Disclosure Statement

May 31, 2020

104 Holcombe Cove Road
Candler, North Carolina 28715
(828) 418-2333

Unless earlier revised, this Disclosure Statement will remain effective until October 31, 2021. Delivery of this Disclosure Statement to a contracting party prior to execution of a contract for the provision of continuing care is required by North Carolina law. 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.

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I. Introduction

Pisgah Valley Retirement Community (the "CCRC", or the "Community") is a continuing care retirement community which offers its residents ("Residents") seventy-two (72 independent living Apartments (each an "Apartment") located in thirty-six (36) duplex buildings (the "Independent Living Buildings"), a wide array of services, a community center (the "Community Center"), and the security of access to an adjacent twenty-four (24) assisted living facility (the "Assisted Living Units") and a one hundred eighteen (118) bed skilled nursing facility (the "Skilled Nursing Beds") (collectively, the "Healthcare Center"). The Community is situated on an approximately 30-acre campus located in Candler, North Carolina (the "Site"). At the time of this filing with the North Carolina Department of Insurance there were ninety (90) independent living residents under Unit Owner Contracts or Residency and Care Agreements.

II. Organization, Ownership and Management

A. Organization

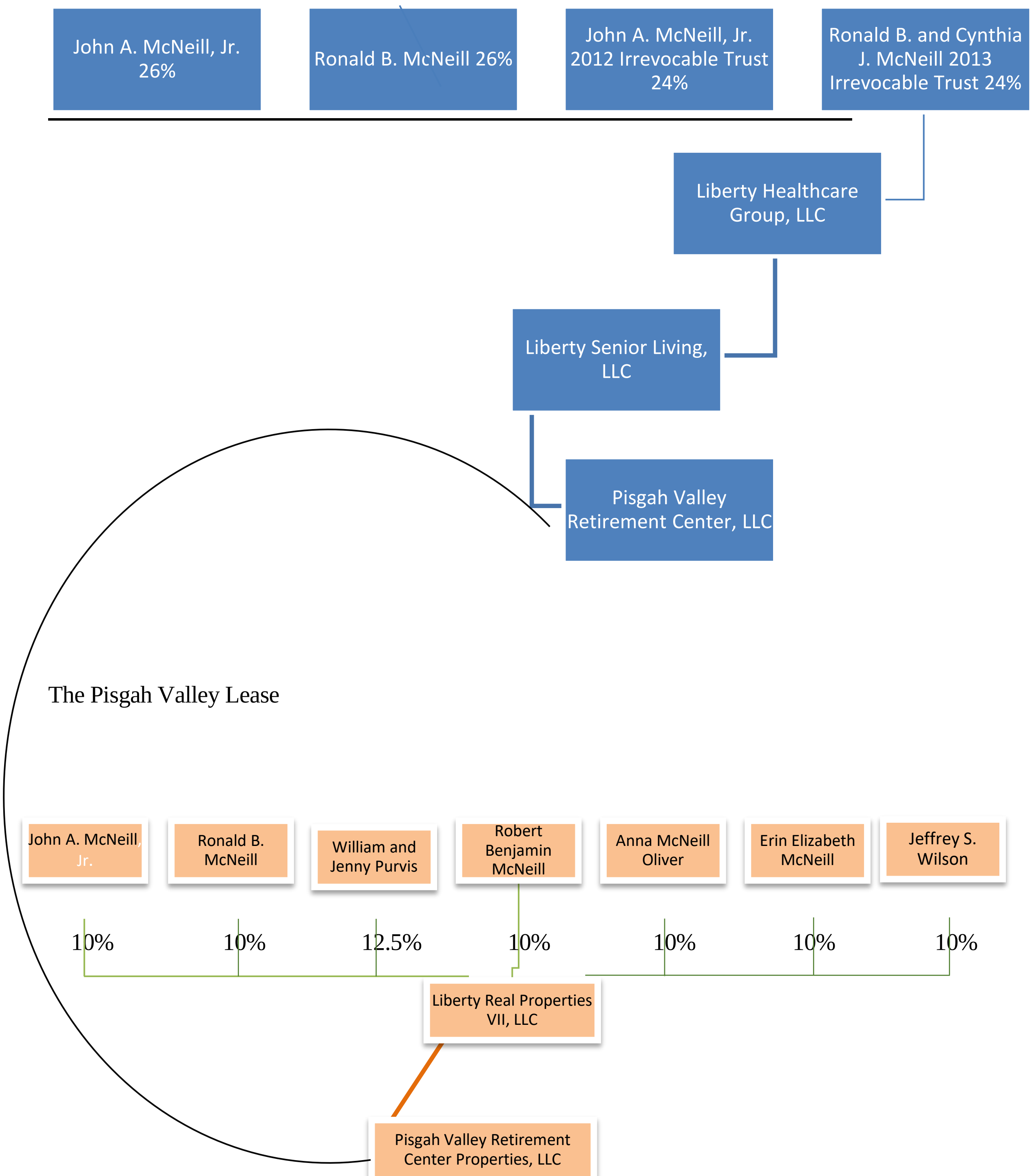
The Pisgah Valley Retirement Center, LLC ("Pisgah Valley Center") is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating independent living units, assisted living, and skilled nursing beds. Pisgah Valley Center is owned by Liberty Senior Living, LLC, a North Carolina limited liability company. Pisgah Valley Center and Pisgah Valley Properties (collectively the "Company") are co-providers of a continuing care retirement community licensed by the North Carolina Department of Insurance.

B. Facility Ownership

The Pisgah Valley Retirement Center Properties, LLC ("Pisgah Valley Properties") is a North Carolina for-profit limited liability company formed for the purpose of developing and owning real property and the buildings of the CCRC. Pisgah Valley Properties holds the certificate of need for one hundred eighteen (118) skilled nursing beds. Pisgah Valley Properties is owned by Liberty Real Properties VII, LLC, a North Carolina limited liability company.

Pisgah Valley Properties acquired the Site in February 2018, together with all of the improvements comprising the CCRC. Pisgah Valley Properties and Pisgah Valley Center have executed a lease agreement (the "Pisgah Valley Lease") for Pisgah Valley Center's use and operation of the Independent Living Buildings, the Community Center, the Healthcare Center, and the associated common areas.. The Pisgah Valley Lease has a term of ten (10) years and Pisgah Valley Center has the option to renew the Pisgah Valley Lease for five (5) additional terms of five (5) years each. Rent under the lease is an amount sufficient to satisfy the debt service coverage ratio required by Pisgah Valley Properties' lender. Pisgah Valley Properties is responsible for constructing, at Pisgah Valley Properties' sole cost and expense, all of the improvements leased pursuant to the Pisgah Valley Lease. See organization/ownership chart below.

Organization/Ownership Chart



C. Healthcare

The CCRC will provide the Resident temporary or permanent assisted living services and skilled nursing services in the beds located within the Healthcare Center. The Healthcare Center operates its twenty-four (24) Assisted Living Units as multi-unit with assisted housing with services and is licensed for one hundred eighteen (118) Skilled Nursing Beds. All Assisted Living Units and Skilled Nursing Beds in the Healthcare Center are available to the public; however, Residents under Residency and Care Agreements are given priority access to the available Assisted Living Units and Skilled Nursing Beds.

D. Management

The Pisgah Valley Center operates the CCRC. No other person or entity referred to herein has assumed any financial responsibility for the fulfillment of Pisgah Valley Center's agreements or obligations, except as otherwise stated.

Pisgah Estates Unit Owners Association

Pisgah Estates Unit Owners Association (the "Unit Owners Association") is a North Carolina not-for-profit company formed in accordance with the North Carolina Condominium Act for the purpose for owning and managing the commonly owned property of CCRC's Independent Living Buildings. The Unit Owners Association began operations in 1975 and was incorporated in September 2008.

Pisgah Valley Properties has majority voting rights in the Unit Owners Association under the terms of a management agreement (the "Unit Owners Management Agreement"). Services are billed monthly and the Unit Owners Management Agreement is renewable each calendar year. The Unit Owners Association's revenue is generated exclusively through maintenance fees from independent living unit owners.

Liberty Living Management, LLC

Liberty Living Management, LLC ("Liberty Living Management") has executed a management agreement with Pisgah Valley Center in which Pisgah Valley Center pays Liberty Living Management a fee of five percent (5%) of total revenues derived from independent living units and six percent (6%) of total revenues derived from assisted living beds and skilled nursing beds paid to Pisgah Valley Center.

Liberty Living Management's headquarters are at 2334 S. 41st St., Wilmington, NC 28403. The following individuals are the key managers or corporate executives:

1. John A. McNeill, Jr. and Ronald B. McNeill

   John A. McNeill Jr. and Ronald B. McNeill are managers of Liberty Senior Living, LLC as well as managers of Liberty Living Management.

   John ("Sandy") A. McNeill, Jr. is a pharmacist by training and has had many years of business experience in the health care field. He has opened and operated four pharmacies and developed Medi-Care Supply Company from a relatively small operation with one location in 1975 to a multi-million dollar corporation with 16 locations when it was sold in 1986 to a Fortune 500 company.

   Ronald ("Ronnie") B. McNeill is a Registered Professional Engineer with a Master's Degree in Business Administration. He brings technical, financial and health care insurance reimbursement expertise to the project. He previously served as Chief Financial Officer and Billing Manager of Medi-Care Supply Company. He contributes his substantial expertise in financial management and cost control to the efficient operation of the organization.

   Together the McNeill's purchased their first nursing home in 1990, but the McNeill family's healthcare heritage dates all the way back to 1870 beginning with their great-grandfather. Over the last three decades the Liberty Healthcare Group has grown from a single nursing home to a fully integrated post-acute healthcare provider, which includes numerous nursing homes, assisted living facilities, independent living communities, continuing care retirement communities, and a home health and hospice company with several locations servicing various urban and rural counties in North Carolina, South Carolina, and Virginia. The McNeill family also operates a durable medical equipment company under the Liberty family as well as a retail and a long-term care pharmacy. The McNeill family comes from a tradition of service, dating back generations, and Sandy and Ronnie continue that tradition today as principals of one of the largest and most comprehensive healthcare companies in the state.

2. Cindy Stancil

   Cindy Stancil, LNHA serves as the member and chairman of the Pisgah Estates Unit Owners Association Board of Directors. Cindy started her career in assisted living as the Administrator of Northridge Retirement Village in Raleigh, North Carolina in 1985. After four years of service, she moved to Wilmington, North Carolina, to open a new assisted living community, Liberty Commons Assisted Living. Over the past 30 years, Mrs. Stancil's responsibilities have grown from being the Administrator of an assisted living community to budgeting and training, policy and procedures development and implementation, research, design and development of nursing home, independent, and assisted living projects.

Cindy has served as a Board Member of the North Carolina Assisted Living Association as current Secretary and past President. She has worked in Task Force groups such as “The Star Rating program”, the MUST pre-screening form, etc. with the Medical Care Commission, Division of Medical Assistance and Division of Health Services Regulation. Mrs. Stancil is a Licensed Assisted Living Administrator as well as a Licensed Nursing Home Administrator.

3. Nicole Cook

Nicole Cook, RN LNHA provides operational support to Liberty Living Management team in the role of Regional Operations Manager. Nicole is a native of Nashville, Tennessee, educated in North Carolina and has enjoyed a career in Healthcare for over 25 years. Nicole is an RN and is also licensed as a Nursing Home Administrator. Spending her career in both clinical and operational management, Nicole brings years of patient care and operational leadership to the team. With a passion for customer service and a dedication to quality patient care, she is active in ensuring that our Liberty Living communities provide the best possible experience for those we serve. Nicole resides in Wilmington, NC with her husband and teenage daughter.

Facility Management

Michelle Grandy. Michelle Grandy became Executive Director of the CCRC in 2018. Ms. Grandy received a Bachelor’s degree in Psychology from Southern Adventist University in 2009 and a Master’s Degree in Management Leadership from Montreat College in 2015. She has been a licensed nursing home administrator in the State of North Carolina since October 2011. Previous to her current position, Michelle Grandy was Administrator of the Community’s skilled nursing facility for four (4) years until 2016 and Administrator/Assistant Administrator of affiliated skilled nursing and independent living facilities in Elizabeth City, North Carolina for one (1) year and was Social Services Director of the Community’s skilled nursing facility for two (2) years beginning in 2009. Throughout high school and college Ms. Grandy worked as a student aid, social services assistant, and activity assistant at the Community’s skilled nursing facility. She currently serves on the Board of the North Carolina Health Care Facilities Association.

E. Related Parties.

The CCRC will be developed, managed and operated by various related parties pursuant to agreements entered into between those parties and the CCRC. These transactions are considered related party transactions and are settled through related party cash accounts and payments to the other entities.

F. Legal Disclaimer

No owners, managers, members, or management of the Company (i) have 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 for a felony or civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) are 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 any governmental agency or department, arising out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to N.C.G.S. Section 58-64 or a similar law in another state.

No professional service firm, association, trust, partnership, or corporation other than those stated above, in which this person has, or which has in this person, a ten percent (10%) or greater interest and which is presently intended shall currently or in the future provide goods, leases, or services to the facility, or to residents of the facility, of an aggregate value of five hundred dollars ($500.00) or more within any year.

G. Affiliations

The Company is a private independent, for-profit limited liability company, which is not affiliated with any religious, charitable or other affinity group.

III. Facility Description and Amenities

A. Location

The Community is located on approximately 30 acres, having an address of 104 Holcombe Cove Road, Candler, North Carolina and is near the Smoky Mountains of western North Carolina, approximately 10 miles west of Asheville.

B. Layout and Types of Accommodations

The CCRC campus consists of seventy-two (72) Apartments located within thirty-six (36) Independent Living Buildings with two-bedroom and two-bedroom with den floor plans (all with single-car garages) that range from approximately 1,200 to 1,500 square feet. The CCRC can accommodate up to one hundred forty four (144) Residents, all of whom will be provided services pursuant to their respective Unit Owner Contract or Residency and Care Agreement. Subject to the terms and conditions of the Residency and Care Agreement and the limits of the Company's license, a full continuum of healthcare services are to be provided in the Healthcare Center. In addition, Residents will be given priority access to the available Assisted Living Units and Skilled Nursing Beds.

Each Apartment owner holds title and deed to their individual Apartment and, except for Apartments owned by the Company, is subject to a "Contract of Sale" or a "Contract of Sale with Right of First Refusal on Subsequent Transfer" (collectively "Unit Owner Contracts") with the Company. Under the Unit Owner Contract, when the unit owner decides to sell the Apartment, the Company has the right of first refusal to purchase the Apartment from the owner based upon the current appraised value. Once the Company owns all seventy-two (72) Apartments, the Pisgah Estates Unit Owners Association will be dissolved. As of the date of this Disclosure Statement, fourteen (14) of the seventy-two (72) Apartments were owned by individuals under Unit Owner Contracts.

C. Amenities

1. Community Center. The Community Center is a social center for Residents to gather. The Community Center features opportunities for receptions, wireless internet, billiards, games in a multi-purpose room.

2. Wellness Center. The on-site wellness center (the "Wellness Center") provides an array of wellness programs for the Residents. Facilities and services include state-of-the-art fitness equipment, exercise classes, indoor heated pool and certain wellness education programs.

IV. Services

A. Basic Services. Subject to the terms and conditions of the Residency and Care Agreement, the following basic services (collectively "Basic Services") are included in the Monthly Service Fee (defined below):

1. Appliances and Furnishings. The Apartment includes the following appliances and furnishings: window coverings; standard flooring; appliances, including an electric range/self-cleaning oven, refrigerator/freezer with icemaker, garbage disposal, microwave, dishwasher, washer, dryer, smoke and fire detectors, an individual climate control system, an individual hot water heater, a 24-hour emergency call system and other permanent fixtures. All other appliances and furnishings for the Apartments not listed above are to be provided by the Resident.

2. Utilities**.** Included with residency in an Apartment are heating, air conditioning, water, sewer, gas, electricity, trash removal and pest control.

3. Meals. The Company does not offer a meal plan. The Resident shall be entitled to dine in any of the Community's dining venues and charges for the food and beverages shall be billed to the Resident on a monthly basis.

4. Maid Services. The Resident agrees to keep the Apartment in a clean and orderly condition. On a bi-weekly basis, the Company will provide basic

housekeeping services in the Apartment.

5. Maintenance Services. The Company will be responsible for normal wear and tear, maintenance and replacement of the property, furnishings and equipment owned or leased by the Company for use in the CCRC. The Resident will be responsible for any damage to such property, furnishings and equipment, including the cost of repair or replacement or the diminution in value thereof, caused by the Resident, the Resident's guests or the Resident's pets. The Resident will be responsible for the maintenance and repair of their personal property.

6. Grounds Keeping**.** The Company will maintain and repair the Community's grounds, including lawn, tree and shrubbery. Personal plantings and customization of landscaped areas are subject to the Company's approval.

7. Use of Community Common Areas. The Residents have the non-exclusive right, along with other residents, to use the CCRC's common areas, including, but not limited to, the dining rooms, lounges, lobbies, library, social and recreational rooms and designated outdoor activity areas.

8. Use of the Wellness Center. The Company will provide health and wellness programs and services coordinated by staff at the on-site Wellness Center, including: use of fitness equipment, exercise classes, use of an indoor heated pool and hot tub and certain group fitness classes. The Resident will be advised of any required fee for a wellness program before enrolling in such program.

9. Programs**.** Recreational, social, educational and cultural activities will be coordinated by The CCRC's staff. Some activities are subject to an additional charge.

10. Parking. The Company will provide parking areas for one personal vehicle per Resident and limited parking for the Residents' guests..

11. Transportation. The Company will provide scheduled transportation to locations routinely visited by Residents of the Community such as: shopping centers, medical offices and social events. Some transportation is subject to an additional charge.

12. Emergency Response System. The Company will provide, on a twenty-four (24) hour basis, an emergency call system. Response to a call shall be limited to an evaluation of the Resident's needs. If other medical response is determined necessary, the Resident is responsible for any costs associated with such other medical response, including emergency medical transportation.

13. Insurance. The Company will maintain general liability and hazard insurance on the property within the CCRC owned or leased by the Company, but will not be responsible for the Resident's personal property.

B. Optional Services. A schedule of fees for services provided at extra cost including, but not limited to, those optional services described below (collectively "Optional Services"), shall be established by the Company and shall be made available to the Resident. The Optional Services currently expected to be offered by the Company include the following:

1. Transportation Services. If a Resident requests transportation in addition to that provided as a Basic Service, the Company may provide such transportation provided the Company has adequate transportation staff available at such date and time and to destinations that the Company identifies as being within the geographic area of transportation services.

2. Food Services. If a Resident requests food services or catered services in addition to those provided as a Basic Service, the Company may provide such additional food services or catered services for an additional cost.

3. Tray Service. Residents may request that meals be delivered to the Apartment ("Tray Service") for a delivery charge; provided, however, that the Tray Service may not be requested for more than three (3) consecutive days except at a physician's or nurse's direction.

4. Activities. Due to their special nature, a fee may be required for some wellness and life enrichment programs.

5. Additional Maid Service. If a Resident requests or requires housekeeping services in addition to those provided as a Basic Service, the Company may provide such services if staff is available to provide such services.

6. Additional Wellness Center Services. Personal care services in the Wellness Center will be available in accordance with a published fee schedule.

C. Healthcare

The CCRC will provide healthcare services to the Residents in the Healthcare Center. Care in the Healthcare Center will only be provided within the limits of The Company's license. Hospital-level services are not provided within the Healthcare Center. Such level of care must be obtained from a hospital. The costs related to any hospitalization are the responsibility of the Resident.

The Healthcare Center's Medical Director will determine the appropriate level of nursing care required by the Resident upon admission to the Healthcare Center. Residents who are unable to return to their Apartment will have the benefit of permanent care in the Healthcare Center. If the appropriate level of healthcare based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be provided by another provider of healthcare services, including, but not necessarily limited to, a hospital, and the costs of those services are the responsibility of the Resident. The Resident (i) acknowledges and agrees that the Company will not be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident which is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees or agents of such any such other provider of healthcare services and (ii) releases the Company from liability for any such claims, damages or expenses.

V. Expansion/Development

There are no ongoing or proposed expansion or development projects.

VI. The Continuing Care Concept

The Company's continuing care concept ensures a Resident, so long as the Resident is in compliance with the Residency and Care Agreement, residence in an Apartment, a wide array of personal services and long-term nursing care in the Healthcare Center if the Resident can no longer live independently.

VII. The Residency and Care Agreement

To reside in an Apartment the prospective Resident and the Company will enter into a Residency and Care Agreement (the "Agreement"). A copy of the Agreement applicable to the Apartment is attached hereto as Exhibit E. As outlined in the Agreement, residency in the CCRC provides the Resident with use of the CCRC's common facilities, the Basic Services described above and healthcare in the Healthcare Center when the Resident is no longer capable of independent living. To the extent the terms of the Agreement differ from the summary contained in this Disclosure Statement, the terms of the Agreement shall control. The basic terms and conditions contained in the Agreement are summarized as follows:

A. Age. According to the CCRC's admissions policy, the Resident must be 62 years of age or older, must be capable of living independently, and have sufficient assets and income to pay the entrance fee (the "Entrance Fee"). After payment of the Entrance Fee, the Resident must have sufficient financial resources to permit payment of the monthly fee (the "Monthly Fee"), plus other personal expenses which may be reasonably expected to pay for the costs of Healthcare Center services, and to meet anticipated increases in the cost of living and increases in the Monthly Fee.

B. Resident Marriages/Non-Spouse Added Residents

1. Marriage During the Term of the Residency and Care Agreement. If a Resident marries a person who is also a Resident pursuant to a similar agreement with the CCRC, the Resident may occupy either the CCRC Apartment and shall surrender the Apartment that the Resident will not

occupy. If the Resident surrenders the Apartment described in the Agreement, refund of the Entrance Fee will be paid pursuant to the terms in the Agreement. If the Resident and the Resident's spouse occupy the Apartment described in the Agreement, the Resident will pay the current Entrance Fee and Monthly Fee for double occupancy of the Apartment at the time the Resident's spouse moves into this Apartment.

If the Resident marries a person who is not a Resident pursuant to a similar agreement with the CCRC, the Resident's spouse may become a Resident of the Apartment described in the Agreement if the Resident's spouse (i) meets all the current requirements for admission to an Apartment, (ii) signs the Agreement and any amendments necessary to reflect double occupancy, and (iii) the Resident and the Resident's spouse pay the current Entrance Fee and Monthly Fee for double occupancy of the Apartment at the time the Resident's spouse moves into the Apartment. If the Resident's spouse does not meet our requirements for admission, the Resident may terminate the Agreement.

2. Added Resident. Should the Resident desire to invite an individual to join the Resident in sharing an Apartment for which the Resident paid the entire Entrance Fee and in which the Resident is living alone, such person may become a Resident of the Apartment described in the Agreement if the individual (i) meets all the current requirements for admission to an Apartment, (ii) signs the Agreement and any amendments necessary to reflect double occupancy, and (iii) the Resident and the co-Resident pay the current Monthly Fee for double occupancy of the Apartment at the time the co-Resident moves into the Apartment.

C. Residents with Financial Hardships. The policies relating to financial assistance are determined by management. The amount of assistance is determined on an individual basis and there is no guarantee of assistance to any individual Resident.

