)	3,900	4,665	(0.17)	0.85
	100	100		0.07	8502 Workers Compensation Expense	200	300	100	0.04	0.07
	25	25		0.02	8505 Employee Benefits Misc Expense		75	75		0.02
0	1,425	1,425	0.00	0.93	Total Employee Benefits	(565)	4,275	4,840	(0.13)	0.93
					8600 General and Administration					
	8,400	8,400		5.49	8603 Administrative Other Salaries	17,037	25,200	8,163	3.81	5.49
	710	710		0.46	8607 Administrative PR Taxes	1,481	2,130	649	0.33	0.46
	4,400	4,400		2.88	8608 Management Fee Expense	8,800	13,200	4,400	1.97	2.88
	250	250		0.16	8609 Telephone Expense	1,021	750	271 *	0.23	0.16
	825	825		0.54	8610 Auto Expense	1,474	2,475	1,001	0.33	0.54
	150	150		0.10	8612 Dues and Subscriptions	175	450	275	0.04	0.10
	300	300		0.20	8613 Office Supplies	255	900	645	0.06	0.20
	400	400		0.26	8614 Copier Expense	525	1,200	675	0.12	0.26
	25	25		0.02	8615 Postage Expense		75	75		0.02

* Unfavorable Differences

Statement of Operations

Oak Creek Inc (OC)

12/1/19 to 12/31/19

<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>
	250	250		0.16	8617 Professional Fees - Other		750	750		0.16
	30	30		0.02	8619 Admin - Travel and Meetings	84	90	6	0.02	0.02
	3,000	3,000		1.96	8621 General Advertising Expense	9,053	9,000	53 *	2.03	1.96
	15	15		0.01	8624 Data Processing Expense	164	45	119 *	0.04	0.01
	50	50		0.03	8626 Meals & Entertainment	13	150	137	0.00	0.03
0	18,805	18,805	0.00	12.30	Total General and Administration	40,080	56,415	16,335	8.97	12.30
0	71,435	71,435	0.00	46.72	Total Operating Costs	134,642	214,305	79,663	30.15	46.72
0	9,465	9,465*	0.00	6.19	Total Income/Loss from Operations	25,645	28,395	2,750 *	5.74	6.19
0	9,465	9,465*	0.00	6.19	Total Net Income Before Taxes	25,645	28,395	2,750 *	5.74	6.19
0	9,465	9,465*	0.00	6.19	Total Net Income/Loss	25,645	28,395	2,750 *	5.74	6.19

* Unfavorable Differences

Balance Sheet
as of 12/31/19
 Oak Creek Inc (OC)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>
1000	Assets	
1001	Current Assets	
1002	Cash	317,298.02
1100	Accounts Receivable	900.00
1400	Other Current Assets	223,200.00
	Total Current Assets	541,398.02
1500	Non-Current Assets	
1501	Other Assets	(83,921.87)
1800	Property, Plant and Equipment	85,048.94
	Total Non-Current Assets	1,127.07
	Total Assets	<u><u>\$542,525.09</u></u>
3000	Liabilities & Equity	
3001	Total Liabilities	
3002	Current Liabilities	
3004	Notes and Accounts Payable	401.59
3200	Accrued Liabilities	11,089.64
3300	Other Current Liabilities	35,793.84
		<u>47,285.07</u>
3003	Long Term Liabilities	
3500	Deferred Revenue	93,584.00
		<u>93,584.00</u>
	Total Total Liabilities	140,869.07
4000	Equity	
	Total Equity	401,656.02
	Total Liabilities & Equity	<u><u>\$542,525.09</u></u>

Balance Sheet
as of 12/31/19
 Oak Creek Inc (OC)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>	
1000	Assets		
1001	Current Assets		
1002	Cash		
1003	Operating Bank Account	316,598.02	
1005	Petty Cash	700.00	
		317,298.02	
1100	Accounts Receivable		
1113	Accts Receivable-VA	900.00	
		900.00	
1400	Other Current Assets		
1403	Accrued Interest	8,200.00	
1504	Assets Limited to Use	215,000.00	
		223,200.00	
	Total Current Assets		541,398.02
1500	Non-Current Assets		
1501	Other Assets		
1613	Intercompany Account-Oak Creek	(14,612.80)	
1622	Intercompany Account-OC with BU	(35,751.20)	
1686	Intercompany Account-Payroll-Ultimate	(33,557.87)	
		(83,921.87)	
1800	Property, Plant and Equipment		
1810	Moveable Equipment	276,900.86	
1811	Accm Depn-Moveable Equipment	(191,851.92)	
		85,048.94	
	Total Non-Current Assets		1,127.07
	Total Assets		\$542,525.09
3000	Liabilities & Equity		
3001	Total Liabilities		
3002	Current Liabilities		
3004	Notes and Accounts Payable		