D. Cancellations, Terminations, and Refunds

1. Cancellation/Termination Prior to Occupancy

(a) Right of Rescission. The Resident has the right required under Section 58-64-25(a)(1) of the North Carolina General Statutes to rescind the Agreement within thirty (30) days following the later of the execution of the Agreement or the receipt of a Disclosure Statement that meets the requirements of North Carolina General Statutes Section 58; Article 64. Under the terms of the Agreement, the Resident is not required to move into the Apartment during this thirty-day rescission period (that is, the Resident is permitted to select a move-in date that is 31 days or more after the date of the Agreement). To exercise this statutory right to rescind the Agreement, the Resident must notify the

Company in writing within thirty (30) days after the later of the execution of the Agreement or the receipt of a Disclosure Statement that meets the requirements of North Carolina General Statute Section 58; Article 64. If the Resident exercises this statutory right to rescind the Agreement, the Company will refund all amounts the Resident have paid to the Company pursuant to the Agreement less any non-standard costs specifically incurred by the Company at the Resident's request and described in the Agreement or an amendment to the Agreement signed by the Resident. Any such refund shall be paid by the Company within thirty (30) days following receipt of written notification of such termination by the Resident. Written notice should be sent to:

Director of Marketing
Pisgah Valley Retirement Community
6 Rhododendron Way
Candler, NC 28715

(b) Due to Death, Illness, Injury, or Incapacity. If you die or are rendered incapable of independent living on account of illness, injury, or incapacity before occupying the Apartment, the Agreement will automatically be cancelled to comply with NCGS 58-64-25(a)(2). Any monies paid by the Resident shall be refunded in full less any non-standard costs specifically incurred by us at your request and described in the Agreement or an amendment to the Agreement signed by the Resident, within thirty (30) days after our receipt of the written notice from the Resident (or the Resident's heirs, as applicable) that any such event has occurred. Written notice should be sent to the address noted above.

(c) For Other Reasons. The Resident has the right to terminate the Agreement for any reason before occupying the Apartment by giving us written notice signed by the Resident to the address above. In the event of such termination, the Company will refund the Resident's entire ten percent (10%) Reservation Fee to the Resident, without interest, less a non-refundable fee of One Thousand Dollars ($1,000.00) and any non-standard costs specifically incurred by the Company at the Resident's request and described in the Agreement or an amendment to the Agreement signed by the Resident, within thirty (30) days after the Company's receipt of the written notice of termination. Written notice should be sent to the address noted above.

2. Termination After Occupancy

(a) Right of Rescission. The Resident has the right required under Section 58-64-25(a)(1) of the North Carolina General Statutes to rescind the

Agreement within thirty (30) days following the later of the execution of the Agreement or the receipt of a Disclosure Statement that meets the requirements of North Carolina General Statutes Section 58; Article 64. Under the terms of this Agreement, the Resident is not required to move into the Apartment during this thirty-day rescission period (that is, the Resident is permitted to select a move-in date that is 31 days or more after the date of the Agreement). However, if the Resident chooses to rescind the Agreement and has elected to move into the Apartment during this 30-day rescission period, the Resident agrees to remove all of the Resident's personal property from the Apartment and vacate the Apartment, leaving the Apartment in the same condition as when the Resident first occupied it, except for normal wear and tear and any damage by fire or other casualty. To exercise this statutory right to rescind the Agreement, the Resident must notify the Company in writing within thirty (30) days after the later of the execution of the Agreement or the receipt of a Disclosure Statement that meets the requirements of North Carolina General Statute Section 58; Article 64. If the Resident exercises this statutory right to rescind the Agreement, the Company will refund all amounts the Resident has paid to the Company pursuant to the Agreement less (i) periodic charges specified in the Agreement and applicable only to the period the Apartment was actually occupied by the Resident; (ii) those non-standard costs specifically incurred by the Company at request of the Resident and described in the Agreement or any amendment to the Agreement signed by the Resident; and (iii) a non-refundable fee of One Thousand Dollars ($1,000.00). Any such refund shall be paid by the Company within thirty (30) days following receipt of written notification of such termination by the Resident. Written notice should be sent to the address noted above.

(b) By Resident Upon Thirty Days' Notice. After the Resident has paid the entire Entrance Fee, the Resident has the right to terminate the Agreement for any reason by giving us written notice signed by the Resident to the address above, which will be effective and irrevocable upon delivery. Termination will occur thirty (30) days after written notice is delivered and the Resident must vacate the Apartment within the thirty (30) days. The Resident or the Resident's legal representative shall receive a refund less (i) periodic charges specified in the Agreement and applicable only to the period the Apartment was actually occupied by the Resident; (ii) those non-standard costs specifically incurred by the Company at the Resident's request and described in the Agreement or any amendment to the Agreement signed by the Resident; and (iii) nonrefundable fees as set out in the Agreement. Written notice should be sent to the address noted above. Refund of the Entrance Fee will be as outlined in the Agreement.

(c) Upon Resident's Death or Abandonment of Residence. After the Resident has paid the entire Entrance Fee as described in the Agreement, the Agreement will automatically terminate thirty (30) days after the Resident's death (or the death of the surviving Resident in the case of joint Residents) or thirty (30) days after the Resident abandons the Apartment. After such automatic termination, the Resident's personal representative will have thirty (30) days from the date of the Resident's death to remove the Resident's personal property from the Apartment. Refund of the Entrance Fee will be as outlined in the Agreement.

3. Residents' Obligations Upon Termination of this Agreement. If the Agreement terminates for any of the reasons described above, the Resident agrees to remove all of the Resident's personal property from the Apartment and vacate the Apartment, leaving the Apartment in the same condition as when the Resident first occupied it, except for normal wear and tear and any damage by fire or other casualty. The Company may remove and either store or dispose of any personal property left in the Apartment that appears to the Company to have been abandoned by the Resident. The Resident agrees that the Company may deduct from any refund of the Resident's Entrance Fee any costs paid by the Company to restore the Apartment to its original condition (normal wear and tear and any fire or other casualty loss excepted), and to remove, store or dispose of personal property left in the Apartment.

4. Termination by the Company

(a) Prior to Occupancy. If the Company does not accept the Resident for residency, the full amount of the ten percent (10%) deposit the Resident has paid will be promptly refunded to the Resident, without interest. The Company may terminate the Agreement and refund the Resident's entire ten percent (10%) deposit without interest and any non-standard costs specifically incurred by the Company at the Resident's request at any time prior to the time the Resident moves into the Apartment for the following reasons: (i) a material misrepresentation or omission made by the Resident in the Resident's application for admission or (ii) the Resident fails to pay the balance of the Entrance Fee and the first monthly fee when due. The Company will pay the refund to the Resident within thirty (30) days after the Company delivers written notice to the Resident that the Company is terminating the Agreement for one of the reasons specified in this paragraph.

(b) After Full Payment. The Company may terminate the Agreement after the Resident has paid the entire Entrance Fee at any time for the following reasons: (i) a material misrepresentation or omission made by the Resident in the Resident's application for admission; (ii) restoring the Apartment or the building in which it is located or providing substitute accommodations after casualty or condemnation of the Apartment or the building in which it is located is uneconomical for the Company; or (iii) the Company determines, using standard evaluation procedures conducted by a physician of the Company's choosing (and the Resident agrees to submit to such evaluation procedures upon the Company's request and at the Company's expense), that the Resident's mental or physical health is detrimental to the Resident's own health and safety, the health and safety of other Residents of the Company or the general and economic welfare of the Residents of the CCRC. The Company also may terminate the Agreement upon thirty (30) days prior written notice to the Resident if the Resident fails to comply with the terms of the Agreement, including but not limited to the failure to pay the Resident's monthly fee, unless the Resident cures such violations within the thirty-day period specified in the Company's notice to the Resident.

5. Entrance Fee Refund

(a) Declining Balance of the Entrance Fee. The Resident's Entrance Fee may be partially refundable as outlined in the Agreement. The portion of the Entrance Fee that is refundable to the Resident will decline over time, based on the amount of time that has elapsed since the date of occupancy, as follows:

Refund Options	**Amortization Schedule**
90% Refund Plan	Upon termination of the Agreement, the Resident's potential refund would equal the original Entrance Fee paid less a 10 percent (10%) reduction. After occupancy, the refund is fixed at 90 percent.
Non-Refundable Plan	Upon termination of the Agreement, the Resident's potential refund would equal the original Entrance Fee paid less a 10 percent (10%) cancellation fee and five basis point reduction for each month of occupancy beginning in month 6 through month 22. No refund is available after 23 months of occupancy.

(b) Refund Upon Termination and Withdrawal from the CCRC Campus. The refund due shall be the Entrance Fee paid multiplied by the percentage based on the declining balance table in the Agreement (i.e., the refundable amount) less: (i) any amount due to the Company for monthly care or other unpaid services when the Agreement terminates, (ii) any costs the Company pays to restore the Apartment to its original condition (normal wear and tear and any fire or other casualty loss excepted), and (iii) any costs the Company pays to remove, store or dispose of personal property left in the Apartment. Any refundable amount shall be paid to the Resident who withdraws from the CCRC campus only when the Apartment is reserved by a new Resident and thirty (30) days after the Company collects full Entrance Fee from the new Resident or 24 months after termination of the Agreement (whichever occurs first).

Any refund due shall be paid to the estate of the deceased Resident or to a beneficiary identified in advance by the Resident.

(c) Use of a Refundable Entrance Fee Option for Health Care Expenses at the CCRC

(1) Single Occupancy. Should the Resident permanently vacate the Apartment by transferring to a unit/bed in the Healthcare Center, the Resident may then draw against the refundable portion of the Entrance Fee to supplement payment of the Resident's healthcare costs at the CCRC but if, and only if, the Resident's other assets from all available sources are insufficient to cover the Resident's healthcare costs at the CCRC. The Company will require the Resident to demonstrate the unavailability of other resources to cover healthcare costs at the CCRC. The refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at the CCRC as a supplement to any income the Resident receives from all available sources. The Resident may access the refund for healthcare purposes only when the vacated Apartment is reserved by a new Resident and the new Resident has paid the new Resident's Entrance Fee.

(2) Double Occupancy. The following conditions apply when the Residents to the Agreement are two married individuals in a Apartment:

i. Single Transfer to Health Care Residence. The Entrance Fee relates to the Resident identified in the Agreement, not to either individual resident alone. As such, as long as one of the Residents remains at the CCRC, no refund of the

Entrance Fee is due to either Resident, even if one Resident vacates the CCRC for any reason.

ii. Dual Transfer to Healthcare Center. Should both Residents vacate the Apartment by transferring to a unit/bed in the Healthcare Center, either or both Resident(s) may then draw against the refundable portion of the Entrance Fee to supplement payment of the Residents' healthcare costs at the CCRC but if, and only if, the Residents' other assets from all available sources are insufficient to cover the Residents' healthcare costs at the CCRC. The Company will require the Residents to demonstrate the unavailability of other resources to cover healthcare costs at the CCRC. The remaining refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at the CCRC as a supplement to any income the Residents receive from all available sources. The Residents may access the refund for healthcare purposes only when the vacated Apartment is reserved by a new Resident and the new Resident has paid the new Resident's Entrance Fee.

iii. Single Transfer to Health Care Residences and Change in Residence. Should one Resident vacate the Apartment by transferring to a unit/bed in the Healthcare Center, and the other Resident vacates the Apartment by transferring to a Apartment that carries a lesser Entrance Fee, the Resident who has transferred to the Healthcare Center may then draw against the remaining refundable portion of the Entrance Fee to supplement payment of the Resident's healthcare costs at the CCRC, up to the difference between the original Entrance Fee, and the then current Entrance Fee ("Revised Entrance Fee") for the new Apartment, but if, and only if, the Resident's other assets from all available sources are insufficient to cover the Resident's healthcare costs at the CCRC. The Company will require the Resident to demonstrate the unavailability of other resources to cover healthcare costs at the CCRC.

Should the Resident residing in a Apartment vacate said accommodation by transferring to a unit/bed in the Healthcare Center at the CCRC, that Resident may then draw upon the remaining refundable portion of the Revised Entrance Fee to supplement payment of the Resident's healthcare costs at the CCRC, but if, and only if, the Resident's other assets from all available sources are insufficient to cover the Resident's healthcare costs at the

CCRC. The Company will require the Resident to demonstrate the unavailability of other resources to cover healthcare costs at the CCRC. The remaining refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at the CCRC as a supplement to any income the Resident receives from all available sources. The Resident may access the refund for healthcare purposes only when the vacated Residence is reserved by a new Resident and the new Resident has paid the new Resident's Entrance Fee.

iv. Utilization of the remaining refundable portion of the Entrance Fee may be made to supplement payment of healthcare costs at the CCRC only. Contingent upon a financial review of the Resident's income and assets, the Company reserves the right to determine the amount of the refundable portion of the Entrance Fee that may be used to supplement the Resident's healthcare fees at the CCRC.

E. Change in Residence/Resident Transfers:

1. Change in Residence:

(a) Request by Resident for Change in Residence. The Resident may request a change in Apartment at any time. Management carefully considers such requests, including but not limited to such factors as the Resident's health, finances, availability of requested type of residence and waiting lists. Resident must agree to pay the difference in the Entrance Fee and Monthly Fee between the requested Apartment and the current Apartment. Management may require the Resident to enter into a new or amended Agreement for the new Apartment. The Entrance Fee refund percentage selected at initial occupancy remains in effect during a change in residence and is applicable to any additional amounts paid as a result of the change.

(b) Move to Another Residence. Should the Resident be approved by Management to move to a subsequent Apartment, the Resident will pay the Monthly Fee associated with the subsequent Apartment. Even if the Entrance Fee for the original Apartment, when the Resident began to occupy it, was greater than the current Entrance Fee for the subsequent Apartment, the Resident will not be entitled to a refund as a result of the difference between such Entrance Fees. If, however, the Entrance Fee for the original Apartment, when the Resident began to occupy it, was less than the current Entrance Fee for the subsequent Apartment, the Resident will pay an amount equal to the difference between the Entrance Fee of the original Apartment that the Resident paid and the current Entrance Fee of the subsequent Apartment.

(c) At the Option of the Company. If management reasonably determines that Apartment needs to be vacated to permit repairs or renovations thereto, or needs to be modified or reconfigured to accommodate a new or different use of the Apartment, or as a result of any other circumstances reasonably determined management to justify such transfer, the Company may move the Resident to a new Apartment of a similar size provided that the Company (i) advises the Resident prior to undertaking any such move, (ii) gives the Resident reasonable notice of and time to prepare for such move, (iii) incurs all the costs of such move, (iv) arranges for the prompt and convenient moving of the Resident's personal furnishings, and (v) either provides in such new residence optional custom improvements comparable to those provided in the Resident's original Apartment or, at the Resident's option, reimburses the Resident for the value of such improvements.

2. Transfers

(a) Transfer to Health Care. The Company recognizes the right of self-determination and will attempt to involve the Resident or the Resident's representative in all decisions related to transfers and changes in level of care. The Company shall have authority to determine whether the Resident should be transferred from the Apartment to a unit/bed in the Healthcare Center or from one level of care to another within the CCRC, in cases of potential harm to the Resident or others, to assure the health and wellbeing of the Resident and others or to provide for the highest quality of life possible. Such determination shall be based on the opinion of management and/or the the Company's Medical Director and shall be made after consultation with the Resident and the Resident's representative and the Resident's attending physician. Such decisions shall be made only in the Resident's best interest and in the best interest of the larger community as determined by management. The Resident has the right to be admitted to the first such unit/bed in the Healthcare Center that becomes available for occupancy after the date of such determination, subject to any obligations the Company may have under the Medicaid program or another Agreement with a Resident to make such unit/bed in the Healthcare Center available to someone else. A Resident transferring to a higher level of care does not constitute a change of accommodation for the purpose of calculating an Entrance Fee refund.

In the event of a permanent transfer, the Resident shall release the Apartment in order for the Company to make the Apartment available to a new Resident. In such event, the Company may enter into a new Agreement for occupancy of the Apartment with a new Resident. If the Apartment is reassigned and should the Resident subsequently recover sufficiently to maintain the Resident independently in a residence, the Resident shall be offered the next available Apartment similar to the one relinquished. While the Resident is in a unit/bed in the Healthcare Center, the Monthly Fee will continue to be due and payable as described in the Agreement.

If the Apartment is occupied by two (2) Residents, the permanent transfer of one (1) Resident does not affect the rights and privileges under this Agreement of the remaining Resident.

(b) Transfer to Hospital or Other Facility. If it is determined by management that the Resident needs care beyond that which can be provided by the Company, the Resident may be transferred to a hospital or institution equipped to give such care at the Resident's expense. Such transfer will be made only after consultation with the Resident and/or the Resident's representative and attending physician.

(c) Surrender of Residence. If a reasonable determination is made by the Company that any transfer described above is or is highly likely to be permanent; the Resident agrees to surrender the Apartment. The Resident will have priority to move to such unit/bed in the Healthcare Center, determined to best meet the Resident's needs, as soon as such is available. If the interdisciplinary team, including the Resident, to the extent practical, or the Resident's legally-authorized representative, in conjunction with appropriate staff members and in consultation with the Resident's attending physician, subsequently determines that the Resident can resume occupancy in a Apartment or accommodation comparable to that occupied by the Resident prior to such transfer, the Resident shall have priority to such Apartment as soon as it becomes available.

VIII. Fees

The following is a list of the fees and charges expected to be charged to the Residents of the CCRC.

A. Entrance Fees

1. Entrance Fee. The Resident agrees to pay the Company an Entrance Fee, as indicated on Schedule I of the Agreement. The Entrance Fee provides the Resident with a right to occupy the Apartment unless terminated as provided in the Agreement. Nothing contained in the Agreement shall be construed or is intended to require that the Company care for the Resident after expiration or termination of the Agreement.

The Entrance Fee is non-transferable, non-interest bearing and shall be the property of the Company for use in accordance with the terms of the Agreement, and shall not be subject to the claims of the Resident's creditors. Any refundable portion of the Entrance Fee shall be governed by the Agreement.

2. Entrance Fee Refund Options. The Resident may choose from two Entrance Fee refund options--a 0% or a 90% Entrance Fee refund. Refunds will be computed on a declining balance basis as outlined in the Agreement. The Entrance Fee refund is subject to the provisions set forth the Agreement. Once the Agreement is executed, the Entrance Fee refund option selected cannot be changed. The Company may, for any lawful reason, limit availability of any of these Entrance Fee refund options.

3. Priority Reservation Deposit**.** Upon entering into a Priority Partner Agreement (the "Priority Partner Agreement") and prior to entering into this Agreement, the Resident agrees to pay One Thousand Dollars ($1,000.00) as a priority deposit (the "Priority Deposit"). Such Priority Deposit is fully refundable should the Resident choose not to proceed with the reservation process and not enter into the Agreement for any reason. The Priority Deposit fully applies toward the Entrance Fee should the Resident proceed with the reservation process and enter into the Agreement.

4. Ten Percent (10%) Reservation Fee. To reserve the Apartment, the Resident will make application to the Company's Admissions Committee. The Resident will receive notice of the Resident's approval or denial by the Admissions Committee within fourteen (14) days of submitting the Resident's application. An amount equal to ten percent (10%) of the Entrance Fee, less any Priority Deposit previously paid, is paid upon entering into the Agreement.

5. Options and Custom Features. The Company will present the Resident with a written quote specific to the Resident's options and custom feature request detailing the prices. The cost of options and custom features selected will be invoiced by the Company for the selected options or custom features and is due by the Resident upon receipt of such invoice. The amounts for options and custom features will not be considered part of the Entrance Fee when calculating the refund.

6. Balance of the Entrance Fee**.** The balance of the total Entrance Fee for the Apartment will be due and payable prior to the date of occupancy, unless otherwise agreed to in writing by management.

B. Monthly Service Fee. In addition to the Entrance Fee, the Resident agrees to pay the Company a Monthly Service Fee, as indicated on Schedule I of the Agreement, upon occupancy for the term of the Agreement, which includes a fee for one Resident and, if applicable, an additional fee for the second Resident. The Monthly Service Fee will be payable in advance by the fifth (5th) business day of each month. The Resident agrees to pay the first Monthly Service Fee with the balance of the Entrance Fee (prorated, as applicable, for the number of days remaining in the calendar month that such payment is due). The Resident's initial Monthly Service Fee will be as indicated on Schedule I of the Agreement.

The table below shows the average dollar amount of increase in the weighted average Monthly Service Fees for independent living units and assisted living units and Daily Service Fees for skilled nursing beds at the CCRC for the previous five years.

Unit/Bed Type	**2015**	**2016**	**2017**	**2018**	**2019[(1)]**
Independent Living Units:					
Two-bedroom Apartment	$35	$30	$40	$51	$244
Two-bedroom with den	$35	$30	$40	$51	$244
Two-bedroom with sunroom	$35	$30	$40	$51	$244
Two-bedroom with den & sunroom	$35	$30	$40	$51	$244
Second person	$10	$11	$9	$15	$19
Assisted Living Units:					
Small studio	$120	$124	$126	$175	$182
Expanded studio	$132	$136	$142	$192	$200
Second person	$30	$31	$29	$44	$45
Skilled Nursing Beds:					
Private	$8	$8	$8	$8	$6

Fees are subject to change at least once a year with a thirty (30) day written notice. Generally fees are revised and adjusted annually on October 1, regardless of the Resident's Occupancy Date.

(1) Pricing adjustment in 2019 for new contracts.

C. Additional Charges. In addition to the Entrance Fee and Monthly Fee, the Resident agrees to pay the Company for additional charges for (1) housekeeping not included in your Monthly Service Fee, (2) meals not included in your Monthly Service Fee, (3) certain activities, and (4) special/personal/private group transportation. The Company will include these charges on the monthly statement.

D. Payment of Monthly Fees. The Company will provide the Resident with a monthly statement specifying the Monthly Fee the Resident owes for the month in advance, along with any additional charges from the previous month, payable by the fifth (5th) business day of the current month. The Company reserves the right to charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance owed by the Resident thirty (30) days after the monthly statement is dated. If the Resident fails to pay the Resident's Monthly Service Fees, the Resident agrees that the Company may deduct the unpaid Monthly Service Fees (plus any accrued interest and our reasonable attorneys' fees) from any refund of the Resident's Entrance Fee due when the Agreement terminates. The Resident agrees to pay the Resident's Monthly Service Fees even if the Resident is voluntarily absent (e.g., on vacation, temporary stays in a unit/bed in the Healthcare Center) from the Apartment.

E. Adjustments in the Monthly Fee. The Monthly Service Fee is paid to provide the facilities, programs, and services described in the Agreement and are intended to cover costs of the expenses associated with the operation and management of the Company. The Company reserves the right to increase the Monthly Service Fee from time to time during the term of the Agreement. Monthly Service Fee will be adjusted as required, consistent with operating on a sound financial basis and maintaining quality service. The Company will notify the Resident of any increase in the Monthly Service Fee at least thirty (30) days before the increase takes effect. The Resident should expect that the Company will increase the Monthly Service Fee at least once a year, regardless of the Resident's date of occupancy, generally in October.

F. Healthcare Fee for Services

1. Fee for Services. In exchange for payment of the Resident's applicable Monthly Fee, the Company will provide assisted living services or nursing care to the extent that it is not covered by the Resident's insurance, Medicare, or any other governmental programs or entitlements which you are required to maintain under the Agreement, subject to the following:

(a) Temporary Transfers. A transfer is considered temporary when the condition that requires the Resident's transfer has the potential to be resolved in a manner which may allow the Resident to return to the Resident's Apartment. The Apartment will be held for the Resident's return.

(1) Single Occupancy. Should the Resident have a temporary need for services provided in a unit/bed in the Healthcare Center while the Resident are still occupying the Resident's Apartment, the Resident will pay both the then-current Monthly Service Fee for the Resident's Apartment and the then-current rate applicable to the unit/bed in the Healthcare Center.

(2) Double Occupancy. Should one or both Residents have a temporary need for services provided in a unit/bed in the Healthcare Center while still occupying the Apartment, the Resident remaining in the Apartment or the last Resident to occupy the Apartment (in the case of both Residents

simultaneously requiring temporary care provided in a unit/bed in the Healthcare Center) will continue to pay the then-current Monthly Service Fee less the then-current second person Monthly Service Fee for the Apartment. Additionally, each Resident requiring temporary care provided in a unit/bed in the Healthcare Center will be required to pay the applicable then-current rate applicable to the unit/bed in the Healthcare Center.

(3) Temporary Utilization. Temporary utilization of a unit/bed in the Healthcare Center does not constitute a change of accommodations subject to the provisions of the Agreement.

(b) Permanent Transfers. A transfer is considered permanent when the condition that requires the Resident's transfer will not allow the Resident to return to the Resident's Apartment and the Apartment has been vacated.

(1) Single Occupancy. Should the Resident have a permanent need for services provided in a unit/bed in the Healthcare Center, the Resident will be required to release the Resident's Apartment as outlined in the Agreement. The Resident's Monthly Service Fee will be adjusted to the then-current monthly or daily fee for the unit/bed in the Healthcare Center.

(2) Double Occupancy. Should one Resident have a permanent need for services provided in a unit/bed in the Healthcare Center the Monthly Service Fee will be equal to the then-current Monthly Service Fee for the Resident's Apartment for one person plus the then-current rate applicable to the unit/bed in the Healthcare Center. Should both Residents have a permanent need for services provided in a unit/bed in the Healthcare Center, Residents will be required to release the Apartment as provided in the Agreement. The Resident's Monthly Fee will be adjusted to the then-current monthly or daily fee for the unit/bed in the Healthcare Center for each Resident.

2. Additional Charges for Respite Care. The Resident will be responsible for prompt payment of additional charges for respite care as outlined in the Company's current literature.

3. Additional Charges for Ancillary Health Care Services. The Resident will be responsible for prompt payment of all additional charges for ancillary healthcare services provided at the CCRC. Ancillary services will include all services not provided by the staff of the CCRC and not included in the

per diem or Monthly Service Fee. Examples of additional charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, home health care, occupational therapy, rehabilitative treatments, wheelchairs and other medical equipment and supplies. In the event of a temporary or permanent transfer, the Resident will be responsible for all costs of relocation.

4. Use of Refundable Portion of the Entrance Fee. See description above for use of the refundable portion of the Entrance Fee to pay for healthcare costs at the CCRC.

5. Care in Another Facility. Should the Resident need a level of care or health services beyond that provided at the CCRC, as determined by the Company, and require transfer to another facility, the Resident will be responsible for all expenses of such transfer and services.

IX. Financial Information

A. Audited Financial Statements. Audited financial statements of the Company as of and for the year ended December 31, 2019 are included as Exhibit A.

B. Actual versus Forecasted Results. A narrative of material differences between the previously forecasted financial statements and actual results of operations for the year ended December 31, 2019 for the Company are included in Exhibit B.

C. Interim Financial Statements. Interim financial statements for the three-month period ended March 31, 2020 for the Company are included as Exhibit C.

D. 5-Year Prospective Financial Statements. Financial forecasts for each of the five years ending December 31, 2024 for the CCRC as compiled by an independent public accountant are included as Exhibit D.

E. Reserves, Escrow and Trusts. North Carolina law requires continuing care retirement communities such as the Community to maintain operating reserves equal to fifty percent (50%) of the total operating costs in a given year, or twenty-five percent (25%) of such total operating costs if occupancy as of a certain date exceeds ninety percent (90%) of the continuing care retirement community's capacity (such reserve amount is referred to herein as the "Statutory Reserve"). This law provides security to the Residents that the continuing care retirement community will be able to meet its contractual obligations to provide continuing care. The Company's Statutory Reserve will be maintained through a letter of credit issued by a financial institution approved by the North Carolina Department of Insurance (the "Letter of Credit"). The Letter of Credit will name the Company the beneficiary and be in an amount sufficient to satisfy the Statutory Reserve requirement.

X. Other Material Information

None.

EXHIBIT A

AUDITED FINANCIAL STATEMENTS

[ATTACHED]

Pisgah Valley

Combined Financial Statements and Supplemental Schedules

Year Ended December 31, 2019

DIXON HUGHES GOODMAN LLP

Pisgah Valley

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DHG
DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

To the Members of
Pisgah Valley
Candler, North Carolina

We have audited the accompanying combined financial statements of Pisgah Valley, a group of entities under common control (collectively, the "Company"), which comprise the combined balance sheet as of December 31, 2019, and the related combined statement of operations and changes in members' equity and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements
Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the combined 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 Company'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 combined financial statements.

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

Opinion
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

DIXON HUGHES GOODMAN LLP

Emphasis of Matter – New Accounting Pronouncement
As discussed in Note 1 to the combined financial statements, during the year ended December 31, 2019, the Company implemented the provisions of Financial Accounting Standards Board Accounting Standards Update ASU 2015-14, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental schedules referred to in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounts and other records used to prepare the combined financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Dixon Hughes Goodman LLP

Greenville, South Carolina
April 17, 2020

Pisgah Valley
Combined Balance Sheet
December 31, 2019

ASSETS		
Current assets:		
Cash	$	1,753,570
Cash - restricted		13,842
Accounts receivable:		
Resident accounts receivable, net		968,129
Other		405,903
Inventories		50,232
Prepaid expenses		73,019
Total current assets		3,264,695
Non-current assets:		
Notes Receivable		4,500,378
Investments		1,055,631
Property and equipment, net		17,590,362
Intangible asset		2,905,000
Deferred marketing costs, net		17,762
Due from related parties		2,345,198
Other non-current assets		38,774
Total non-current assets		28,453,105
Total assets	$	31,717,800
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Long-term debt, current portion	$	388,291
Resident refunds, current portion		1,000,000
Deferred revenue from monthly fees		91,374
Accounts payable and accrued expenses		253,378
Accrued payroll and related withholdings		601,453
Total current liabilities		2,334,496
Long-term liabilities:		
Long-term debt, net		13,881,157
Due to related parties		2,119,694
Notes Payable		104,800
Resident refunds, less current portion		10,324,380
Deferred revenue from entrance fees		1,848,909
Total long-term liabilities		28,278,940
Total liabilities		30,613,436
Members' equity		1,104,364
Total liabilities and members' equity	$	31,717,800

See accompanying notes.

Pisgah Valley

Combined Statement of Operations and Changes in Members' Equity

Year Ended December 31, 2019

Revenues, gains and other support:		
Entrance fee amortization	$	**253,691**
Independent living revenue		**982,796**
Assisted living revenue		**1,230,473**
Skilled nursing revenue		**10,957,811**
Other revenue		**309,492**
Total revenues, gains and other support		**13,734,263**
Expenses:		
Resident and resident services:		
Independent living expenses		**159,802**
Assisted living expenses		**308,990**
Skilled nursing expenses		**6,266,207**
Dietary		**981,311**
Laundry		**179,369**
Housekeeping		**412,839**
Plant operations and maintenance		**1,143,981**
General and administrative		**1,252,877**
Management fee		**813,528**
Property costs		**127,238**
Interest expense and financing cost amortization		**584,853**
Depreciation and amortization		**825,971**
Total expenses		**13,056,966**
Net income		**677,297**
Members' equity, beginning of year		**2,427,067**
Distributions		**(2,000,000)**
Members' equity, end of year	$	**1,104,364**

See accompanying notes.

Pisgah Valley
Combined Statement of Cash Flows
Year Ended December 31, 2019

Cash flows from operating activities:	
Net income	$ 677,297
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	824,083
Amortization of deferred financing costs	42,569
Amortization of entrance fees	(253,691)
Amortization of deferred marketing costs	1,888
Provision for bad debts	226,791
Unrealized and realized gains on investments	(62,809)
Change in working capital:	
Resident accounts receivable	(40,323)
Other receivables	(358,891)
Accrued interest on notes receivable	(89,040)
Inventories	23,268
Prepaid expenses	163,424
Other assets	(19,650)
Deferred revenue from monthly fees	83,100
Accounts payable and accrued expenses	(132,906)
Accured payroll and related withholdings	88,413
Advances to related parties	(520,733)
Net cash provided by operating activities	652,790
Cash flows from investing activities:	
Capital additions	(767,920)
Increase in intangibles	(5,000)
Purchase of securities	(3,000,000)
Sale of securities	2,007,178
Net cash used by investing activities	(1,765,742)

See accompanying notes.

Pisgah Valley
Combined Statement of Cash Flows
Year Ended December 31, 2019 **(Continued)**

Cash flows from financing activities:		
Principal payment of long-term debt	$	(382,398)
Issuance of promissory notes payable		104,800
Members' distributions		(2,000,000)
Entrance fees received		2,859,076
Resident refunds of entrance fees		(1,337,660)
Net cash used by financing activities		(756,182)
Change in cash and cash equivalents		(1,869,134)
Cash and cash equivalents, beginning of year		3,636,546
Cash and cash equivalents, end of year	$	1,767,412
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$	542,284
Reconciliation of cash and restricted cash to the balance sheet:		
Cash	$	1,753,570
Cash - restricted		13,842
	$	1,767,412

See accompanying notes.

Note 1—Nature of operations

Nature of Operations – Pisgah Valley (the "Company") is an economic entity comprised of three individual companies listed below. The Company provides senior living services in Candler, North Carolina. Services include providing and maintaining an independent living retirement community, assisted living services, skilled nursing care, and supporting services. The Company was acquired and began operations in February 2018.

Pisgah Valley Retirement Center Properties, LLC ("Pisgah Valley Properties") is a North Carolina for-profit limited liability company formed for the purpose of developing and owning real property and the buildings of the Company. Pisgah Valley Properties, through acquisition, holds the certificate of need ("CON") for 118 skilled nursing beds. The value of the CON is recorded as an intangible asset on Pisgah Valley Properties. Pisgah Valley Properties is owned by Liberty Real Properties VII, LLC, a North Carolina for-profit limited liability company.

Pisgah Valley Retirement Center, LLC ("Pisgah Valley") is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating independent living units, assisted living, and skilled nursing beds. Pisgah Valley is owned by Liberty Senior Living, LLC, a North Carolina for-profit limited liability company. Liberty Senior Living, LLC is owned by Liberty Healthcare Group, LLC, a North Carolina for-profit limited liability company.

Pisgah Valley and Pisgah Valley Properties collectively are co-providers of a continuing care retirement community (the "CCRC") licensed by the State of North Carolina.

Pisgah Estates Unit Owners Association (the "Unit Owners Association") is a North Carolina not-for-profit company formed in accordance with the North Carolina Condominium Act for the purpose of owning and managing the commonly owned property of the Company's independent living units. The Unit Owners Association began operations in 1975 and was incorporated in September 2008. Pisgah Valley Properties has majority voting rights in the Unit Owners Association under the terms of a management agreement (the "Management Agreement"). Services are billed monthly and the Management Agreement is renewable each calendar year. The Unit Owners Association's revenue is generated exclusively through maintenance fees from independent living unit owners.

Note 2—Summary of significant accounting policies

Principles of Combination – The combined financial statements include the accounts of Pisgah Valley and Pisgah Valley Properties, both of which are owned and controlled by the members of the limited liability companies as well as the Unit Owners Association. All significant inter-company accounts and transactions have been eliminated. The combined financial statements do not and are not intended to represent the activity of a legal entity.

Basis of Accounting – The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates – The preparation of combined financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

No assets or liabilities (real or contingent) of the individual members of any of the limited liability companies are included in the combined financial statements of the Company, except those pertaining to the Company, which are reflected in the combined balance sheet. Individual members are not liable for the Company's debt.

Cash – Cash includes deposit accounts and petty cash on hand.

Note 2—Summary of significant accounting policies (continued)

Cash – Restricted – Restricted cash is comprised of a deposit account held in trust on behalf of residents or patients in accordance with statute, law or regulation of the federal, state, and local Government.

Resident Accounts Receivable, Net – Receivables from residents, patients, insurance companies, and third-party contractual agencies are recorded at regular resident service rates, net of estimated contractual adjustments and uncollectible amounts. Contractual adjustments are estimated based on the terms of third party insured contracts and arrangements. Adequate allowances are provided for doubtful accounts and other uncertainties. Credit losses have historically been within management's expectations. Allowances for doubtful accounts are estimated based on review of accounts more than 180 days old. Doubtful accounts are written off against the allowance after adequate collection effort is exhausted and recorded as recoveries of bad debts if subsequently collected.

An allowance for uncollectible accounts is recorded to report the receivables at their net realizable value. Estimates for uncollectible accounts are based upon collection history and are reported in the period during which the services are provided even though the actual amounts collected may not become known until a later date.

Accounts Receivable – Other – Other accounts receivable is comprised of estimated third-party payor settlements (approximately $65,000), estimated health plan recoverable costs (approximately $71,000), and an entrance fee due from a resident (approximately $270,000). The Company has agreements with third-party payors that provide for payments to the Company at amounts different from its established rates. Payment arrangements include prospectively determined per diem payments. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Inventories – Inventories consist primarily of food and medical supplies and are stated at the lower of average cost or net realizable value.

Property and Equipment, Net – Assets acquired through the asset purchase agreement are recorded at fair value. All other additions to property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains or losses on disposals are credited or charged to operations.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Depreciation and amortization amounted to approximately $826,000 for the year ended December 31, 2019.

The estimated useful lives used in computing depreciation are as follows:

Buildings and improvements	5 to 40 years
Land improvements	5 to 15 years
Furniture and fixtures	5 to 20 years
Leasehold improvements	Lesser of 40 years or the lease term
Equipment	3 to 20 years

Investments – Investments are comprised of government-backed securities. Unrealized and realized gains and losses related to investments are reported in other revenue.

Note 2—Summary of significant accounting policies (continued)

Fair value measurements – Fair value as defined under generally accepted accounting principles ("GAAP") is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used when measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions. There were no Level 1 or Level 3 investments during 2019.

Operating Reserves – In order to meet North Carolina General Statute operating reserve requirement of $3,178 ,000 for 2019, the CCRC maintained irrevocable standby letters of credit of up to $3,390,000 for the period January – October 2019 and up to $3,400,000 for the period November – December 2019.

Continuing care retirement communities located in North Carolina are licensed and monitored by the State Department of Insurance under Article 64 of Chapter 58 of the North Carolina General Statute. The Commissioner of Insurance has the authority to revoke or restrict the license of or impose additional requirements on any continuing care facility under certain circumstances specified in General Statute 58-64-10.

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90% maintain an operating reserve equal to 25% of total operating costs projected for the 12-month period following the most recent annual statement filed with the Department of Insurance, upon approval of the Commissioner. Continuing care retirement communities with less than 90% occupancy are required to maintain an operating reserve equal to 50% of projected total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses.

Intangible Asset – In accordance with accounting standards generally accepted in the United States of America, intangible assets that have indefinite useful lives are not amortized but rather are tested at least annually for impairment. For the Company, this asset includes a certificate of need ("CON"). Intangible assets with indefinite useful lives are reviewed for impairment in accordance with Accounting Standards Codification ("ASC") No. 350, Intangibles – Goodwill and Other, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of its CON may warrant revision or that the remaining carrying value may not be recoverable. As permitted by ASC 350, the Company will perform a qualitative assessment of impairment to determine whether the value if the CON is impaired. Based on the results of this qualitative assessment, the CON was not impaired as of December 31, 2019.

Impairment of Long-Lived Assets – The Company reviews the carrying value of its long-lived assets, whether held for use or disposal when events and circumstances indicate that the carrying amount of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

New Pronouncement – Revenue -- In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers* (Topic 606), which supersedes the revenue recognition requirements in Revenue Recognition (Topic 605) and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequent to ASU 2014-09, the FASB issued several related ASU's (collectively Accounting Standards Codification ("ASC") 606 or "ASC 606").

Note 2—Summary of significant accounting policies (continued)

On January 1, 2019, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. The Company determined that there was no cumulative effect adjustment to members' equity upon adoption of the new revenue standard as of January 1, 2019. Under ASC 606, revenue is recognized when a company transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Under the new guidance, there is a five-step model to apply to revenue recognition, consisting of: (1) determination of whether a contract, an agreement between two or more parties that creates legally enforceable rights and obligations, exists; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when (or as) the performance obligation is satisfied.

Upon adoption of ASC Topic 606, entities should evaluate costs associated with acquiring resident contracts to determine if they meet the requirements for capitalization under FASB ASC 340-40-25. Under FASB ASC 340-40-25-2, the incremental costs of obtaining a contract are those that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Company has capitalized incremental costs associated with acquiring a resident contract which are reflected on the combined balance sheet.

Resident/Patient Revenue – Resident fee revenue is reported at the amount that reflects the consideration the Company expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident fee revenue is recognized as performance obligations are satisfied.

Under the Company's skilled nursing and senior living residency agreements, the Company provides senior living services to residents for a stated daily or monthly fee. The Company recognizes revenue for room, assistance with activities of daily living, inpatient therapy, healthcare, and personalized health services provided under assisted living and skilled nursing residency agreements in accordance with the provisions of ASC 606. The senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time and recognized ratably over the contractual term, typically daily.

The Company has a performance obligation related to the series of distinct goods and services. Management has determined it is appropriate to allocate an equal amount of revenue to this material right each month.

The Company receives revenue for services under various third-party payor programs which include Medicare, Medicaid, and other third-party payors. Settlements with third party payors for retroactive adjustments due to audits, reviews, or investigations are included in the determination of the estimated transaction price for providing services. The Company estimates the transaction price based on terms of the contract with the payor, correspondence with the payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Note 2—Summary of significant accounting policies (continued)

Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

	December 31, 2019			
	Independent Living	Assisted Living	Skilled Nursing	Total
Medicaid	$ -	$ -	$ 3,490,349	$ 3,490,349
Medicare	-	-	4,893,669	4,893,669
Private	982,796	1,230,473	2,209,208	4,422,477
Insurance and other	-	-	364,585	364,585
Total	$ 982,796	$ 1,230,473	$ 10,957,811	$ 13,171,080

Disaggregated Revenue – The Company has determined that the senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Total contractual refund obligations under existing contracts (that is if all residents with a refundable balance were to have withdrawn) totaled approximately $11,300,000 at December 31, 2019.There were no contract assets as of December 31, 2019. Contract terms related to entrance fees collected are described below.

The Company collects a $1,000 refundable deposit paid by prospective residents in order to be placed on a priority list for available patio homes. Once a prospective resident has been approved for admission and has selected an available patio home to occupy, the resident(s) signs a residence and services agreement (the "Residency Agreement") and provides the CCRC with a deposit of 10 percent (10%) of the total entrance fees on the specific patio home, less this initial $1,000 priority deposit.

The CCRC offers two (2) entrance fee refund options **-** (1) nonrefundable ("Nonrefundable Option") or (2) ninety percent (90%) refundable ("Refundable Option"). Partial refunds for the Nonrefundable Option are computed on a declining balance basis. Commencing on the date of occupancy, the refundable portion of the Nonrefundable Option is reduced to 90 percent (90%) for months one through five and five (5) basis points for every month thereafter until month 23 when the refundable portion is reduced to zero. The refundable portion of the entrance fee will be refunded within thirty (30) days from when the Residency Agreement is terminated and the full amount of a new entrance fee for the patio home has been collected from a new resident. Estimates of entrance fee refunds are computed annually based on historical annual refunds and reclassified to current liabilities in the accompanying combined balance sheet.

Deferred revenue from entrance fees **–** One hundred percent (100%) of the entrance fees paid under the Nonrefundable Option and ten percent (10%) of the entrance fees paid under the Refundable Option by a resident upon entering into a Residency Agreement are non-refundable after 24 months. In accordance with the Residency Agreement beginning with the date of occupancy, entrance fees that are expected to be non-refundable to the resident are recorded as deferred revenue and are amortized into revenue using the straight-line method over the estimated remaining life expectancy of the resident. When a resident terminates their Residency Agreement, the amount of unamortized non-refundable deferred revenue from entrance fees is recognized as revenue.

Credit Concentrations – The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. During the year ended December 31, 2019, the Company from time to time may have had amounts on deposit in excess of the insured limits.

Note 2—Summary of significant accounting policies (continued)

The Company grants credit without collateral to its patients and residents, most of who are insured by third party payors. The mix of receivables from patients and third party payors at December 31, 2019 was as follows:

Medicaid	4%
Medicare	86%
Private	7%
Insurance and other	3%
	100%

Advertising Costs – Advertising costs are expensed in the period incurred and totaled approximately $68,000 for the year ended December 31, 2019.

Obligation to provide future services - The CCRC enters into continuing care contracts with various residents. A continuing care contract is an agreement between a resident and the Company specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the CCRC has the ability to increase fees as deemed necessary.

At the end of each fiscal year, the CCRC calculates the present value of estimated net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees at that date. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services) with a corresponding charge to income. No liability was recorded at December 31, 2019, because the present value of the estimated net costs of future services and use of facilities was less than deferred revenue from entrance fees. The obligation was discounted at 5.00 percent, based on the average life expectancy and expected annual inflationary increase of 3.00 percent.

Resident refunds - Resident refunds payable include refunds due to residents or third-party payors for overpayments, waiting list deposits by prospective residents, and estimated entrance fee refunds due to residents in the subsequent year.

Income Taxes – The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed essentially as a partnership. In lieu of corporate federal income taxes, the members of an LLC are taxed on their proportionate share of the Company's taxable income. Management has evaluated the effect of the guidance provided by U.S. GAAP on Accounting for Uncertainty in Income Taxes. Management has evaluated all other tax positions that could have a significant effect on the combined financial statements and determined the Company had no uncertain income tax positions at December 31, 2019.

The Unit Owners Association, as a homeowners association, may be taxed either as a homeowners association or as a regular corporation. For the year ended December 31, 2019, the Unit Owners Association was taxed as a homeowners association. As a homeowners association, membership income is exempt from taxation if certain elections are made, and the homeowners association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

Upcoming Pronouncement – Leases – In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. This standard will be effective for the calendar year ending December 31, 2022. The Company is currently in the process of evaluating the impact of adoption of this ASU in the combined financial statements.

Note 3—Investments

The following tables set forth by level within the fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of December 31, 2019. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels

Assets at fair value as of December 31, 2019 consist of the following:

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Fair Value**
Fixed Income				
U.S. Treasuries	**$ -**	**$ 55,085**	**$ -**	**$ 55,085**
Non-government obligations	**-**	**993,927**	**-**	**993,927**
Total investments at fair value	**$ -**	**$ 1,049,012**	**$ -**	**$ 1,049,012**

The Company has $6,619 of cash and cash equivalents included in investments on the combined balance sheet at December 31, 2019, respectively, which was not classified as a level as prescribed within the provision.