Balance Sheet
as of 12/31/19
Oak Creek Inc (OC)

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<i>Account</i>	<i>Description</i>	<i>Amount</i>	
3100	Accounts Payable	401.59	
		<u>401.59</u>	
3200	Accrued Liabilities		
3201	Accrued Salaries and Wages	3,818.77	
3202	Accrued Vacation/PTO Payable	7,155.87	
3209	401K Payable	115.00	
		<u>11,089.64</u>	
3300	Other Current Liabilities		
3301	Property Taxes Payable	35,793.84	
		<u>35,793.84</u>	
		<u>47,285.07</u>	
3003	Long Term Liabilities		
3500	Deferred Revenue		
3501	Deposits for Apartments Waiting List	4,000.00	
3502	Deposits on Apartments	86,584.00	
3503	Misc Deposits Account	3,000.00	
		<u>93,584.00</u>	
		<u>93,584.00</u>	
	Total Total Liabilities		140,869.07
4000	Equity		
4001	Common Stock	78,405.00	
4003	Retained Earnings	632,309.67	
4004	Current Earnings	25,644.70	
4006	Interdivision Equity	(334,703.35)	
	Total Equity		401,656.02
	Total Liabilities & Equity		\$542,525.09

Attachment III

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

THIS AGREEMENT, made and entered into as of the _____ day of _____, 20_____, by and between White Oak Manor - Burlington, Inc., a corporation doing business as Oak Creek 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 Oak Creek, Burlington, 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 - Burlington 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 - Burlington 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.

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 Oak Creek 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 Oak Creek 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 Oak Creek 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 Oak Creek 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.

- 17. 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.
- 18. 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.

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.
21. 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 \$8.00 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 twice a month, on a regularly scheduled basis, to clean Resident's apartment if so desired by Resident.
- (f) Laundry. Twice 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) 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.
- (k) Health Services Available. Skilled and Intermediate Nursing Care (Medicare and Medicaid Certified).
- (l) Storage Facilities. Owner shall provide, at Resident's sole risk, reasonable storage space for Resident's belongings other than furniture and other household furnishings.
- (m) Recreational Facilities. Recreational facilities are available for Resident's use on first come / first served basis.
- (n) Basic Cable TV Service. Basic Cable TV service is provided by the Owner. Additional services can be purchased by the Resident.
- (o) 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.
23. 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.
- (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 Oak Creek will be made after consultation with you and, when appropriate, with your family or designee. Oak Creek'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), Oak Creek'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 Oak Creek.

(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 - BURLINGTON, INC.
d/b/a OAK CREEK 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 ALAMANCE) (WITH RETENTION SCHEDULE INCLUDED)

THIS AGREEMENT, made and entered into as of the
_____ day of _____, 20_____, by and
between White Oak Manor - Burlington, Inc., a corporation doing
business as Oak Creek 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 Oak Creek, Burlington, 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 - Burlington 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 - Burlington 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 RETAINED</u>	<u>AMOUNT REFUNDED</u>
Upon Occupancy	20%	80%
1 Year (prorated daily)	40%	60%
2 Years (prorated daily)	60%	40%
3 Years (prorated daily)	80%	20%
4 Years (prorated daily)	100%	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 Oak Creek 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 Oak Creek 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 Oak Creek

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 Oak Creek 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 \$8.00 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 twice a month, on a regularly scheduled basis, to clean Resident's apartment if so desired by Resident.
- (f) Laundry. Twice 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) 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.
- (k) Health Services Available. Skilled and Intermediate Nursing Care (Medicare and Medicaid Certified).
- (l) Storage Facilities. Owner shall provide, at Resident's sole risk, reasonable storage space for Resident's belongings other than furniture and other household furnishings.
- (m) Recreational Facilities. Recreational facilities are available for Resident's use on first come / first served basis.
- (n) Basic Cable TV Service. Basic Cable TV service is provided by the Owner. Additional services can be purchased by the Resident.
- (o) 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

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 Oak Creek will be made after consultation with you and, when appropriate, with your family or designee. Oak Creek'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), Oak Creek'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 Oak Creek.

(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 - BURLINGTON, INC.
d/b/a OAK CREEK 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.