Note 4—Property and equipment, net

Property and equipment, net at December 31, 2019 consist of the following:

Land and land improvements	$ 2,420,385
Leasehold improvements	909,081
Buildings	15,097,652
Furniture and equipment	1,065,936
Vehicles	82,623
Construction in progress	11,514
	19,587,191
Less accumulated depreciation	(1,996,829)
	$ 17,590,362

Note 6—Long-term debt

Long-term debt for the Company consists of the following at December 31, 2019:

Note payable for $14,960,000 at 3.65%, payable in 84 monthly installments of $76,535, due in February 2025. The note is guaranteed by the Company and Liberty Healthcare Group, LLC and secured by all real property and the furniture, fixtures, and equipment included in the asset purchase agreement.	$ 14,462,712
Less deferred financing costs	(193,264)
Current maturities	(388,291)
	$ 13,881,157

Maturities of long-term debt payments over the next five years are as follows:

2020	$ 388,291
2021	404,408
2022	419,630
2023	435,426
2024	450,487
Thereafter	12,364,470
	$ 14,462,712

Future amortization of deferred financing costs at December 31, 2019 is as follows:

2020	$ 42,167
2021	42,167
2022	42,167
2023	42,167
2024	24,596
	$ 193,264

Interest expense amounted to $584,559 for the year ended December 31, 2019, including $42,569 of amortization of deferred financing costs.

Note 5—Intangible asset

Intangible asset (indefinite-lived) consisted of the following at December 31, 2019:

Certificate of Need	$ 2,905,000

Note 7—Related party transactions

Other entities owned by Liberty Healthcare provide other benefits to the Company. These transactions are considered related party transactions and are settled through related party cash accounts and payments to the other entities. As of December 31, 2019, total receivables from related parties were approximately $2,400,00 and total payables to related parties were approximately $2,100,000.

Pisgah Valley entered into a management agreement effective January 1, 2019, in which Pisgah Valley pays a management fee of 5% and 6% of net revenues related to independent living and healthcare (assisted living and skilled nursing), respectively, to Liberty Living Management, LLC, a related party who provides management services to the Company. These fees totaled approximately $812,000 for the year ended December 31, 2019.

Pisgah Valley entered into a professional services agreement effective September 1, 2019, in which Pisgah Valley pays a professional service fee per resident per month to Liberty Private Care, LLC, a related party who provides professional services to the Company. Pisgah Valley also entered into a sub-lease agreement effective September 1, 2019, in which Liberty Private Care, LLC pays a sub-lease fees monthly to Pisgah Valley. The professional service and sub-lease fees totaled $0 and $1,400, respectively, for the year ended December 31, 2019.

Amounts previously advanced to owners of Liberty Healthcare by Pisgah Valley Properties were outstanding at December 31, 2019 in the amount of $4,400,000. Such advances were pursuant to a note agreement, bearing interest at 2% per annum and were due and unpaid December 31, 2019. These advances along with accrued interest are included in long-term assets at December 31, 2019.

Amounts were paid by owners of Liberty Healthcare to Pisgah Valley during 2019 in the amount of $104,800. Such payments were unsecured with obligation to repay the balance due in the near term. These payments are included in long-term liabilities at December 31, 2019.

Note 8—Contingencies

The Company is subject to legal proceedings and claims which arise in the course of providing health care services. The Company maintains malpractice insurance coverage ($1,000,000 per claim, $3,000,000 aggregate) for claims made during the policy year. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

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.

Note 9—Retirement plan

The Company sponsors a defined contribution plan (the "Plan") to eligible employees as defined by the Plan. The Company matches employee contributions at the discretion of management. The Company contributed approximately $37,000 for the year ended December 31, 2019.

Note 10—Subsequent events

The Company has evaluated its subsequent events through April 17, 2020, which represents the date the combined financial statements were available to be issued and, except for the event noted below, concluded that there are no additional items requiring disclosure in the combined financial statements.

Subsequent to the balance sheet date, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak may disrupt the Company's business as well as the Company's ability to acquire new residents going forward. The extent of the impact of the outbreak on the Company's performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Company's residents, employees and vendors, and governmental, regulatory and private sector responses. The combined financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

The Company carries a significant balance of marketable securities. As of the date the combined financial statements were available to be issued, the economic uncertainty caused by the outbreak has not resulted in a material decline in the value of marketable securities.

SUPPLEMENTAL SCHEDULES

Pisgah Valley
Combining Balance Sheet
December 31, 2019

	Pisgah Valley	Pisgah Valley Properties	Unit Owners Association	Eliminations	Combined
ASSETS					
Current assets:					
Cash	$ 661,705	$ 1,091,865	$ -	$ -	$ 1,753,570
Cash - restricted	13,842	-	-	-	13,842
Accounts receivable:					
Resident accounts receivable, net	968,384	-	(255)	-	968,129
Other	136,352	1,512,075	-	(1,242,524)	405,903
Inventories	50,232	-	-	-	50,232
Prepaid expenses	72,919	100	-	-	73,019
Intercompany receivables - Pisgah Valley	-	1,456,988	28,675	(1,485,663)	-
Total current assets	1,903,434	4,061,028	28,420	(2,728,187)	3,264,695
Non-current assets:					
Notes receivable	-	4,500,378	-	-	4,500,378
Investments	-	1,055,631	-	-	1,055,631
Property and equipment, net	1,242,924	15,620,938	726,500	-	17,590,362
Intangible asset	-	2,905,000	-	-	2,905,000
Deferred marketing costs, net	17,762	-	-	-	17,762
Due from related parties	2,345,198	-	-	-	2,345,198
Other non-current assets	38,624	-	150	-	38,774
Total non-current assets	3,644,508	24,081,947	726,650	-	28,453,105
Total assets	$ 5,547,942	$ 28,142,975	$ 755,070	$ (2,728,187)	$ 31,717,800

See independent auditors' report.

Pisgah Valley
Combining Balance Sheet
December 31, 2019 **(Continued)**

	Pisgah Valley	Pisgah Valley Properties	Unit Owners Association	Eliminations	Combined
LIABILITIES AND MEMBERS' EQUITY					
Current liabilities:					
Long-term debt, current portion	$ -	$ 388,291	$ -	$ -	$ 388,291
Resident refunds, current portion	-	1,000,000	-	-	1,000,000
Deferred revenue from monthly fees	91,374	-	-	-	91,374
Accounts payable and accrued expenses	1,472,624	23,278	-	(1,242,524)	253,378
Accrued payroll and related withholdings	601,453	-	-	-	601,453
Intercompany payables - Pisgah Valley	1,485,663	-	-	(1,485,663)	-
Total current liabilities	3,651,114	1,411,569	-	(2,728,187)	2,334,496
Long-term liabilities:					
Long-term debt, net	-	13,881,157	-	-	13,881,157
Due to related parties	2,119,694	-	-	-	2,119,694
Notes payable	104,800	-	-	-	104,800
Resident refunds, less current portion	-	10,324,380	-	-	10,324,380
Deferred revenue from entrance fees	-	1,848,909	-	-	1,848,909
Total long-term liabilities	2,224,494	26,054,446	-	-	28,278,940
Total liabilities	5,875,608	27,466,015	-	(2,728,187)	30,613,436
Members' equity	(327,666)	676,960	755,070	-	1,104,364
Total liabilities and members' equity	$ 5,547,942	$ 28,142,975	$ 755,070	$ (2,728,187)	$ 31,717,800

See independent auditors' report.

Pisgah Valley
Combining Statement of Operations
Year Ended December 31, 2019

	Pisgah Valley	Pisgah Valley Properties	Unit Owners Association	Eliminations	Combined
Revenues, gains and other support:					
Entrance fee amortization	$ -	$ 253,691	$ -	$ -	$ 253,691
Independent living revenue	927,718	-	260,618	(205,540)	982,796
Assisted living revenue	1,230,473	-	-	-	1,230,473
Skilled nursing revenue	10,957,811	-	-	-	10,957,811
Rent revenue	1,400	1,491,028	-	(1,491,028)	1,400
Management fees	261,600	-	-	(261,600)	-
Other revenue	156,243	151,849	-	-	308,092
Total revenues, gains and other support	13,535,245	1,896,568	260,618	(1,958,168)	13,734,263
Expenses:					
Resident and member services:					
Independent living expenses	159,802	-	-	-	159,802
Assisted living expenses	308,990	-	-	-	308,990
Skilled nursing expenses	6,266,207	-	-	-	6,266,207
Dietary	981,311	-	-	-	981,311
Laundry	179,369	-	-	-	179,369
Housekeeping	412,839	-	-	-	412,839
Plant operations and maintenance	1,349,521	-	-	(205,540)	1,143,981
General and administrative	1,215,763	36,716	398	-	1,252,877
Management fee	812,328	1,200	261,600	(261,600)	813,528
Property costs	1,618,266	-	-	(1,491,028)	127,238
Interest expense and financing cost amortization	294	584,559			584,853
Depreciation and amortization	197,339	628,632	-	-	825,971
Total expenses	13,502,029	1,251,107	261,998	(1,958,168)	13,056,966
Net income (loss)	$ 33,216	$ 645,461	$ (1,380)	$ -	$ 677,297

See independent auditors' report.

Pisgah Valley

Combining Statement of Cash Flows

Year Ended December 31, 2019

	Pisgah Valley	Pisgah Valley Properties	Unit Owners Association	Eliminations	Combined
Cash flows from operating activities:					
Net income (loss)	$ 33,216	$ 645,461	$ (1,380)	$ -	$ 677,297
Adjustments to reconcile change in net income (loss) to net cash provided (used) by operating activities:					
Depreciation	195,451	628,632	-	-	824,083
Amortization of deferred financing costs	-	42,569	-	-	42,569
Amortization of advance fees	-	(253,691)	-	-	(253,691)
Amortization of deferred marketing costs	1,888	-	-	-	1,888
Provision for bad debts	226,791	-	-	-	226,791
Unrealized and realized gains on investments	-	(62,809)	-	-	(62,809)
Change in working capital:					
Resident accounts receivable	(41,419)	-	1,096	-	(40,323)
Other receivables	(89,341)	(1,015,065)	-	745,515	(358,891)
Accrued interest on notes receivable	-	(89,040)	-	-	(89,040)
Inventories	23,268	-	-	-	23,268
Prepaid expenses	163,027	-	397	-	163,424
Other assets	(19,650)	-	-	-	(19,650)
Deferred revenue from monthly fees	83,100	-	-	-	83,100
Accounts payable and accrued expenses	613,354	(745)	-	(745,515)	(132,906)
Accured payroll and related withholdings	88,413	-	-	-	88,413
Advances to related parties	(262,534)	(243,604)	(14,595)	-	(520,733)
Intercompany receivables and payables	(114,560)	100,078	14,482	-	-
Net cash provided (used) by operating activities	901,004	(248,214)	-	-	652,790

See independent auditors' report.

Pisgah Valley

Combining Statement of Cash Flows

Year Ended December 31, 2019

(Continued)

	Pisgah Valley	Pisgah Valley Properties	Unit Owners Association	Eliminations	Combined
Cash flows from investing activities:					
Capital additions	$ (341,335)	$ (426,585)	$ -	$ -	$ (767,920)
Increase in intangibles	-	(5,000)	-	-	(5,000)
Purchase of securities	-	(3,000,000)	-	-	(3,000,000)
Sales of securities	-	2,007,178	-	-	2,007,178
Net cash used by investing activities	(341,335)	(1,424,407)	-	-	(1,765,742)
Cash flows from financing activities:					
Principal payment of long-term debt	$ (6,709)	$ (375,689)	$ -	$ -	$ (382,398)
Issuance of promissory notes payable	104,800	-	-	-	104,800
Members' distributions	-	(2,000,000)	-	-	(2,000,000)
Entrance fees received	-	2,859,076	-	-	2,859,076
Resident refunds of entrance fees	-	(1,337,660)	-	-	(1,337,660)
Net cash provided (used) by financing activities	98,091	(854,273)	-	-	(756,182)
Change in cash and cash equivalents	657,760	(2,526,894)	-	-	(1,869,134)
Cash and cash equivalents, beginning of year	17,787	3,618,759	-	-	3,636,546
Cash and cash equivalents, end of year	$ 675,547	$ 1,091,865	$ -	$ -	$ 1,767,412
Supplemental disclosure of cash flow information:					
Cash paid during the year for interest	$ (114,266)	$ 642,068	$ 14,482	$ -	$ 542,284
Reconciliation of cash and restricted cash to the combining balance sheet:					
Cash	$ 661,705	$ 1,091,865	$ -	$ -	$ 1,753,570
Cash - restricted	13,842	-	-	-	13,842
	$ 675,547	$ 1,091,865	$ -	$ -	$ 1,767,412

See independent auditors' report.

EXHIBIT B

ACTUAL VERSUS FORECASTED RESULTS

[ATTACHED]

Pisgah Valley
Material Difference Narrative
At and For the Year Ended December 31, 2019

For purposes of comparison, Pisgah Valley used the following financial reports as of and for the year ended (actual)/ending (forecasted) December 31, 2019:

Audited - Obtained from the combining audited financial statements of Pisgah Valley as of and for the year ended December 31, 2019.

Forecasted - Obtained from the forecasted financial statements with the Independent Accountants' Compilation Report dated May 30, 2019, which was included in the Pisgah Valley Disclosure Statement dated May 31, 2019.

The following explanations are furnished pursuant to Section 58-64-30 of the General Statutes of North Carolina. The explanations pertain to material differences between the Pisgah Valley's audited and forecasted financial statements, as described above, as of and for the year ending December 31, 2019. See the summary Balance Sheets, Statements of Operations and Statements of Cash Flows behind this narrative for amounts and percentages.

For purposes of this narrative, "material" differences are considered to be variances of $1,000,000 and 10% on line item amounts.

Pisgah Valley

Material Difference Narrative

At and For the Year Ended December 31, 2019

Balance Sheets:

1. Notes Receivable - Notes receivable represent short-term promissory notes with two members. Notes receivable were more than forecasted by approximately $4,500,000 (100%) since the forecast assumed these notes would be paid off at the end of 2019 per the original terms of the notes. The term of the notes was extended to 2022.

2. Investments - Investments represent investments in government securities. Investments were less than forecasted by approximately $7,100,000 (87%). The forecast assumed excess cash would be invested in government securities. In actuality, $3,000,000 of excess cash was transferred to government securities early in 2019. At the end of 2019 $2,000,000 was withdrawn and distributed to the two owners as an equity distribution.

3. Resident Refunds Payable - Resident refunds payable represent refundable entrance fees. The forecasted financial statements assumed approximately $12,300,000 in total entrance fee refunds payable. In 2019 there was approximately $11,300,000 in total entrance fee refunds payable. While unit turnover was more than forecasted, more residents selected the nonrefundable contract option than forecasted.

4. Members' Equity - Members' equity was approximately $1,900,000 (84%) less than forecasted. This was primarily due to a $2,000,000 distribution to the members (see note #2 regarding Investments above).

Pisgah Valley
Material Difference Narrative
At and For the Year Ended December 31, 2019

Statements of Operations and Changes in Members' Equity:

Members' Distribution - See note #4 above regarding Members' Equity.

Statements of Cash Flows:

5. Net Change in Current Assets and Liabilities - The net change in current assets and liabilities was approximately $5,100,000 less than forecasted. This was primarily due to the assumption in the forecast of the repayment of $4,500,000 in owners' notes receivable (see note #1 regarding Notes Receivable above); whereas in actuality the note terms were extended and remain unpaid at 12/31/2019.

   Change in Investments - See note #2 above regarding Investments.

   Members' Distribution - See note #4 above regarding Members' Equity.

Pisgah Valley
At December 31, 2019

Balance Sheet (in '000s)	2019 Forecast	2019 Actual: Pisgah Valley Retirement Center, LLC	2019 Actual: Pisgah Valley Retirement Center Properties, LLC	2019 Actual: Eliminations	2019 Actual: Total	Variance		See Material Difference Narrative
Assets:								
Current assets:								
Cash	$ 998	$ 662	$ 1,092	$ -	$ 1,754	$ 756	76%	
Cash - restricted	-	14	-	-	14	14	100%	
Accounts receivable:								
Resident accounts receivable, net	1,267	968	-	-	968	(299)	-24%	
Other	47	136	1,512	(1,242)	406	359	764%	
Inventories	84	50	-	-	50	(34)	-40%	
Prepaid expenses	114	73	-	-	73	(41)	-36%	
Intercompany receivable - Pisgah Valley		-	1,457	(1,457)	-	-	100%	
Total current assets	2,510	1,903	4,061	(2,699)	3,265	755		
Noncurrent assets:								
Notes receivable	-	-	4,500	-	4,500	4,500	100%	(1)
Investments	8,137	-	1,056	-	1,056	(7,081)	-87%	(2)
Property and equipment, net	17,668	1,243	15,621	-	16,864	(804)	-5%	
Accounts Receivable - related parties	1,502	2,345	-	-	2,345	843	56%	
Intangible assets	2,900	-	2,905	-	2,905	5	0%	
Deferred marketing costs, net	-	18	-	-	18	18	100%	
Other non-current assets	38	39	-	-	39	1	3%	
Total noncurrent assets	30,245	3,645	24,082	-	27,727	(2,518)		
Total assets	$ 32,755	$ 5,548	$ 28,143	$ (2,699)	$ 30,992	$ (1,763)		
Liabilities and Members' Equity:								
Current liabilities:								
Long-term debt, current portion	388	-	388	-	388	-	0%	
Resident refunds, current portion	600	-	1,000	-	1,000	400	67%	
Deferred revenue from monthly fees	8	91	-	-	91	83	1038%	
Accounts payable and accrued expenses	293	1,473	24	(1,242)	255	(38)	-13%	
Accrued payroll and related withholdings	540	601	-	-	601	61	11%	
Intercompany payables - Pisgah Valley	40	1,486	-	(1,457)	29	(11)	-28%	
Total current liabilities	1,869	3,651	1,412	(2,699)	2,364	495		
Long-term liabilities:								
Long-term debt, less current portion, net of deferred financing costs	13,880	-	13,881	-	13,881	1	0%	
Resident refunds payable, less current portion	11,725	-	10,324	-	10,324	(1,401)	-12%	(3)
Deferred revenue, net	1,254	-	1,849	-	1,849	595	47%	
Due to related parties	1,783	2,120	-	-	2,120	337	19%	
Notes payable - owners	-	105	-	-	105	105	100%	
Total long-term liabilities	28,642	2,225	26,054	-	28,279	(363)		
Total liabilities	30,511	5,876	27,466	(2,699)	30,643	132		
Members' equity	2,244	(328)	677	-	349	(1,895)	-84%	(4)
Total liabilities and members' equity	$ 32,755	$ 5,548	$ 28,143	$ (2,699)	$ 30,992	$ (1,763)		

Pisgah Valley
For the Year Ended December 31, 2019

Statement of Operations and Changes in Members' Equity(in 000s)	2019 Forecast	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Eliminations	Total	Variance		
Revenue:								
Entrance fee amortization	$ 153	$ -	$ 254	$ -	$ 254	$ 101	66%	
Independent living service fees	1,018	928	-	-	928	(90)	-9%	
Assisted living revenue	1,300	1,230	-	-	1,230	(70)	-5%	
Skilled nursing service fees	10,807	10,958	-	-	10,958	151	1%	
Rent revenue	-	1	1,491	(1,491)	1	1	100%	
Management fees	262	262	-	-	262	-	0%	
Other revenue	185	156	152	-	308	123	66%	
Total Revenue	13,725	13,535	1,897	(1,491)	13,941	216		
Expenses:								
Independent living	197	160	-	-	160	(37)	-19%	
Assisted living	335	309	-	-	309	(26)	-8%	
Skilled nursing	6,163	6,266	-	-	6,266	103	2%	
Dietary	980	981	-	-	981	1	0%	
Housekeeping	433	413	-	-	413	(20)	-5%	
Laundry & Linen	197	179	-	-	179	(18)	-9%	
General & Administrative	1,211	1,216	37	-	1,253	42	3%	
Management fees	803	812	1	-	813	10	1%	
Plant & Operations/maintenance	1,289	1,350	-	-	1,350	61	5%	
Property costs/Physical plant	134	1,618	-	(1,491)	127	(7)	-5%	
Interest expense	585	-	585	-	585	-	0%	
Depreciation	826	197	629	-	826	-	0%	
Total expenses	13,153	13,501	1,252	(1,491)	13,262	109		
Net income/(loss) from operations	572	34	645	-	679	107		
Members' equity, beginning of year	1,672	(362)	2,032	-	1,670	(2)	0%	
Members' distribution	-		(2,000)		(2,000)	(2,000)	100%	(4)
Members' equity, end of year	$ 2,244	$ (328)	$ 677	$ -	$ 349	$ (1,895)		

Pisgah Valley
For the Year Ended December 31, 2019

Statement of Cash Flows (in 000s)	2019 Forecast	alley Retirement Cen	Pisgah Valley Retirement Center Properties, LLC	Eliminations	Total	Variance		
Cash flows from operating activities:								
Net income (loss) from operations	$ 572	$ 33	$ 645	$ -	$ 678	$ 106	19%	
Adjustments to reconcile net income (loss) from operations to net cash provided by (used in) operating activities:								
Depreciation	826	195	629	-	824	(2)	0%	
Amortization of deferred financing costs	42	-	43	-	43	1	2%	
Amortization of entrance fees	(153)	-	(254)	-	(254)	(101)	66%	
Amortization of deferred marketing costs	-	2	-	-	2	2	100%	
Provision for bad debts	87	227	-	-	227	140	161%	
Unrealized and realized gains on investments	-	-	(63)	-	(63)	(63)	100%	
Net change in current assets and liabilities	4,254	444	(1,248)	-	(804)	(5,058)	-119%	(5)
Net cash provided by (used in) operating activities	5,628	901	(248)	-	653	(4,975)		
Cash flows from investing activities:								
Capital additions	(1,574)	(341)	(432)	-	(773)	801	-51%	
Change in investments	(8,137)	-	(993)	-	(993)	7,144	-88%	(2)
Net cash provided by (used in) investing activities	(9,711)	(341)	(1,425)	-	(1,766)	7,945		
Cash flows from financing activities:								
Principal payment of long-term debt and capital lease obligations	(384)	(7)	(376)	-	(383)	1	0%	
Issuance of promissory notes payable	-	105	-	-	105	105	100%	
Members' distributions	-	-	(2,000)	-	(2,000)	(2,000)	100%	(4)
Entrance fees received	2,427	-	2,859	-	2,859	432	18%	
Resident refunds of entrance fees	(600)	-	(1,338)	-	(1,338)	(738)	123%	
Net cash provided by (used in) financing activities	1,443	98	(855)	-	(757)	(2,200)		
Change in cash and investments	(2,640)	658	(2,528)	-	(1,870)	770		
Cash and investments/Cash and cash equivalents, beginning of year	3,638	18	3,619	-	3,637	(1)	0%	
Cash and investments/Cash and cash equivalents, end of year	$ 998	$ 676	$ 1,091	$ -	$ 1,767	$ 769		

EXHIBIT C

INTERIM FINANCIAL STATEMENTS

[ATTACHED]

Pisgah Valley
Consolidated Statements of Operations and Changes in Members' Equity
For the Three Months Ended March 31, 2020

	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Pisgah Estates Unit Owners Association	Eliminations	Consolidated
Revenue:					
Advance fee amortization	$ -	$ 56,043	$ -	$ -	$ 56,043
Net resident revenue:					
Independent living revenue	256,879	-	66,123	(53,145)	269,857
Assisted living revenue	316,032	-	-	-	316,032
Skilled nursing revenue	2,846,784	-	-	-	2,846,784
Provision for bad debt	(22,215)	-	-	-	(22,215)
Management fee revenue	66,096	-	-	(66,096)	-
Other revenue	27,391	-	-	-	27,391
Total operating revenue	3,490,967	56,043	66,123	(119,241)	3,493,892
Expense:					
Direct Expense:					
Nursing services	1,146,991	-	-	-	1,146,991
Dietary	253,015	-	-	-	253,015
Wellness	25,504	-	-	-	25,504
Patient activities	54,852	-	-	-	54,852
Social services	31,677	-	-	-	31,677
Physical therapy	111,328	-	-	-	111,328
Occupational therapy	80,278	-	-	-	80,278
Speech therapy	60,708	-	-	-	60,708
Respiratory therapy	4,815	-	-	-	4,815
Medical supplies	113,292	-	-	-	113,292
Other ancillaries	18,103	-	-	-	18,103
Total direct expense	1,900,563	-	-	-	1,900,563
GROSS MARGIN	**1,590,404**	**56,043**	**66,123**	**(119,241)**	**1,593,329**
% GROSS MARGIN	**46%**	**100%**	**100%**	**100%**	**46%**

Indirect Expense:					
Housekeeping	104,012	-	-	-	104,012
Laundry and linen	42,606	-	-	-	42,606
Barber and beauty	3,841	-	-	-	3,841
General and administrative	308,243	7,918	-	-	316,161
Management fee expense	207,265	300	66,096	(66,096)	207,565
Transportation	25,025	-	-	-	25,025
Plant operations	346,853	-	-	(53,145)	293,708
Physical plant	21,871	-	-	-	21,871
Total indirect expense	1,059,716	8,218	66,096	(119,241)	1,014,789
Total expense	2,960,279	8,218	66,096	(119,241)	2,915,352
EBITDAR	**530,688**	**47,825**	**27**	**-**	**578,540**
% EBITDAR	**15%**	**85%**	**0%**	**0%**	**17%**
Other revenue/(expense):					
Gain/(loss) on disposal of assets	(1,576)	-	-	-	(1,576)
Investment income/interest income	1,558	56,668	-	-	58,226
Investment/interest expense	-	(155,139)	-	-	(155,139)
Amortization of deferred financing costs	-	(10,542)	-	-	(10,542)
Rent revenue	1,050	372,757	-	(373,807)	-
Rent expense	(383,524)	-	-	373,807	(9,717)
Depreciation and amortization	(54,213)	(160,981)	-	-	(215,194)
Extrordinary expense	(36,810)	-	-	-	(36,810)
Total other revenue/expense	(473,515)	102,763	-	-	(370,752)
NET INCOME/(LOSS)	**57,173**	**150,588**	**27**	**-**	**207,788**
Members' equity/(deficit), beginning of year	(327,666)	676,960	755,070	-	1,104,364
Members' contributions	-	-	-	-	-
Members' distributions				-	-
Members' equity/(deficit), end of year	$ (270,493)	$ 827,548	$ 755,097	$ -	$ 1,312,152

Pisgah Valley
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2020

	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Pisgah Estates Unit Owners Association	Eliminations	Consolidated
Cash flows from operating activities:					
Net income/(loss)	$ 57,173	$ 150,588	$ 27	$ -	$ 207,788
Adjustments to reconcile income/(loss)				-	
to net cash provided by operating activities:				-	-
Depreciation	52,653	160,981	-	-	213,634
Amortization of deferred financing costs	-	10,542	-	-	10,542
(Gain)/loss on disposal of assets	(1,576)	-	-	-	(1,576)
Amortization of advance fees	-	(56,043)	-	-	(56,043)
Amortization of deferred marketing costs	1,560	-	-	-	1,560
Provision for bad debts	22,215	-	-	-	22,215
Unrealized (gain)/loss on investments	-	(62,809)	-	-	(62,809)
Change in working capital:				-	
Resident accounts receivable	(252,088)	-	(291)	-	(252,379)
Other receivables	(12)	1,512,075	-	-	1,512,063
Notes receivable - owners	-	(57,579)	-	-	(57,579)
Inventories	-	-	-	-	-
Prepaid expenses	(89,978)	-	-	-	(89,978)
Accounts receivables - related parties	2,000,159	(15,000)	-	-	1,985,159
Intercompany receivables - Pisgah Valley	(26,007)	(48,187)	264	73,930	-
Other assets	-	-	-	-	-
Deferred revenue, current	25,597	-	-	-	25,597
Accounts payable and other accrued expenses and other payables	(1,176,007)	21,900	-	-	(1,154,107)
Accrued payroll and related withholdings	58,449	-	-	-	58,449
Resident refunds	-	-	-	-	-
Accounts payable - related parties	249,813	200	-	-	250,013
Intercompany payables - Pisgah Valley	47,923	26,007	-	(73,930)	-
Cash flows from operating activities	969,874	1,642,675	-	-	2,612,549
Cash flows from investing activities:					
Capital additions	(149,026)	(207,549)	-	-	(356,575)
Proceeds from sale of assets	-	-	-	-	-
Change in investments	-	65,595	-	-	65,595
Cash flows from investing activities	(149,026)	(141,954)	-	-	(290,980)

Cash flows from financing activities:					
Proceeds from long-term debt	-	-	-	-	-
Deferred financing costs	-	-	-	-	-
Principal payment of long-term debt and capital lease obligations	-	(96,369)	-	-	(96,369)
Notes payable - owners	-	-	-	-	-
Member contributions/(distributions)	-	-	-	-	-
Entrance fees received	-	572,719	-	-	572,719
Resident refunds of entrance fees	-	(633,330)	-	-	(633,330)
Cash flows from financing activities	-	(156,980)	-	-	(156,980)
Change in cash and cash equivalents	820,848	1,343,741	-	-	2,164,589
Cash and cash equivalents, beginning of year	675,547	1,091,865	-	-	1,767,412
Cash and cash equivalents, end of year	$ 1,496,395	$ 2,435,606	$ -	$ -	$ 3,932,001
Cash - unrestricted	$ 1,481,583	$ 2,435,606	$ -	$ -	$ 3,917,189
Cash - restricted/invested	14,812	-	-	-	14,812
Total cash	$ 1,496,395	$ 2,435,606	$ -	$ -	$ 3,932,001

Pisgah Valley
Consolidated Balance Sheets
March 31, 2020

	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Pisgah Estates Unit Owners Association	Eliminations	Consolidated
Assets					
Current assets:					
Cash	$ 1,481,583	$ 2,435,606	$ -	$ -	$ 3,917,189
Cash - restricted	14,812	-	-	-	14,812
Accounts receivable:				-	
Resident accounts receivable, net	1,198,257	-	36	-	1,198,293
Other	136,364	-	-	-	136,364
Inventories	50,232	-	-	-	50,232
Prepaid expenses	162,897	100	-	-	162,997
Intercompany receivables - Pisgah Valley	26,007	1,505,175	28,411	(1,559,593)	-
Total current assets	3,070,152	3,940,881	28,447	(1,559,593)	5,479,887
Non-current assets:					
Notes receivable - owners	-	4,557,957	-	-	4,557,957
Investments	-	1,052,845	-	-	1,052,845
Property and equipment	1,340,873	15,667,506	726,500	-	17,734,879
Intangible assets	-	2,905,000	-	-	2,905,000
Due from related parties	345,039	15,000	-	-	360,039
Deferred marketing costs, net of amortization	21,715	-	-	-	21,715
Other non-current assets	38,624	-	150	-	38,774
Total non-current assets	1,746,251	24,198,308	726,650	-	26,671,209
Total assets	$ 4,816,403	$ 28,139,189	$ 755,097	$ (1,559,593)	$ 32,151,096
Liabilities and Members' Equity/(Deficit)					
Current liabilities:					
Long-term debt and capital lease obligation, current portion	$ -	$ 388,291	$ -	$ -	$ 388,291
Resident refunds, current portion:				-	
Entrance fees	-	1,000,000	-	-	1,000,000
Other	-	-	-	-	-
Deferred revenue, current portion	116,971	-	-	-	116,971
Accounts payable and accrued expenses	302,130	45,178	-	-	347,308
Accrued payroll and related withholdings	659,902	-	-	-	659,902
Intercompany payables - Pisgah Valley	1,533,586	26,007	-	(1,559,593)	-

Total current liabilities	2,612,589	1,459,476	-	(1,559,593)	2,512,472
Non-current liabilities and deferred revenue:					
Long-term debt and capital lease obligation, less current portion	-	13,978,053	-	-	13,978,053
Deferred financing costs, net of accumulated amortization	-	(182,723)	-	-	(182,723)
Resident entrance fees payable, less current portion	-	10,203,885	-	-	10,203,885
Deferred revenue - entrance fees	-	1,852,750	-	-	1,852,750
Due to related parties	2,369,507	200	-	-	2,369,707
Notes payable - owners	104,800	-	-	-	104,800
Total non-current liabilities and deferred revenue	2,474,307	25,852,165	-	-	28,326,472
Total liabilities and deferred revenue	5,086,896	27,311,641	-	(1,559,593)	30,838,944
Members' equity/(deficit)	(270,493)	827,548	755,097	-	1,312,152
Total liabilities and members' equity/(deficit)	$ 4,816,403	$ 28,139,189	$ 755,097	$ (1,559,593)	$ 32,151,096

EXHIBIT D

5-YEAR PROSPECTIVE FINANCIAL STATEMENTS

[ATTACHED]

Pisgah Valley

Compilation of a Financial Projection

For Each of the Five Years Ending
December 31, 2024

(with Independent Accountants'
Compilation Report thereon)

Pisgah Valley

Compilation of a Financial Projection

TABLE OF CONTENTS

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Independent Accountants' Compilation Report

Pisgah Valley
Candler, North Carolina

Management of Pisgah Valley, a group of entities under common control, (the "Company") and the day-to-day operating manager, Liberty Living Management, LLC (collectively "Management") is responsible for the accompanying financial projection of the Company, which comprises the projected combined balance sheets as of and for each of the five years ending December 31, 2024, the related projected combined statements of operations, changes in members' equity, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying projection and this report were prepared for inclusion with the disclosure statement filing requirements of North Carolina General Statutes, Chapter 58, Article 64 and should not be used for any other purpose.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial projection 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, or provide any form of assurance on this financial projection. The projected results may not be achieved as there will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Furthermore, even if the hypothetical assumption occurs during the projection period that the Company is able to refinance its current mortgage loan during fiscal year 2020 at rates and terms similar to those assumed in the projection, 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.

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

Dixon Hughes Goodman LLP

Atlanta, Georgia
May 29, 2020

Pisgah Valley

Projected Combined Statements of Operations and Changes in Members' Equity
For Each of the Five Years Ending December 31,
(In Thousands)

	2020	2021	2022	2023	2024
Revenue:					
Entrance fee amortization	$ 254	$ 292	$ 314	$ 338	$ 366
Independent living	1,081	1,153	1,239	1,343	1,428
Assisted living	1,309	1,332	1,372	1,414	1,456
Skilled nursing	11,553	11,894	12,261	12,631	13,042
Other revenue	131	133	136	139	141
Total operating revenue	14,328	14,804	15,322	15,865	16,433
Expenses:					
Independent living	181	184	188	192	196
Assisted living	444	453	462	471	480
Skilled nursing	6,758	6,893	7,031	7,172	7,315
Dietary	1,036	1,057	1,079	1,100	1,122
Housekeeping	474	484	494	503	513
Laundry and linen	203	207	211	215	220
General and administrative	1,219	1,243	1,268	1,293	1,319
Management fees	848	874	904	935	967
Plant operations	1,134	1,150	1,165	1,180	1,197
Physical plant	76	77	79	80	82
Total operating expenses	12,373	12,622	12,881	13,141	13,411
Operating income	1,955	2,182	2,441	2,724	3,022
Other income (expenses):					
Interest income	123	156	161	165	169
Interest expense	(573)	(531)	(520)	(505)	(491)
Rent expense	(36)	(43)	(43)	(43)	(43)
Depreciation and amortization of deferred marketing costs	(816)	(906)	(963)	(1,024)	(1,081)
Total other revenue (expenses)	(1,302)	(1,324)	(1,365)	(1,407)	(1,446)
Net income	653	858	1,076	1,317	1,576
Members' equity, beginning of year	1,104	1,757	2,615	3,691	5,008
Members' equity, end of year	$ 1,757	$ 2,615	$ 3,691	$ 5,008	$ 6,584

See accompanying Independent Accountants' Compilation Report and Summary of Significant Projection Assumptions and Rationale

Pisgah Valley

Projected Combined Statements of Cash Flows
For Each of the Five Years Ending December 31,
(In Thousands)

	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Net income	$ 653	$ 858	$ 1,076	$ 1,317	$ 1,576
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation	816	899	954	1,013	1,072
Entrance fee amortization	(254)	(292)	(314)	(338)	(366)
Amortization of deferred marketing costs	-	7	9	11	9
Amortization of deferred financing costs	43	37	37	37	37
Changes in working capital					
Resident accounts receivable, net	(47)	(33)	(32)	(33)	(36)
Accrued interest and notes receivable	(148)	(123)	(127)	(130)	(133)
Inventories	(19)	(1)	(2)	(1)	(2)
Prepaid expenses	4	(1)	(2)	(1)	(2)
Receivables-related parties	886	(801)	(1,128)	(1,391)	(1,763)
Other assets	(7)	(8)	(9)	(10)	(10)
Accounts payable and accrued expenses	97	38	35	34	35
Accrued payroll and related withholdings	51	16	14	14	15
Accounts payable-relates parties	(2,120)	-	-	-	-
Cash flows from operating activities	(45)	596	511	522	432
Cash flows from investing activities:					
Capital additions	(748)	(738)	(778)	(794)	(838)
Change in investments	(29)	(30)	(31)	(32)	(33)
Cash flows from investing activities	(777)	(768)	(809)	(826)	(871)
Cash flows from financing activities:					
Proceeds from 2020 Loan	14,237	-	-	-	-
Deferred financing costs	(93)	-	-	-	-
Principal payment of long-term debt	(14,607)	(359)	(370)	(385)	(399)
Entrance fees received	1,533	1,562	1,930	1,989	2,389
Resident refunds of entrance fees	(1,001)	(1,031)	(1,262)	(1,300)	(1,551)
Cash flows from financing activities	69	172	298	304	439
Change in cash	(753)	-	-	-	-
Cash, beginning of year	1,767	1,014	1,014	1,014	1,014
Cash, end of year	$ 1,014	$ 1,014	$ 1,014	$ 1,014	$ 1,014
Cash reconciliation:					
Cash - unrestricted	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Cash - restricted	14	14	14	14	14
Total cash	$ 1,014	$ 1,014	$ 1,014	$ 1,014	$ 1,014

See accompanying Independent Accountants' Compilation Report and Summary of Significant Projection Assumptions and Rationale

Pisgah Valley

Projected Combined Balance Sheets
For Each of the Five Years Ending December 31,
(In Thousands)

Assets	2020	2021	2022	2023	2024
Current assets:					
Cash	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Cash - restricted	14	14	14	14	14
Accounts receivable:					
Resident accounts receivable, net	1,015	1,048	1,080	1,113	1,149
Other	405	405	405	405	405
Inventories	69	70	72	73	75
Prepaid expenses	69	70	72	73	75
Total current assets	2,572	2,607	2,643	2,678	2,718
Non-current assets:					
Notes receivable	4,648	4,771	4,898	5,028	5,161
Investments	1,085	1,115	1,146	1,178	1,211
Property and equipment, net	17,522	17,361	17,185	16,966	16,732
Intangible assets	2,905	2,905	2,905	2,905	2,905
Due from related parties	1,459	2,260	3,388	4,779	6,542
Deferred marketing costs, net of amortization	25	26	26	25	26
Other non-current assets	39	39	39	39	39
Total non-current assets	27,683	28,477	29,587	30,920	32,616
Total assets	$ 30,255	$ 31,084	$ 32,230	$ 33,598	$ 35,334

Liabilities and Members' Equity	2020	2021	2022	2023	2024
Current liabilities:					
Long-term debt, current portion	$ 359	$ 370	$ 385	$ 399	$ 413
Resident refunds payable, current portion:	1,031	1,262	1,300	1,551	1,597
Deferred revenue from monthly fees	91	91	91	91	91
Accounts payable and accrued expenses	350	388	423	457	492
Accrued payroll and related withholdings	652	668	682	696	711
Total current liabilities	2,483	2,779	2,881	3,194	3,304
Non-current liabilities:					
Long-term debt, net	13,490	13,157	12,809	12,447	12,071
Resident refunds, less current portion	10,657	10,801	11,238	11,477	12,030
Deferred revenue from entrance fees	1,763	1,627	1,506	1,367	1,240
Notes payable, owners	105	105	105	105	105
Total non-current liabilities	26,015	25,690	25,658	25,396	25,446
Total liabilities	28,498	28,469	28,539	28,590	28,750
Members' equity	1,757	2,615	3,691	5,008	6,584
Total liabilities and members' equity	$ 30,255	$ 31,084	$ 32,230	$ 33,598	$ 35,334

See accompanying Independent Accountants' Compilation Report and Summary of Significant Projection Assumptions and Rationale

General

The accompanying financial projection presents, to the best of the knowledge and belief of management of Pisgah Valley, a group of entities under common control, (the "Company") and the day-to-day operating manager, Liberty Living Management, LLC ("Liberty Living Management") (the "Operating Manager") (collectively, "Management"), the expected financial position, results of operations and changes in members' equity, and cash flows of the Company as of and for the each of the five years ending December 31, 2024. Accordingly, the accompanying financial projection reflects Management's judgment as of May 29, 2020, the date of this projection, of the expected conditions and its expected course of action during the projection period assuming that the hypothetical assumption defined below occur. However, even if the hypothetical assumption stated below were to occur, 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.

Management's purpose in releasing this financial projection is for inclusion in the Company's annual disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements.

Basis of Presentation – The prospective financial statements included in the projection have been prepared in accordance with the accounting principles generally accepted in the United States of America. Significant accounting policies are described in the appropriate assumptions and notes to the prospective financial statements. The assumptions described are not all-inclusive.

Hypothetical Assumptions – A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation. Hypothetical assumptions are not derived from sources, which are based upon supporting documentation such as contracts, agreements, or other empirical data. Management has prepared its financial projection assuming the hypothetical assumption that the Company is able to refinance its current mortgage loan during fiscal year 2020 at rates and terms similar to those assumed in the projection.

Background

Pisgah Valley is an economic entity comprised of three individual companies listed below. The Company provides senior living services in Candler, North Carolina. Services include providing and maintaining independent living apartments, assisted living services, skilled nursing care, and supporting services.

Pisgah Valley Retirement Center Properties, LLC ("Pisgah Valley Properties") is a North Carolina for-profit limited liability company formed for the purpose of developing and owning real property and the buildings of the Company. Pisgah Valley Properties, through acquisition, holds the certificate of need ("CON") for 118 skilled nursing beds. The value of the CON is recorded as an intangible asset on Pisgah Valley Properties. Pisgah Valley Properties is owned by Liberty Real Properties VII, LLC, a North Carolina for-profit limited liability company.

Pisgah Valley Retirement Center, LLC ("Pisgah Valley Retirement Center") is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating independent living units, assisted living, and skilled nursing beds. Pisgah Valley is owned by Liberty Senior Living, LLC, a North Carolina limited liability company. Liberty Senior Living, LLC is owned by Liberty Healthcare Group, LLC, (the "Liberty Healthcare Group") a North Carolina for-profit limited liability company.

Pisgah Valley Retirement Center and Pisgah Valley Properties are co-providers of a continuing care retirement community ("CCRC") known as Pisgah Valley Retirement Community (the "Community"), licensed by the State of North Carolina.

Pisgah Estates Unit Owners Association (the "Unit Owners Association") is a North Carolina not-for-profit company formed in accordance with the North Carolina Condominium Act for the purpose of owning and managing the commonly owned property of the Company's independent living units. The Unit Owners Association began operations in 1975 and was incorporated in September 2008.

Intercompany Agreements

Pisgah Valley Properties entered into a lease agreement February 2, 2018 with Pisgah Valley Retirement Center, under which Pisgah Valley Retirement Center makes lease payments to Pisgah Valley Properties for use of the facilities. The lease agreement has terms of ten years with options to renew the leases for two additional terms of five years each. The rent revenue and related rent expense have been eliminated in the combined projected financial statements.

Pisgah Valley Properties has majority voting rights in the Unit Owners Association under the terms of a management agreement (the "Management Agreement"). Services are billed monthly and the Management Agreement is renewable each calendar year. The Unit Owners Association's revenue is generated exclusively through maintenance fees from independent living unit owners. The management fee revenue and related management fee expense have been eliminated in the combined projected financial statements.

Related Parties

Other entities owned by Liberty Healthcare Group provide additional benefits to the Company. These transactions are considered related party transactions and are settled through related party cash accounts and payments to the other entities.

Pisgah Valley Retirement Center entered into a professional services agreement (the “Professional Services Agreement”) effective September 1, 2019, in which Pisgah Valley Retirement Center pays a professional service fee per resident per month to Liberty Private Care, LLC, (“Liberty Private Care”) a related party who provides professional services to the Company. Pisgah Valley Retirement Center also entered into a sublease agreement effective September 1, 2019, in which Liberty Private Care pays a sublease fee monthly to Pisgah Valley Retirement Center.

Pisgah Valley Properties advanced amounts to owners of the Liberty Healthcare Group. Such advances are pursuant to a note agreement, bearing interest at 2.62 percent per annum with a maturity date of December 31, 2022. These advances, along with accrued interest, are included in non-current assets.

Pisgah Valley Retirement Center received amounts from owners of the Liberty Healthcare Group. Such payments are unsecured with an obligation to repay the balance due in the near term. These payments are included in non-current liabilities.

COVID-10 Pandemic

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States. The Centers for Disease Control and Prevention has confirmed the spread of COVID-19 to the United States, including North Carolina. In response, the federal government and a large number of state governments, including North Carolina, have imposed measures to curtail certain aspects of public life in an effort to contain COVID-19.

In addition to the direct impact to the health care industry, global investment and financial markets (including in the United States) have experienced substantial volatility, with significant declines attributed to COVID-19 concerns and associated economic impacts of the curtailment of public life described above. As with nearly all industries and companies operating through the COVID-19 pandemic, the Company expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

An outbreak of an infectious disease, including the growth in the magnitude or severity of COVID-19 cases in the Company’s service area, could result in an abnormally high demand for health care services. Further, the changing global economic conditions or global health concerns surrounding the COVID-19 pandemic may also affect the Company’s partners, suppliers, distributors and payors, potentially disrupting or delaying the Company’s supply chain, project construction progress and reimbursement by private payors.

The extent of COVID-19’s effect on the Company’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, the potential impact of the COVID-19 pandemic could materially adversely impact the Company’s financial condition, liquidity and results of operations, as well as national and local economies. Management has not estimated the potential impact of COVID-19 in its projection.

The Community

The Community is located in Candler, North Carolina on approximately 30 acres of land and consists of 72 independent living patio homes (the "Independent Living Units"), 24 multi-unit assisted housing with services (the "Assisted Living Units"), 118 skilled nursing beds (the "Skilled Nursing Beds"), a wellness center (the "Wellness Center"), and related common spaces. The following table summarizes the unit and bed configuration of the Community:

Table 1
Community Configuration

Unit Type	Total
Independent Living Units	72
Assisted Living Units	24
Skilled Nursing Beds	118
Total Unit/Bed Count	**214**

Source: Management

Unit Configuration and Fees

The following table summarizes the types of units, approximate square footage, current monthly fee ("Monthly Fee") and entrance fees ("Entrance Fees") for the Independent Living Units:

Table 2
Independent Living Unit Configuration and Fees
Weighted Average(1)

			Entrance Fees		Monthly Service Fees		
Unit Type	Number of Units	Square Footage	0% Refund	90% Refund	CCRC Contract (1) (3)	CCRC Contract (1) (3)	Homeowner Contract(2)
Independent living units:							
Two-bedroom	3	1,174	$175,407	$271,382	$1,412	$1,591	$306
Two-bedroom w/ den	25	1,240	$184,209	$284,532	$1,412	$1,591	$306
Two-bedroom w/sunroom	5	1,474	$196,299	$304,364	$1,412	$1,591	$306
Two-bedroom w/den & sunroom	39	1,540	$205,207	$317,620	$1,412	$1,591	$306
Total / Weighted Average	**72**	**1,416**	**$196,056**	**$303,284**	**$1,412**	**$1,591**	**$306**

Source: Management

(1) Management implemented a monthly service fee increase effective February 1, 2019 for new independent living resident contracts entered into on or after February 1, 2019, which resulted in a discount of approximately 12 percent for residents with contracts prior to February 1, 2019. This discount will remain in effect for the term of the resident's contract.

(2) All unit owners, regardless of occupancy, pay a monthly service fee to the Unit Owners Association. Total fees paid by Pisgah Valley Retirement Center and the related fees received by the Unit Owners Association are eliminated in the combined projected financial statements.

(3) Second person Monthly Fee for the Independent Living Units is $418 effective for the fiscal year ending December 31, 2020.

The following table summarizes the types of units, approximate square footage, current monthly fee Monthly Fee and daily fees ("Daily Fee") for the Assisted Living Units and Skilled Nursing Beds:

Table 3
Healthcare Unit Configuration and Fees

Unit Type	Number of Units	Square Footage	Monthly Fee(1)
Assisted living units:			
Small studio	18	154	$4,763
Expanded studio	6	209	$5,241
Total / Weighted Average	**24**	**168**	**$4,883**
Skilled nursing beds:			**Daily Service Fee(2)**
Semi-private	46	288	$247
Private	72	288	$297
Total / Weighted Avg.	**118**	**288**	**$278**
Total	**142**		

Source: Management

(1) Second person Monthly Fee for assisted living units is $1,188 effective fiscal year ending December 31, 2020.
(2) The Daily Service Fee for Medicare, Medicare-Managed Care, Medicaid, and Hospice are $504, $463, $187, and $187, respectively

Unit Owner Contracts

<u>Services</u> - Prior to November 2006, the Independent Living Units were sold to residents (the "Unit Owner") through a contract of sale (the "Unit Owner Contract") and the individual Unit Owner obtained the deed to the Independent Living Unit. According to the Unit Owner Contract, Pisgah Valley Properties has the right to purchase the Independent Living Unit from the Unit Owner at the Independent Living Unit's appraised value. Under the Management Agreement with the Unit Owners Association, Pisgah Valley Retirement Center is to provide services to the Unit Owners as follows:

- Water and sewer;
- Routine pest control, guaranteed termite treatment, and trash removal;
- Landscaping/lawn care;
- Snow and ice removal;
- Use of the community center; community gardens and other common areas (e.g., streets, streetlights, etc.);
- Access to on-campus medical clinic;
- Activities programming;
- Weekly transportation to shopping and on-campus transportation; and
- Real property insurance.

Right of First Refusal – Through a right of first refusal, it is Pisgah Valley Properties' intent to purchase the Independent Living Units from the Unit Owners through attrition until Pisgah Valley Properties owns all 72 Independent Living Units. As of the date of this report, Pisgah Valley Properties owns 58 Independent Living Units. Approximately two Independent Living Units are assumed to be purchased each year until all 72 Independent Living Units are owned by Pisgah Valley Properties and operated by Pisgah Valley Retirement Center.

Residence and Services Agreements

Independent Living Services - The Company has been remarketing Independent Living Units to residents (the "Resident" or "Residents") under a residence and services agreement (the "Residence and Services Agreement"). In addition to the services provided to the Unit Owners, the Company provides additional services to Residents of the Independent Living Unit as follows:

- Electricity;
- Propane;
- Cable-ready wiring;
- Bi-weekly housekeeping;
- Annual carpet cleaning;
- Membership to the Wellness Center;
- 24-hour emergency response system;
- Priority access to the assisted living and skilled nursing facilities; and
- Interior unit and appliance maintenance/replacement.

Optional services, including additional transportation, dining, and housekeeping services, are available for an extra charge as well as home care services through a related home care service provider, Liberty Private Care.

Admittance Standards – Prior to taking occupancy of a selected Independent Living Unit, the Resident will execute the Residence and Services Agreement. The terms of the Residence and Services Agreement require the Company accept persons at least 62 years of age at the time of occupancy, who demonstrate the ability to live independently and meet the financial obligations as a Resident. A reservation requires a signed Residence and Services Agreement and a 10 percent Entrance Fee deposit. Upon occupancy, Residents are expected to pay the remaining Entrance Fee and an ongoing Monthly Service Fee.

Termination by the Resident Prior to Occupancy – A Resident may cancel at any time and for any reason during the 30-day rescission period as defined in the Residence and Services Agreement (the "Rescission Period") and will receive a refund of any fees paid. After the Rescission Period, the Resident may terminate the Residence and Services Agreement for any reason at any time before moving into the Community. Under this circumstance, the Resident will receive a refund of any Entrance Fees paid less a service charge.

Termination by the Resident After Occupancy - The Resident may terminate the Residence and Services Agreement after moving into an Independent Living Unit by giving thirty (30) days prior written notice of termination, which shall be effective and irrevocable upon delivery. The amount of refund due shall be determined according to the applicable Entrance Fee amortization schedule described below. After occupancy, all monies due to be refunded to the Resident are paid within thirty (30) days after Management collects the full amount of a new Entrance Fee for the Independent Living Unit from a new Resident or 24 months after termination, whichever comes first.

Refunds of the Entrance Fee are as follows:

Refund Options	**Amortization Schedule**
90% Refund Plan	Upon termination of the Residence and Services Agreement, the Resident's potential refund would equal the original Entrance Fee paid less a 10 percent reduction. After occupancy, the refund is fixed at 90 percent.
Non-Refundable Plan	Upon termination of the Residence and Services Agreement, the Resident's potential refund would equal the original Entrance Fee paid less a 10 percent cancellation fee and five basis point reduction for each month of occupancy beginning in month 6 through month 22. No refund is available after 23 months of occupancy.

Termination Due to Death - The Residence and Services Agreement will automatically terminate upon death of the Resident (unless there is a surviving joint Resident) and a personal representative will have thirty (30) days from date of death to remove personal property from the Independent Living Unit. The Resident's estate is obligated to pay the Monthly Service Fee until the removal of possessions from the Independent Living Unit and the key is return to administration.

Termination by the Company – The Company may terminate the Residence and Services Agreement for just cause to include: (i) breach of agreement; (ii) misrepresenting information in the admission process; (iii) failure to pay any charges; (iv) Resident becomes infected with dangerous or contagious disease; or (v) violation of any reasonable procedures at the Community.

Summary of Significant Accounting Policies

Basis of Accounting and Presentation – The Company is assumed to maintain its accounting and financial records according the accrual basis of accounting.

Cash – Cash and investments include cash on hand and cash on deposit held by one financial institution.

Related-Party Transactions – The principal members of the Company and other entities which they own or with which they are associated are considered related parties. Management monitors cash flow at each related party entity and transfers cash on an as-needed basis. The cash flows between non-Company related parties are classified as non-current receivables/payables.

Statutory Operating Reserve - North Carolina General Statute section 58-64-33, requires licensed continuing care retirement communities ("CCRC") to maintain an operating reserve equal to fifty percent (50%) of the total projected operating costs (adjusted for non-cash items) in a given year. If a CCRC maintains a combined independent and assisted living occupancy in excess of 90 percent, the operating reserve amount required equals 25 percent (25%) of projected operating expenses (adjusted for non-cash items). The reserve may be funded by cash, invested cash, or investment grade securities. Management assumes that the statutory operating reserve will be funded by an irrevocable standby letter of credit from a financial institution.

Deferred Revenue from Entrance Fees – Ten percent of the Entrance Fees paid under the 90% refundable Residence and Services Agreement and all of the Entrance Fee paid under the non-refundable Residence and Services Agreement are non-refundable based on a declining balance formula outlined in the Residence and Services Agreement. In accordance with the Residence and Services Agreement beginning with the date of occupancy, Entrance Fees that are expected to be non-refundable to the Resident are recorded as deferred revenue and are amortized into revenue using the straight-line method over the estimated remaining life expectancy of the Resident. When a Resident terminates their Residence and Services Agreement, the amount of unamortized non-refundable deferred revenue from Entrance Fees is recognized as revenue.

Lease Accounting – The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Lease Accounting Standard in February 2016. ASU 2016-02 requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations and changes in members' equity. The Company is currently in the process of evaluating the impact of option of this ASU and has not made final determinations. Therefore, for purposes of the projection, ASU 2016-02 has not been implemented by the Company.

Property and Equipment – Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets or the term of the depreciable assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.

Deferred Marketing Costs – Management has implemented ASU No. 2014-09 "revenue from Contracts with Customers" and adjusted the treatment of deferred marketing costs. Previously, all marketing costs incurred by the Company in acquiring initial Resident contracts were capitalized and amortized on a straight-line basis over a period of the approximate average life expectancy of the initial Residents. Under the new standard, the Company capitalizes marketing sales commissions associated with securing new Residence and Services Agreements as an asset and amortizes these commissions over the estimated term of the respective Residence and Services Agreement.

Long-Term Debt – Long-term debt consists of a bank loan. Unamortized loan costs are reported as a reduction of the long-term debt amount.

Income Taxes – The Companies have elected to be treated as a partnership for income tax purposes. The Companies' taxable income, its losses, and other pass-through items will be reported on the members' tax returns. Accordingly, no provision for income taxes has been included in the projections.

Summary of Operating Revenue Assumptions

Utilization – The following table summarizes the assumed average utilization of the Independent Living Units, Assisted Living Units, and Skilled Nursing Beds:

Table 4
Utilization

Year Ending December 31,	Units Available	CCRC Contracts(1)	Units Occupied Homeowner Contracts(1)	Total Units	Occupied Percentage
Independent Living Units:					
2020	72	55	13	68	94%
2021	72	57	11	68	94%
2022	72	59	9	68	94%
2023	72	61	7	68	94%
2024	72	63	5	68	94%
Assisted Living Units:					
2020 - 2024	24			22	92%
Skilled Nursing Units(2):					
2020 - 2024	118		118	110	93%

Source: Management

(1) Some Independent Living Units are owned by individuals under a Contract of Sale, which gives Pisgah Valley Properties right of first refusal to purchase upon the sale of the unit.

(2) The payor mix for the Skilled Nursing Beds is assumed to be 20 percent, 17 percent, 7 percent, 52 percent, and 4 percent for private pay, Medicare-traditional, Medicare-managed care, Medicaid, and Hospice, respectively for 2020.

Independent Living Revenue

Resident service revenue for Residents living in the Independent Living Units is based upon assumed Monthly Service Fees for services provided to Residents and the assumed occupancy of the Independent Living Units. Monthly Fees for the Independent Living Units are assumed to increase 4.0 percent annually.

Assisted Living Revenue

Resident service revenue for residents living in the Assisted Living Units is based upon assumed monthly fees for services provided to residents and the assumed occupancy of the Assisted Living Units. Monthly fees for the Assisted Living Units are assumed to increase 3.0 percent annually.

Skilled Nursing Revenue

Resident service revenue for residents living in the Skilled Nursing Beds are based upon assumed Daily Fees for services provided to residents and the assumed occupancy of Skilled Nursing Beds. Daily Fees for Skilled Nursing Beds are assumed to increase 3.0 percent annually.

Other Revenue

Revenue from other revenue is assumed to be generated from guest meals and other miscellaneous sources and is assumed to increase 2.0 percent annually during the projection period.

Entrance Fees Assumptions

Move-in / Contract Types

The number of Independent Living Units move-ins due to attrition is assumed to be 5, 5, 6, 6, and 7 for fiscal years 2020, 2021, 2022, 2023, and 2024, respectively. The type of contract is assumed to be 7 percent nonrefundable and 93 percent 90 percent refundable.

Entrance Fee Refunds

Under the terms of the Residence and Services Agreement, refunds of Entrance Fees are generated as a result of death or withdrawal from the Community, subject to the re-occupancy of the vacated Independent Living Unit or 24 months, whichever is earlier. In some cases, Entrance Fees may be generated from re-occupancy of the Independent Living Units without a corresponding refund because the Resident has not withdrawn from the Community but has permanently transferred to an Assisted Living Unit or a Skilled Nursing Bed. The number of refunds is assumed to be equal to the number of move-ins annually.

Operating Expense Assumptions

Salaries, Wages and Employee Benefits - Salaries, wages and employee benefits are assumed to increase 2.0 percent annually.

Non-Salary Expenses - Non-salary expenses are assumed to increase approximately 2.0 percent annually.

Management Fee Expense - The Company is assumed to pay the Operating Manager the Management Fee for the day-to-day management of the Community. The Management Fee is assumed to be based on 5.0 percent of Independent Living revenue and 6.0 percent of Assisted Living and Skilled Nursing revenue.

Statutory Operating Reserve

The following table summarizes the projected Statutory Operating Reserve, which is calculated as a percentage of the Company's projected cash operating expenses.

Table 5
Operating Reserve Requirement
(in Thousands)

	2020	2021	2022	2023	2024
Projected operating expense	$ 13,798	$ 14,102	$ 14,407	$ 14,713	$ 15,026
Add: Annual debt service on long-term debt	370	359	370	385	399
Subtract: depreciation and amortization	(859)	(949)	(1,000)	(1,061)	(1,118)
Projected operating expenses-adjusted	13,309	13,512	13,777	14,037	14,307
Operating reserve % required (1)	25%	25%	25%	25%	25%
Operating reserve (2)	$ 3,327	$ 3,378	$ 3,444	$3,509	$ 3,577
Independent Living & Assisted Living Units					
Available	96	96	96	96	96
Occupied	90	90	90	90	90
Occupancy percentage	94%	94%	94%	94%	94%

Source: Management

(1) North Carolina state statute requires an operating reserve 50% or 25% of projected operating expenses-adjusted for occupancy of independent and assisted living below 90% or 90% or above, respectively.
(2) Management satisfies the statutory operating reserve requirement through a standby letter of credit with a financial institution.

Property and Equipment

The Company is assumed to incur routine capital additions during the projection period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 40, 15, and 10 years, respectively. The Company's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

Table 6
Schedule of Property and Equipment
(in thousands of dollars)

	2020	2021	2022	2023	2024
Beginning balance	$ 19,083	$ 19,831	$ 20,569	$ 21,347	$ 22,141
Routine capital additions	142	145	148	151	154
Renovations	606	593	630	643	684
Property and equipment, cost	19,831	20,569	21,347	22,141	22,979
Accumulated depreciation	(2,309)	(3,208)	(4,162)	(5,175)	(6,247)
Property and equipment, net	$ 17,522	$ 17,361	$ 17,185	$ 16,966	$ 16,732

Source: Management

Long-Term Debt

Note Payable

The Company has a note payable with a fixed interest rate of 3.65 percent annuum due in monthly installments of principal and interest, maturing February 2025 (the "Note Payable"). As of December 31, 2019, the Note Payable balance was approximately $14,269,000.

2020 Loan

Management assumes in July 2020 that the outstanding balance of the Note Payable is to be refinanced with a 2020 mortgage loan (the "2020 Loan"). The Note Payable amount assumed to be refinanced is approximately $14,237,000 with an interest rate of 3.50 percent per annum. Principal and interest on the 2020 Loan are assumed to be paid monthly beginning in August 2020 and amortized over a 25-year period with a balloon payment in 2027. The following table presents the projected debt service for the long-term debt.

Table 7
Principal and Interest Payments – 2020 Loan
(In Thousands)

Years Ended December 31,	Principal Payment	Interest Payment	Total Debt Service
2020	$ 144	$ 521	$ 665
2021	359	494	853
2022	370	483	853
2023	385	468	853
2024	399	454	853
Thereafter	12,580	1,107	13,687
Total	**$ 14,237**	**$ 3,527**	**$ 17,764**

Source: Management

Current Assets and Current Liabilities

Operating revenue as used below includes net resident service fee revenue. Operating expenses as used below exclude amortization, depreciation and interest expense. Management has assumed working capital components based on the Company's historical trends and are outlined in the following table:

Table 8
Working Capital – Days on Hand

Accounts receivables	32	days of operating revenues
Inventories	2	days of operating expenses
Prepaid expenses	2	days of operating expenses
Accounts payable and accrued expenses	10	days of operating expenses
Accrued payroll and related withholdings	19	days of operating expenses

Source: Management

EXHIBIT E

CONTRACT FOR INDEPENDENT LIVING CONTINUING CARE

[ATTACHED]

Residency and Care Agreement

104 Holcombe Cove Road
Candler, North Carolina 28715
(828) 418 – 2333

5/31/2020 **Term of Agreement Begins: ___________**

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PISGAH VALLEY RETIREMENT COMMUNITY
PISGAH ESTATES
RESIDENCY AND CARE AGREEMENT

THIS RESIDENCY AND CARE AGREEMENT (this "Agreement") is made and entered into this _____ day of ____________, 20___ between ____ ("you") and **PISGAH VALLEY RETIREMENT CENTER, LLC and PISGAH VALLEY RETIREMENT CENTER PROPERTIES, LLC**, for-profit North Carolina limited liability companies (which may hereinafter be collectively referred to as "we" or "us") for occupancy of the residence located at _________________________________ (the "Residence").

We operate a continuing care retirement community in Candler, Buncombe County, North Carolina, known as Pisgah Valley Retirement Community, ("Pisgah Valley"), which includes independent living residences (collectively "Pisgah Estates Residence(s)"). Pisgah Estates Residences consist of patio homes ("Pisgah Estates Patio Home Residence(s)").

You desire to live in one of our Pisgah Estates Residences. You (or "each of you," if joint) have submitted an application to us for admission to a Pisgah Estates Residence. In consideration of the promises we are making to each other that are set forth below, you and we agree as follows:

I. RESIDENCE

A. **Your Residence.** You shall have the exclusive right to occupy, use, and enjoy the Residence described above and in Schedule I, attached, subject to the terms of this Agreement, during the term of this Agreement.

B. **Furnishings.** Your Residence without options (see below) includes the following furnishings: carpeting and tile flooring, emergency call system, refrigerator with icemaker, stove, oven, dishwasher, microwave, garbage disposal, blinds, washer, dryer, fireplace, and other features and fixtures as outlined in Pisgah Valley's current literature. All other furniture, furnishings, decorations, bed/bath linens, and other personal property will be provided by you.

C. **Options and Custom Features in Your Residence.** You may select certain options and custom features for your Residence for an additional charge. Any such options and custom features selected and paid for by you will become part of the Pisgah Estates Residence and the property of Pisgah Valley upon occupancy or reoccupancy. The value of such improvements will not be considered in computing Entrance Fee refunds. All options and custom features must be approved by the management of Pisgah Valley ("Management") in advance of the changes made.

II. COMMON AREAS AND AMENITIES

A. **Common Areas and Amenities**. You will have the right to use all common areas at Pisgah Valley equally with other residents of Pisgah Valley. These common areas and amenities include living room/ sunroom, casual/formal dining venues, multi-purpose rooms, activity/game rooms, access to wi-fi in common areas, convenience store, chapel, on-site healthcare clinic, green space, walking areas, private streets, resident vegetable/flower garden areas, on-site assisted living/skilled nursing centers.

B. **Parking.** In addition to designated surface parking areas, Pisgah Estates Patio Home Residences provide a single-car garage. This is included in your Monthly Fee.

C. **Wellness**. Wellness is a foundational aspect of Pisgah Valley. As such, your Monthly Fee will include access to our wellness/fitness facilities, which include an indoor pool, hot tub, sauna, strength-training equipment, and exercise/aerobics rooms.

III. SERVICES AND PROGRAMS

A. **Utilities.** We will furnish the following utilities for your Residence: heating, air conditioning, propane/natural gas log fireplace, electric, water/sewer service, and trash removal. You are responsible for any costs for services beyond that provided by Pisgah Valley.

B. **Housekeeping Services**. We will provide basic housekeeping services for your Residence that include vacuuming, light dusting, cleaning of baths and kitchens, and changing of bed linens. The amount of time allotted for each residence is determined by the size of your Residence. We will provide one thorough annual cleaning that includes carpet cleaning. Basic bi-weekly (i.e., once every two weeks) housekeeping services are included in the Monthly Fee for the Pisgah Estates Patio Home residents. You may obtain additional housekeeping services for an additional charge as outlined in Pisgah Valley's current literature. You are responsible for purchasing your own bed linens.

C. **Groundskeeping.** We will maintain the common areas at Pisgah Valley, including lawn, tree and shrubbery care plus snow and ice removal. You may be permitted to plant and maintain certain areas with Management approval.

D. **Activities.** We will provide planned and scheduled social, recreational, spiritual, educational and cultural activities, including arts and crafts classes and other special activities. Some activities may require an additional charge and all participation is voluntary.

E. **Wellness Programs.** In addition to access to our wellness/fitness facilities, your Monthly Fee will include participation in group fitness classes (e.g., Tai Chi, yoga, water aerobics, etc.). Personal trainers will be available for an additional charge as outlined in Pisgah Valley's current literature.

F. **Transportation.** We will provide local group transportation for residents on a regular, scheduled basis for shopping and activities and provide scheduled personal medical transportation during regular business hours within a limited radius. These services are included in your Monthly Fee. We will provide other scheduled local transportation for residents for an additional fee as outlined in Pisgah Valley's current literature. An additional charge may be made for transportation for special, personal or private group trips.

G. **Maintenance and Repairs.** We will maintain and repair your Residence, including the furnishings, appliances and equipment we have supplied with your Residence. You agree to pay, or reimburse us for paying, the cost of repairing any damage to your Residence, the common areas or any of our other property caused by you or any of your guests, except for ordinary wear and tear. Your Residence has received a guaranteed termite treatment and we will provide routine pest control.

H. **Security.** We will arrange for twenty-four (24) hour monitoring for intrusion protection, fire, smoke and medical emergencies and on-site security. We reserve the right to change the provider of these monitoring services in our sole discretion.

I. **Dining**. We will make available to you meals served daily in the Pisgah Valley dining areas during regularly scheduled operating hours. The Monthly Service Fee does not include meals.

J. **Other Services and Programs at Additional Charge**. Other services and programs will be available to you at your expense, including, but not limited to those previously mentioned, beauty and barber services, personal laundry, special transportation, catering, guest dining, tray service/take-out, and other special services performed for you beyond the normal scope of services offered by Pisgah Valley. The availability and charges for additional services are outlined in Pisgah Valley's current literature.

K. **Notice of Change in Scope of Services**. Except for changes required by law, Pisgah Valley will notify you of any proposed change in the scope of services provided in this Agreement at least thirty (30) days before such change is effective. No change relating to a service included in the Monthly Fee under the terms of this Agreement shall be effective unless (a) consented to by you or (b) a reasonable adjustment is made in the Monthly Fee.

L. **Health Care Accommodations and Services**. Pisgah Valley will make available health care accommodations and services as follows:

1. **Two Levels of Care in Health Care Residences**. Pisgah Valley will have accommodations, equipment, staffing, programs, services and supervision necessary for assisted living services at Pisgah Villa and licensed nursing care at Pisgah Manor (collectively, the "Health Care Residences"). The Health Care

Residences and services are available to you either temporarily or permanently on a space available basis, if needed, as determined by Management. Charges will be in accordance with Paragraph V.H.. Residents of Pisgah Valley have priority access to all Health Care Residences and services before non-residents.

In the event that space for you, for any reason, is not available in a Health Care Residence upon determination that a permanent transfer is required, Pisgah Valley will arrange and pay for your care in your Residence or in another facility of Pisgah Valley's choice as deemed appropriate by Pisgah Valley and your medical services provider, if reasonably possible, until space becomes available in a Health Care Residence. Pisgah Valley will pay for care in another facility to the same extent as if the care were provided by Pisgah Valley. The Resident will pay monthly or daily service fees to Pisgah Valley as if the Resident were a Pisgah Valley Health Care Residence. If the cost of care at the other facility is higher than at Pisgah Valley, Pisgah Valley will pay the difference.

2. Respite Care. Respite care is available to you in a Health Care Residence based on availability.

3. **Healthcare Clinic**. A healthcare clinic for certain consultations, screenings, and appointments is available to you as scheduled and provided by Pisgah Valley.

4. **Staffing**. Nursing care appropriate for your needs will be provided by Pisgah Valley.

5. **Medical Director**. The overall coordination and supervision of health care services within Pisgah Valley will be provided by a Medical Director, who will be a licensed physician selected by Pisgah Valley.

6. **Charges**. Charges for the Health Care Residences and services described in paragraphs 1 and 2 above shall be as set forth in Paragraph V.H, as well as charges for ancillary health care services.

7. **Personal Physician**. You will choose a personal physician who has admission privileges at a local hospital, in the event that you need to be hospitalized. You are responsible for the cost of physician services and all related medical and non-medical expenses.

IV. DATE OF OCCUPANCY AND OCCUPANCY

A. **Date of Occupancy.** The Date of Occupancy, as indicated on Schedule I to this Agreement, is the date established by us based on when your Residence is available for occupancy, you make your ten percent (10%) reservation, and you sign this Agreement. If your Residence is ready for occupancy when you make your ten percent (10%) reservation and sign this Agreement, the occupancy date will be no later than sixty (60) days from the date you sign this Agreement. If your Residence is not ready for occupancy when you make your ten percent (10%) reservation and sign this Agreement, then the occupancy date will be no later than thirty (30) days from the date the Residence is ready for occupancy. You will be expected to take occupancy of the Residence and begin paying the Monthly Fee pursuant to Paragraph V.D. as of the Date of Occupancy. The balance of the Entrance Fee is due on or prior to the Date of Occupancy.

B. **Occupancy**. As used in this Agreement, "Occupancy" will have occurred when you have signed this Agreement, have paid the Entrance Fee in full as described in Paragraph V.C., and have paid a full month Monthly Fee as described in Paragraph V.D. Upon Occupancy, we will be obligated to provide you with the services outlined in this Agreement.

V. FINANCIAL ARRANGEMENTS

A. **Entrance Fee.** You agree to pay us an Entrance Fee, as indicated on Schedule I of this Agreement. The Entrance Fee provides you with a right to occupy the Residence unless terminated as provided in this Agreement. Nothing contained in this Agreement shall be construed or is intended to require that the Company care for the Resident after expiration or termination of this Agreement.

The Entrance Fee is non-transferable, non-interest bearing and shall be the property of Pisgah Valley for use in accordance with the terms of this Agreement, and shall not be subject to the claims of your creditors. Any refundable portion of the Entrance Fee shall be governed by Section IX of this Agreement.

B. **Entrance Fee Refund Options**. You will choose from two Entrance Fee refund options--a 0% or a 90% Entrance Fee refund. Refunds will be computed on a declining balance basis as outlined in Section IX.D. The Entrance Fee refund is subject to the provisions set forth in Sections V and IX of this Agreement. Once this Agreement is executed, the Entrance Fee refund option selected cannot be changed. Pisgah Valley may, for any lawful reason, limit availability of any of these Entrance Fee refund options.

C. **Terms of Payment of the Entrance Fee.**

1. **Initial $1,000 Priority Reservation Deposit**. Upon entering into a Priority Partner Agreement (the "Priority Partner Agreement") and prior to entering into this Agreement, you agree to pay One Thousand Dollars ($1,000.00) as a priority deposit (the "Priority Deposit"). Such Priority Deposit is fully refundable should you choose not to proceed with the reservation process and not enter into this Agreement for any reason. The Priority Deposit fully applies toward the Entrance Fee should you proceed with the reservation process and enter into this Agreement.

2. **Initial Ten Percent (10%) Reservation Fee**. To reserve your Residence, you will make application to the Pisgah Valley Admissions Committee. You will receive notice of your approval or denial by the Pisgah Valley Admissions

Committee within fourteen (14) days of submitting your application. An amount equal to ten percent (10%) of the Entrance Fee, less any Priority Deposit previously paid, is paid upon entering into this Agreement.

3. **Amounts for Options and Custom Features.** Pisgah Valley will present you with a written quote specific to your options and custom feature request detailing the prices. The cost of options and custom features selected will be invoiced by Pisgah Valley for the selected options or custom features and is due by you upon receipt of such invoice. The amounts for options and custom features will not be considered part of the Entrance Fee when calculating the refund.

4. **Balance of the Entrance Fee**. The balance of the total Entrance Fee for the Residence will be due and payable prior to the Date of Occupancy, unless otherwise agreed to in writing by Management.

D. **Monthly Fee.** In addition to the Entrance Fee, you agree to pay us a Monthly Fee, as indicated on Schedule I of this Agreement, upon Occupancy for the term of this Agreement, which includes a fee for one resident and, if applicable, an additional fee for the second resident. The Monthly Fee will be payable in advance by the fifth (5^{th}) business day of each month. You agree to pay the first Monthly Fee with the balance of the Entrance Fee (prorated, as applicable, for the number of days remaining in the calendar month that such payment is due). Your initial Monthly Fee will be as indicated on Schedule I of this Agreement.

E. **Additional Charges.** In addition to the Entrance Fee and Monthly Fee, you agree to pay us for additional charges for (1) housekeeping not included in your Monthly Fee, (2) meals not included in your Monthly Fee, (3) certain activities, and (4) special/personal/private group transportation. We will include these charges on the monthly statement described in the "Payment of Monthly Fees" below.

F. **Payment of Monthly Fees.** We will provide you with a monthly statement specifying the Monthly Fee you owe for the month in advance, along with any additional charges from the previous month, payable by the fifth (5^{th}) business day of the current month. We reserve the right to charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance owed by you thirty (30) days after the monthly statement is dated. If you fail to pay your Monthly Fees, you agree that we may deduct the unpaid Monthly Fees (plus any accrued interest and our reasonable attorneys' fees) from any refund of your Entrance Fee due when this Agreement terminates. You agree to pay your Monthly Fees even if you are voluntarily absent (e.g., on vacation, temporary stays in a Health Care Residence) from your Residence.

G. **Adjustments in the Monthly Fee.** The Monthly Fee is paid to provide the facilities, programs, and services described in this Agreement and are intended to cover costs of the expenses associated with the operation and management of Pisgah Valley. Pisgah Valley, with the approval of its Board of Directors, may increase the Monthly Fee from time to time during the term of this Agreement.

Monthly Fees will be adjusted as required, consistent with operating on a sound financial basis and maintaining quality service. We will notify you of any increase in the Monthly Fee at least thirty (30) days before the increase takes effect. You should expect that we will increase the Monthly Fee at least once a year, regardless of your Date of Occupancy, generally in October.

H. Health Care Charges.

1. **Fee for Services**. In exchange for payment of your applicable Monthly Fee, Pisgah Valley will provide assisted living services or nursing care to the extent that it is not covered by your insurance, Medicare, or any other governmental programs or entitlements which you are required to maintain under this Agreement, subject to the following:

   a. Temporary Transfers. A transfer is considered temporary when the condition that requires your transfer has the potential to be resolved in a manner which may allow you to return to your Pisgah Estates Residence. Your Residence will be held for your return.

      i. Single Occupancy. Should you have a temporary need for services provided in a Health Care Residence while you are still occupying your Pisgah Estates Residence, you will pay both the then-current Monthly Fee for your Pisgah Estates Residence and the then-current rate applicable to the Health Care Residence.

      ii. Double Occupancy. Should one or both residents have a temporary need for services provided in a Health Care Residence while still occupying the Pisgah Estates Residence, the resident remaining in the Residence or the last resident to occupy the Residence (in the case of both residents simultaneously requiring temporary care provided in a Health Care Residence) will continue to pay the then-current Monthly Fee less the then-current second person Monthly Fee for the Pisgah Estates Residence. Additionally, each resident requiring temporary care provided in a Health Care Residence will be required to pay the applicable then-current rate applicable to the Health Care Residence.

      iii. Temporary Utilization. Temporary utilization of a Health Care Residence services does not constitute a change of accommodations subject to the provisions of Paragraph VII.H.

   b. Permanent Transfers. A transfer is considered permanent when the condition that requires your transfer will not allow you to return to your Pisgah Estates Residence and the Residence has been vacated.

      i. Single Occupancy. Should you have a permanent need for services provided in a Health Care Residence, you will be required to release your Pisgah Valley Estates Residence as outlined in Paragraph VIII.A.

Your Monthly Fee will be adjusted to the then-current Monthly Fee for the Health Care Residence.

ii. Double Occupancy. Should one Resident have a permanent need for services provided in a Health Care Residence, the Monthly Fee will be equal to the then-current Monthly Fee for your Pisgah Estates Residence for one person plus the then-current rate applicable to the Health Care Residence. Should both residents have a permanent need for services provided in a Health Care Residence, residents will be required to release the Residence as provided under Section VIII.A. Your Monthly Fee will be adjusted to the then-current Monthly Fee for the Health Care Residence for each resident.

2. **Additional Charges for Respite Care.** You will be responsible for prompt payment of additional charges for respite care as outlined in Pisgah Valley's current literature.

3. **Additional Charges for Ancillary Health Care Services**. You will be responsible for prompt payment of all additional charges for ancillary health care services provided at Pisgah Valley. Ancillary services will include all services not provided by the staff of Pisgah Valley and not included in the per diem or monthly fee. Examples of additional charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, home health care, occupational therapy, rehabilitative treatments, wheelchairs and other medical equipment and supplies. In the event of a temporary or permanent transfer, you will be responsible for all costs of relocation.

4. **Use of Refundable Portion of the Entrance Fee**. See Paragraph IX.H. for use of the refundable portion of the Entrance Fee to pay for health care costs at Pisgah Valley.

5. **Care in Another Facility**. Should you need a level of care or health services beyond that provided at Pisgah Valley, as determined by Pisgah Valley, and require transfer to another facility, you will be responsible for all expenses of such transfer and services.

VI. ADMISSION REQUIREMENTS AND PROCEDURES

A. **Age.** Residents shall be sixty-two (62) years of age or older. If resident is a couple, at least one member of the couple must be sixty-two (62) years of age at the time of Occupancy.

B. **Application Forms.** You will provide an Application for Residency, a Personal Health Information and Personal Financial Information (collectively, the "Application Forms"), all on forms furnished by Pisgah Valley, for initial approval by the Pisgah Valley Admissions Committee.

C. **Personal Interview.** You shall have an interview with a Marketing Representative from Pisgah Valley prior to occupancy. Upon review of all information required to be furnished herein, additional personal interviews may be requested by you or Pisgah Valley.

D. **Approval Process.** Upon receipt of the completed Application Forms, the Pisgah Valley Admissions Committee will review your Application Forms as a basis for initial acceptance. The Admissions Committee will approve or deny the application within fourteen (14) days after receipt of the completed Application Forms and will provide you with a written decision thereafter.

E. **Health Requirements.** Within ninety (90) days before the Date of Occupancy, you will provide Pisgah Valley with a physician's report completed by your personal physician. Such report shall include a statement by the physician that you are able to live independently and undertake ongoing activities of daily living. Pisgah Valley may now or in the future additionally require a history and physical from your physician to include physician progress notes. Pisgah Valley may require you to have another physical examination by a physician approved by Pisgah Valley if additional information is necessary. You shall be responsible for the cost of such physical examinations. If you do not meet the criteria for independent living established by Pisgah Valley, you may move to other accommodations within Pisgah Valley more suitable to your needs, or terminate this Agreement.

F. **Financial Requirements.** You must have assets and income sufficient to pay your financial obligations under this Agreement and to meet your ordinary living expenses. Pisgah Valley may require you to furnish additional or updated financial information prior to Occupancy and on a periodic basis as requested subsequent to Occupancy. Supplemental financial assistance may be available to residents who qualify, as determined by Management, as outlined in Section X.

G. **Disclosure Statement.** You acknowledge that we have delivered a copy of our current Disclosure Statement as of the date of this Agreement to you at the same time that you signed this Agreement. We agree to make all revised versions of the Pisgah Valley Disclosure Statement available to you.

H. **Representations.** You affirm that the representations made in all information furnished by you to Pisgah Valley, including the Application for Residency, Personal Health Information, Personal Financial Information, and Physician's Examination Report, are true and correct and may be relied upon by Pisgah Valley as a basis for entering into this Agreement.

I. **Statement as to Non-Discrimination.** Pisgah Valley shall not limit residency to persons on the basis gender, race, color, religion, national origin, or disability.

VII. TERMS OF RESIDENCY

A. **Sale, Lease, Sublease or Assignment.** This Agreement is and shall be construed only as a revocable license. This Agreement does not give you ownership of or title to your Residence. This Agreement does not constitute a sale of your Residence to you, and does not transfer or grant any interest in the real or personal property we own that is part of your Residence other than the right to its occupancy, use and enjoyment in accordance with and subject to the terms of this Agreement. Your rights and privileges under this Agreement are personal to you and will not inure to the benefit of your heirs, assigns or representatives. You may not lease, sublease or assign the right to occupy the Residence. We may sell or mortgage your Residence and assign this Agreement without your consent and, if we do so, you will continue to be bound by the terms of this Agreement.

B. **Policies and Procedures.** You agree to abide by our policies and procedures, including such amendments, modifications, and changes to the Resident Handbook as may be adopted by Pisgah Valley. By signing this Agreement, you acknowledge that you have received a copy of the Resident Handbook. Such Resident Handbook shall be made readily available to you.

C. **Use of Your Residence.** You agree not to use your Residence in any manner that violates any zoning law or any other law or regulation. You agree to keep your Residence in a clean, safe and sanitary condition, and to use in a proper and reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air conditioning and other systems and appliances furnished as part of your Residence. You agree not to destroy, deface, damage or remove any part of your Residence (including all furnishings and appliances) and not to permit your guests or visitors to do so. You agree to occupy your Residence in a quiet and peaceful manner and not to carry on any loud, obnoxious or offensive activity or noise.

D. **Changes in the Residence and the Agreement.** Pisgah Valley has the right to change the Residence and/or the Agreement when and to the limited extent required to comply with the requirements of any applicable statutes, laws or regulations.

E. **Visitors.** You agree that no person other than you will reside in your Residence, except for short-term (meaning two weeks or less) visitors or guests without the approval of Management as described in Paragraph VII.M. You will inform Management promptly of any home health/care services being provided in the Residence and the scheduled hours of individuals providing care. Management will evaluate such situations on a case by case basis.

F. **Pets**. You agree to have and keep pets in your Residence only in accordance with our policies and procedures as described in the Resident Handbook. There will be an additional nonrefundable fee for pets as indicated on Schedule I of this Agreement.

G. **Occupancy by Two Residents.** In the event that more than two residents sign this Agreement, each of you is jointly and severally liable for the payment and performance of all of your obligations under this Agreement. If one of you permanently moves to a Health Care Residence, dies, or abandons the Residence, this Agreement shall continue in effect as to the surviving or remaining resident who shall be obligated to pay only the first person monthly fee associated with the Residence. Should the remaining or surviving Pisgah Estates Resident wish to move to another Pisgah Estates Residence, the policies of Pisgah Valley governing said Residence change of accommodation will prevail. The resident moving to a Health Care Residence will pay the published rates for the applicable level of care as described in Paragraph III.M. of this Agreement. No Entrance Fee refunds shall be paid to the remaining resident until the Residence is vacated as described in Paragraph IX.E.

H. **Change in Residence**

1. **Request by You for Change in Residence**. You may request a change in residence at any time. Management carefully considers such requests, including but not limited to such factors as your health, finances, availability of requested type of residence and waiting lists. Resident must agree to pay the difference in the Entrance Fee and Monthly Fee between the requested residence and the current Residence. Management may require you to enter into a new or amended Residence and Services Agreement for the new residence. The Entrance Fee refund percentage selected at initial occupancy remains in effect during a change in residence and is applicable to any additional amounts paid as a result of the change.

2. **Move to Another Residence**. Should you be approved by Management to move to a subsequent residence, You will pay the Monthly Fee associated with the subsequent residence. Even if the Entrance Fee for the original Residence, when you began to occupy it, was greater than the current Entrance Fee for the subsequent residence, you will not be entitled to a refund as a result of the difference between such Entrance Fees. If, however, the Entrance Fee for the original Residence, when you began to occupy it, was less than the current Entrance Fee for the subsequent residence, you will pay an amount equal to the difference between the Entrance Fee of the original Residence that you paid and the current Entrance Fee of the subsequent residence.

3. **At the Option of Pisgah Valley.** If Management reasonably determines that your Residence needs to be vacated to permit repairs or renovations thereto, or needs to be modified or reconfigured to accommodate a new or different use of the Residence, or as a result of any other circumstances reasonably determined Management to justify such transfer, Pisgah Valley may move you to a new Residence of a similar size provided that Pisgah Valley (i) advises you prior to undertaking any such move, (ii) gives you reasonable notice of and time to prepare for such move, (iii) incurs all the costs of such move, (iv) arranges for the prompt and convenient moving of your personal furnishings, and (v) either provides in such new residence optional custom improvements comparable to

those provided in your original Residence or, at your option, reimburses you for the value of such improvements.

I. **Casualty or Condemnation.** We will be entitled to all proceeds from any insurance maintained by us against a fire or any other casualty affecting your Residence or the building in which it is located and from any condemnation by a governmental authority of all or any part of your Residence or the building in which it is located. If your Residence or the building in which it is located is substantially damaged or destroyed by fire or other casualty, or condemned or sold in lieu of condemnation, we may, at our option, take any of the following actions: (i) within a reasonable time, restore your Residence to its original condition, (ii) within a reasonable time, substitute substantially similar accommodations for your Residence to the extent available, or (iii) terminate this Agreement if the options described in items (i) and (ii) above are uneconomical for us. You shall immediately notify us of any fire or other casualty affecting your Residence. If we substitute substantially similar accommodations for your Residence, then this Agreement shall continue in full force and effect and the term "Residence" as used in this Agreement shall be deemed to refer to such substitute accommodations.

J. **Loss or Damage of Your Personal Property.** We are not responsible for the loss or damage of any personal property belonging to you due to theft, disappearance, fire or any other cause. You agree to carry insurance to cover such losses. We shall insure the real property (e.g., unit and common areas) and any personal property (e.g., furnishings, fixtures and equipment) owned by us.

K. **Medical Insurance.** You shall maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to Pisgah Valley and shall furnish Pisgah Valley with evidence of such coverage annually or whenever a change in insurance occurs.

Should the resident or the resident's legally-authorized representative apply for assistance under the Medicaid program, or any successor program of a similar nature, the resident's contract will be terminated.

L. **Marriage During the Term of This Agreement.** If you marry a person who is also a resident of Pisgah Estates pursuant to a similar agreement with us, you may occupy either Pisgah Estates Residence and shall surrender the Pisgah Estates Residence that you will not occupy. If you surrender the Residence described in this Agreement, refund of the Entrance Fee will be paid pursuant to the terms in Paragraph IX.E. of this Agreement. If you and your spouse occupy the Residence described in this Agreement, you will pay the current Entrance Fee and Monthly Fee for double occupancy of this Residence at the time your spouse moves into this Residence.

If you marry a person who is not a resident of a Pisgah Estates Residence pursuant to a similar agreement with us, your spouse may become a resident of the Residence described in this Agreement if your spouse (i) meets all the current requirements for admission to a Pisgah Estates Residence, (ii) signs this Agreement and any amendments necessary to reflect double occupancy, and (iii) you and your spouse pay the current Entrance Fee and Monthly Fee for double occupancy of this Residence at the time your spouse moves into this Residence. If your spouse does not meet our requirements for admission, you may terminate this Agreement.

M. **Added Resident.** Should you desire to invite an individual to join you in sharing a Pisgah Estates Residence for which you paid the entire Entrance Fee and in which you are living alone, such person may become a resident of the Residence described in this Agreement if the individual (i) meets all the current requirements for admission to a Pisgah Estates Residence, (ii) signs this Agreement and any amendments necessary to reflect double occupancy, and (iii) you and the co-resident pay the current Monthly Fee for double occupancy of this Residence at the time the co-resident moves into this Residence.

N. **Right of Entry.** You hereby authorize our employees or agents to enter your Residence for the purposes of housekeeping, repairs, maintenance, inspection, fire drills, and in the event of an emergency. Pisgah Valley will always endeavor to maintain your privacy and the privacy of the Residence. For your safety, you agree not to replace or add any locks to the Residence.

O. **Residents' Organizations.** Residents of Pisgah Valley are members of a Residents' Council that is open to all residents. Such organization elects representatives, officers, and other positions to engage in activities of interest to all residents.

VIII. TRANSFERS OR CHANGES IN LEVELS OF CARE

A. **Transfer to a Pisgah Valley Health Care Residence**. Pisgah Valley recognizes the right of self-determination and will attempt to involve you or your representative in all decisions related to transfers and changes in level of care. Pisgah Valley shall have authority to determine whether you should be transferred from your Residence to a Health Care Residence or from one level of care to another within Pisgah Valley, in cases of potential harm to yourself or others, to assure the health and wellbeing of you and others or to provide for the highest quality of life possible. Such determination shall be based on the opinion of Management and/or the Pisgah Valley Medical Director and shall be made after consultation with you and your representative and your attending physician. Such decisions shall be made only in your best interest and in the best interest of the larger community as determined by Management. You have the right to be admitted to the first such Health Care Residence that becomes available for occupancy after the date of such determination, subject to any obligations we may have under the Medicaid program or another Residence and Services Agreement with a Pisgah Estates resident to make such Health Care Residence available to someone else. A Resident transferring to a higher level of care does not constitute a change of accommodation for the purpose of calculating an Entrance Fee refund.

In the event of a permanent transfer, you shall release your Pisgah Estates Residence in order for Pisgah Valley to make your Residence available to a new resident. In such event, Pisgah Valley may enter into a new Agreement for occupancy of the Residence with a new resident. If your Residence is reassigned and should you subsequently recover sufficiently to maintain yourself independently in a residence, you shall be offered the next available residence similar to the one relinquished. While you are in a Health Care Residence, the Monthly Fee will continue to be due and payable as described in Paragraph V.D.

If the Residence is occupied by two (2) residents, the permanent transfer of one (1) resident does not affect the rights and privileges under this Agreement of the remaining resident.

B. **Transfer to Hospital or Other Facility.** If it is determined by Management that you need care beyond that which can be provided by Pisgah Valley, you may be transferred to a hospital or institution equipped to give such care at your expense. Such transfer will be made only after consultation with you and/or your representative and attending physician.

C. **Surrender of Residence**. If a reasonable determination is made by Pisgah Valley that any transfer described in Paragraph VIII.A. is or is highly likely to be permanent; you agree to surrender your Residence. You will have priority to move to such Health Care Residence, determined to best meet your needs, as soon as such is available. If the interdisciplinary team, including you, to the extent practical, or your legally-authorized representative, in conjunction with appropriate staff members and in consultation with your attending physician, subsequently determines that you can resume occupancy in a Residence or accommodation comparable to that occupied by you prior to such transfer, you shall have priority to such residence as soon as it becomes available.

IX. TERMINATION AND REFUND PROVISIONS

A. Termination Prior to Occupancy.

1. **Right of Rescission**. You have the right required under Section 58-64-25(a)(1) of the North Carolina General Statutes to rescind this Agreement within thirty (30) days following the later of the execution of the Agreement or the receipt of a Disclosure Statement that meets the requirements of North Carolina General Statutes Section 58; Article 64. Under the terms of this Agreement, you are not required to move into your Residence during this thirty-day rescission period (that is, you are permitted to select a move-in date that is 31 days or more after the date of this Agreement). To exercise this statutory right to rescind this Agreement, you must notify us in writing within thirty (30) days after the later of the execution of this Agreement or the receipt of a Disclosure Statement that meets the requirements of North Carolina General Statute Section 58; Article 64. If you exercise this statutory right to rescind this Agreement, we will refund all amounts you have paid to us pursuant to this Agreement less any non-standard costs specifically incurred by Pisgah Valley at your request and described in this Agreement or an amendment to this Agreement signed by you. Any such

refund shall be paid by Pisgah Valley within thirty (30) days following receipt of written notification of such termination by the resident. Written notice should be sent to:

Director of Marketing
Pisgah Valley Retirement Community
6 Rhododendron Way
Candler, NC 28715

2. **Due to Death, Illness, Injury, or Incapacity**. If you die or are rendered incapable of independent living on account of illness, injury, or incapacity before occupying the Residence, this Agreement will automatically be cancelled to comply with NCGS 58-64-25(a)(2). Any monies paid by the resident shall be refunded in full less any non-standard costs specifically incurred by us at your request and described in the Agreement or an amendment to this Agreement signed by you, within thirty (30) days after our receipt of the written notice from you (or your heirs, as applicable) that any such event has occurred. Written notice should be sent to the address noted in Paragraph IX.A.1.

3. **Other Reasons.** You have the right to terminate this Agreement for any reason before occupying the Residence by giving us written notice signed by you to the address in Paragraph IX.A.1. In the event of such termination, we will refund your entire ten percent (10%) Reservation Fee to you, without interest, less a nonrefundable fee of One Thousand Dollars ($1,000) and any non-standard costs specifically incurred by us at your request and described in the Agreement or an amendment to this Agreement signed by you, within thirty (30) days after our receipt of the written notice of termination. Written notice should be sent to the address noted in Paragraph IX.A.1.

4. **Our Right to Terminate this Agreement and Refund Your Deposit**. If we do not accept you for residency, the full amount of the ten percent (10%) deposit you have paid will be promptly refunded to you, without interest. We may terminate this Agreement and refund your entire ten percent (10%) deposit without interest and any non-standard costs specifically incurred by us at your request at any time prior to the time you move into your Residence for the following reasons: (i) a material misrepresentation or omission made by you in your application for admission or (ii) you fail to pay the balance of the Entrance Fee and the first monthly fee when due. We will pay the refund to you within thirty (30) days after we deliver written notice to you that we are terminating this Agreement for one of the reasons specified in this paragraph.

B. <u>**Termination After Occupancy**</u>.

1. **Right of Rescission**. You have the right required under Section 58-64-25(a)(1) of the North Carolina General Statutes to rescind this Agreement

within thirty (30) days following the later of the execution of the Agreement or the receipt of a Disclosure Statement that meets the requirements of North Carolina General Statutes Section 58; Article 64. Under the terms of this Agreement, you are not required to move into your Residence during this thirty-day rescission period (that is, you are permitted to select a move-in date that is 31 days or more after the date of this Agreement). However, if you choose to rescind this Agreement as described in Paragraph IX.A.1. and have elected to move into the Residence during this 30-day rescission period, you agree to remove all of your personal property from the Residence and vacate the Residence, leaving the Residence in the same condition as when you first occupied it, except for normal wear and tear and any damage by fire or other casualty. To exercise this statutory right to rescind this Agreement, you must notify us in writing within thirty (30) days after the later of the execution of this Agreement or the receipt of a Disclosure Statement that meets the requirements of North Carolina General Statute Section 58; Article 64. If you exercise this statutory right to rescind this Agreement, we will refund all amounts you have paid to us pursuant to this Agreement less (i) periodic charges specified in this Agreement and applicable only to the period the Residence was actually occupied by the resident; (ii) those non-standard costs specifically incurred by Pisgah Valley at request of you and described in the Agreement or any amendment to this Agreement signed by you; and (iii) a nonrefundable fee of One Thousand Dollars ($1,000). Any such refund shall be paid by Pisgah Valley within thirty (30) days following receipt of written notification of such termination by the resident. Written notice should be sent to the address noted in Paragraph IX.A.1.

2. **<u>Termination By You Upon Thirty Days' Notice.</u>** After you have paid the entire Entrance Fee as described in Paragraph V.C., you have the right to terminate this Agreement for any reason by giving us written notice signed by you to the address in Paragraph IX.A.1., which will be effective and irrevocable upon delivery. Termination will occur thirty (30) days after written notice is delivered and you must vacate your Residence within the thirty (30) days. You or your legal representative shall receive a refund less (i) periodic charges specified in the Agreement and applicable only to the period the Residence was actually occupied by you; (ii) those non-standard costs specifically incurred by Pisgah Valley at your request and described in the Agreement or any amendment to this Agreement signed by you; and (iii) nonrefundable fees as set out in Paragraph IX.E. of this Agreement. Written notice should be sent to the address noted in Paragraph IX.A.1. Refund of the Entrance Fee will be as outlined in Paragraph IX.E.

3. **<u>Automatic Termination Upon Your Death or Abandonment of Your Home.</u>** After you have paid the entire Entrance Fee as described in Paragraph V.C., this Agreement will automatically terminate thirty (30) days after your death (or the death of the surviving resident in the case of joint residents) or thirty (30) days after you abandon your Residence. After such automatic termination, your personal representative will have thirty (30) days from the

date of your death to remove your personal property from your Residence. Refund of the Entrance Fee will be as outlined in Paragraph IX.E.

4. **Termination By Us.** We may terminate this Agreement after you have paid the entire Entrance Fee at any time for the following reasons: (i) a material misrepresentation or omission made by you in your application for admission; (ii) restoring your Residence or the building in which it is located or providing substitute accommodations after casualty or condemnation of your Residence or the building in which it is located is uneconomical for us; or (iii) we determine, using standard evaluation procedures conducted by a physician of our choosing (and you agree to submit to such evaluation procedures upon our request and at our expense), that your mental or physical health is detrimental to your own health and safety, the health and safety of other residents of Pisgah Valley or the general and economic welfare of the residents of Pisgah Valley. We also may terminate this Agreement upon thirty (30) days prior written notice to you if you fail to comply with the terms of this Agreement, including but not limited to the failure to pay your monthly fee, unless you cure such violations within the thirty-day period specified in our notice to you.

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C. Your Obligations Upon Termination of this Agreement. If this Agreement terminates for any of the reasons described in Paragraphs (A) or (B) above, you agree to remove all of your personal property from the Residence and vacate the Residence, leaving the Residence in the same condition as when you first occupied it, except for normal wear and tear and any damage by fire or other casualty. We may remove and either store or dispose of any personal property left in your Residence that appear to us to have been abandoned by you. You agree that we may deduct from any refund of your Entrance Fee any costs paid by us to restore your Residence to its original condition (normal wear and tear and any fire or other casualty loss excepted), and to remove, store or dispose of personal property left in your Residence.

D. **Declining Balance of the Entrance Fee**. Your Entrance Fee may be partially refundable as outlined in Paragraph V.B.. The portion of the Entrance Fee that is refundable to you will decline over time, based on the amount of time that has elapsed since the Date of Occupancy, as follows:

	% Refundable	
Month of Occupancy*	**0%**	**90%**
1st	90%	90%
2nd	90%	90%
3rd	90%	90%
4th	90%	90%
5th	90%	90%
6th	85%	90%
7th	80%	90%
8th	75%	90%
9th	70%	90%
10th	65%	90%
11th	60%	90%
12th	55%	90%
13th	50%	90%
14th	45%	90%
15th	40%	90%
16th	35%	90%
17th	30%	90%
18th	25%	90%
19th	20%	90%
20th	15%	90%
21st	10%	90%
22nd	5%	90%
23rd and beyond	0%	90%

*The percentages in the table do not apply during the rescission period as described in Paragraph IX.B.1.

E. **Refund Upon Termination and Withdrawal from Pisgah Valley Campus.** The refund due shall be the Entrance Fee paid multiplied by the percentage based on the declining balance table in Paragraph IX.D (i.e., the refundable amount) less: (i) any amount due to Pisgah Valley for monthly care or other unpaid services when this Agreement terminates, (ii) any costs we pay to restore the Residence to its original condition (normal wear and tear and any fire or other casualty loss excepted), and (iii) any costs we pay to remove, store or dispose of personal property left in the Residence. Any refundable amount shall be paid to the resident who withdraws from Pisgah Valley campus (see Paragraph IX.H. for the use of a refundable Entrance Fee in the case of on-campus transfers) only when the Residence is reserved by a new resident and thirty (30) days after we collect full Entrance Fee from the new resident or 24 months after termination of this Agreement (whichever occurs first).

Any refund due shall be paid to the estate of the deceased Resident or to a beneficiary identified in advance by the Resident.

F. **Condition of Residence**. Upon vacating the Residence, you shall leave it in good condition except for normal wear and tear. You or your estate shall be liable to Pisgah Valley for costs required to restore the Residence to good condition or standard condition, except for normal wear and tear, and for the removal and disposition of abandoned personal belongings. Such costs will be deducted from the refundable portion of the Entrance Fee due to you.

G. **Changes to Residence**. After the Date of Occupancy, any structural or physical changes to the Residence directed by you (including alterations such as construction of bookshelves or redecoration such as painting or wallpapering) will require the prior approval of Management and will be made only under Pisgah Valley's supervision and direction. The cost of any change requested by you shall be at your expense. Pisgah Valley may require, as a condition of approval of a requested change, that you either (i) agree to bear the cost of restoring the Residence to its original condition upon termination of your occupancy of the Residence or (ii) prepay the estimated cost of restoring the Residence to its original condition. All structural improvements shall belong to Pisgah Valley.

H. **Use of a Refundable Entrance Fee Option for Health Care Expenses at Pisgah Valley.**

1. Single Occupancy. Should you permanently vacate your Pisgah Estates Residence by transferring to a Health Care Residence, you may then draw against the refundable portion of the Entrance Fee to supplement payment of your health care costs at Pisgah Valley but if, and only if, your other assets from all available sources are insufficient to cover your health care costs at Pisgah Valley. Pisgah Valley will require you to demonstrate the unavailability of other resources to cover health care costs at Pisgah Valley. The refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at Pisgah Valley as a supplement to any income you receive from all available sources. You may access the refund for health care purposes only when the vacated Residence is reserved by a new resident and the new resident has paid their Entrance Fee.

2. Double Occupancy. The following conditions apply when the residents to this contract are two married individuals in a Pisgah Estates Residence:

   a. Single Transfer to Health Care Residence. The Entrance Fee relates to the resident identified in this Agreement, not to either individual resident alone. As such, as long as one of the residents remains at Pisgah Valley, no refund of the Entrance Fee is due to either resident, even if one resident vacates Pisgah Valley for any reason.

b. Dual Transfer to Health Care Residence. Should both residents vacate their Pisgah Estates Residence by transferring to a Health Care Residence, either or both resident(s) may then draw against the refundable portion of the Entrance Fee to supplement payment of their health care costs at Pisgah Valley but if, and only if, the residents' other assets from all available sources are insufficient to cover the residents' health care costs at Pisgah Valley. Pisgah Valley will require the residents to demonstrate the unavailability of other resources to cover health care costs at Pisgah Valley. The remaining refundable portion of the Entrance Fee can be accessed exclusively for healthcare services at Pisgah Valley as a supplement to any income the residents receive from all available sources. The residents may access the refund for health care purposes only when the vacated Residence is reserved by a new resident and the new resident has paid their Entrance Fee.

c. Single Transfer to Health Care Residences and Change in Residence. Should one resident vacate their Residence by transferring to a Health Care Residence, and the other resident vacates the Residence by transferring to an Pisgah Estates Residence that carries a lesser Entrance Fee, the resident who has transferred to the Health Care Residence may then draw against the remaining refundable portion of the Entrance Fee to supplement payment of their health care costs at Pisgah Valley, up to the difference between the original Entrance Fee, and the then current Entrance Fee ("Revised Entrance Fee") for the new Pisgah Estates Residence, but if, and only if, the resident's other assets from all available sources are insufficient to cover the resident's health care costs at Pisgah Valley. Pisgah Valley will require the resident to demonstrate the unavailability of other resources to cover health care costs at Pisgah Valley.

   Should the resident residing in a Pisgah Estates Residence vacate said accommodation by transferring to a Health Care Residence at Pisgah Valley, that resident may then draw upon the remaining refundable portion of the Revised Entrance Fee to supplement payment of their health care costs at Pisgah Valley, but if, and only if, the resident's other assets from all available sources are insufficient to cover the resident's health care costs at Pisgah Valley. Pisgah Valley will require the resident to demonstrate the unavailability of other resources to cover health care costs at Pisgah Valley. The remaining refundable portion of the Entrance Fee can be accessed exclusively for health care services at Pisgah Valley as a supplement to any income the resident receives from all available sources. The Resident may access the refund for health care purposes only when the vacated Residence is reserved by a new resident and the new resident has paid their Entrance Fee.

d. Utilization of the remaining refundable portion of the Entrance Fee may be made to supplement payment of health care costs at Pisgah Valley only. Contingent upon a financial review of the resident's income and assets, Pisgah Valley reserves the right to determine the amount of the refundable portion of the Entrance Fee that may be used to supplement the resident's health care fees at Pisgah Valley.

X. FINANCIAL ASSISTANCE

The policies relating to financial assistance are determined by Management. The amount of assistance is determined on an individual basis and there is no guarantee of assistance to any individual resident.

XI. GENERAL

A. **Assignment.** Your rights and privileges under this Agreement to the Residence, common areas and amenities, services and programs of Pisgah Valley are personal to you and may not be transferred or assigned by you.

B. **Management of Pisgah Valley.** The absolute rights of management are reserved by Pisgah Valley, its officers, and its administrators as delegated by Pisgah Valley's officers. Pisgah Valley reserves the right to accept or reject any person for residency. You do not have the right to determine admission or terms of admission for any other resident.

C. **Enforcement Costs**. You agree to pay, or reimburse for paying, our reasonable attorneys' fees and expenses and any other costs we incur for the collection of any past due monthly fees or other amounts due under this Agreement or to enforce any other provision of this Agreement.

D. **Notice Provisions.** Any written notice we give to you under this Agreement shall be mailed or delivered to your unit. Any written notice you give to us under this Agreement shall be mailed or delivered to us at the following address: 95 Holcombe Cove Road, Candler, North Carolina 28715 Attention: Director of Marketing/Programming.

E. **Entire Agreement.** This Agreement constitutes the entire contract between you and us. Pisgah Valley shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent Pisgah Valley, unless such statements, representations, or promises are set forth in the Agreement or it duly executed Schedules and Addenda.

F. **Successors and Assigns.** Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of Pisgah Valley and your heirs, executors, administrators, and assigns.

G. **Subordination to Financing**. Your rights under this Agreement shall at all times be subordinate to the rights of any bona fide lender under any mortgage, deed of trust or other security interest, now existing or hereafter created, on any of the property of Pisgah Valley and to all amendments, modifications, replacements or refinancing thereof. You shall execute and deliver any documents reasonably required by Pisgah Valley or by the holder of any mortgage, deed of trust or other security agreement to evidence or effect such subordination.

H. **Transfer of Property.** You agree not to make any gift or other transfer of property for the purpose of evading your obligations under this Agreement or if such gift or transfer would render you unable to meet such obligations.

I. **Governing Law; Severability.** This Agreement shall be governed by the laws of the State of North Carolina. If any provision of this Agreement is invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect.

J. **Ad Valorem Taxes**. Should Pisgah Valley ever be required to pay ad valorem property taxes that may be assessed in the future, the applicable pro rata amount of such taxes will be added to the Monthly Fee for your Residence.

K. **Rights of the Resident.** Rights of you under this Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of Pisgah Valley Retirement Center, LLC, Pisgah Valley Retirement Center Properties, LLC, or any membership in Pisgah Valley .

L. **Pisgah Estates Unit Owners Association; 95 Holcombe Cove Road, Candler, North Carolina 28715**. The Pisgah Estates Unit Owners Association (the "Unit Owners Association") was created in accordance with the North Carolina Condominium Act to own and manage the commonly owned property of Pisgah Valley's independent living campus. The Unit Owners Association began operations in 1975 as an unincorporated non-profit association and became a not-for-profit corporation under the laws of the State of North Carolina in September 2008. Under the terms of a management agreement ("Management Agreement"), Pisgah Vally has majority voting rights in the Unit Owners Association and performs program, maintenance, and administrative services to the Unit Owners Association. Services are billed monthly and the Management Agreement is renewable each calendar year. The Unit Owners Association's revenue is generated primarily through maintenance fees from Pisgah Estates unit owners. Cindy Stancil is a member and chairman of the Unit Owners Association Board of Directors. The Unit Owners Association is not responsible for the financial and contractual obligations of Pisgah Valley.

[Signatures begin on following page]

IN WITNESS HEREOF, you and we have signed this Agreement and you have received a copy of the current Pisgah Valley Disclosure Statement on the day and year shown on the first page of this Agreement and you have paid the 10 Percent (10%) Deposit.

Addenda Attached:

Acknowledgement of Receipt of Disclosure Statement
Schedule I

______________________________ ______________________________

Resident Signature Date

______________________________ ______________________________

Resident Signature Date

PISGAH VALLEY RETIREMENT CENTER, LLC and PISGAH VALLEY RETIREMENT CENTER PROPERTIES, LLC

By: ______________________________

Authorized Representative

____

Date

ACKNOWLEDGEMENT OF RECEIPT OF DISCLOSURE STATEMENT

Pisgah Valley Retirement Community
95 Holcombe Cove Road
Candler, North Carolina 28715

As of the day and year above written in this Residency and Care Agreement, the undersigned Resident(s) acknowledges receipt of the Disclosure Statement of Pisgah Valley Retirement Center, LLC and Pisgah Valley Retirement Center Properties, LLC d/b/a Pisgah Valley Retirement Community dated _______________. The Disclosure Statement was received prior to the execution of this Residency and Care Agreement or prior to or at the time of the transfer of any money or other property to the facility, whichever occurred first.

As a prospective resident, PVRCP and PVRC representatives have encouraged me to read the Disclosure Statement in its entirety before entering into any contract or written agreement or paying any fee.

I understand Pisgah Valley, like all other continuing care retirement communities in the State of North Carolina, is subject to an act concerning registration and disclosure by continuing care retirement communities (the “Act”). Registration under the Act does not constitute approval, recommendation, or endorsement of the continuing care retirement community by the Department of Insurance or the State of North Carolina, nor does such registration evidence the accuracy or completeness of the information in the Disclosure Statement.

I understand this matter involves a financial commitment and associated risk as well as a legally binding contract. In evaluating the Disclosure Statement and the financial statements prior to any commitment, I was encouraged to consult with an attorney and/or financial advisor who could review these documents with me, if any matters contained herein are not clear, including an understanding of solvency and deficit fund balance levels for this and other continuing care retirement communities.

________________________________ ____
Resident Signature Date

________________________________ ____
Resident Signature Date

PISGAH VALLEY RETIREMENT CENTER, LLC AND PISGAH VALLEY RETIREMENT CENTER PROPERTIES, LLC

By: ____________________________________
Authorized Representative
Date

RESIDENCY AND CARE AGREEMENT
PISGAH VALLEY RETIREMENT CENTER
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1st Resident Name ____

2nd Resident Name (if applicable)____

Pisgah Estates Residence Number____

Pisgah Estates Residence Address____

Type of Unit (select one):

Patio Home:
___Unit A 2 bedroom (1,210 sf)
___Unit B 2 bedroom den (1,260 sf)
___Unit C 2 bedroom sunroom (1,510 sf)
___Unit D 2 bedroom den sunroom (1,560 sf)

Scheduled Date of Occupancy:____

ENTRANCE FEE AND OPTIONS:	**_____0% _____90%**
Entrance Fee (based on Home selected):	$_________________
Second Person Entrance Fee (if applicable):	$_________________
Options and Custom Features (if applicable);	$_________________
Total Entrance Fee and Options	$_________________
Priority Reservation Deposit	$_________________
10% Reservation Fee less Waiting List Deposit	$_________________
Options and Custom Features (if applicable);	$_________________
Entrance Fee Due at Date of Occupancy	$_________________
Total Entrance Fee and Options (equal to Total Entrance Fee and Options above)	$_________________

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MONTHLY FEE:

Monthly fee at Date of Occupancy:

1st person	$________________
2nd person	$________________
Optional service package (describe)__________________	$________________
Total Monthly Fee	$________________

PARKING SPACE FEE (NONREFUNDABLE):

Parking space fee due at Date of Occupancy

Limited to one parking space per Residence	$________________

PET FEE (NONREFUNDABLE):

Pet fee due at Date of Occupancy

1st pet	$________________
2nd pet	$________________
Total Nonrefundable Pet Fee	$________________

____

1st Resident Signature Date

____

2nd Resident Signature Date